



# CSR Report 2014

**Dansk  
Supermarked**

# Our aim is to deliver results

**“As Denmark’s largest retail company Dansk Supermarked holds a unique position in the everyday life of our customers. Operating 1,400 stores in five countries we handle more than 9 million shopping trips each week. 46,000 employees across Denmark, Germany, Poland, Sweden and the UK seek to deliver the best possible shopping experience to each and every one of our customers, every single day.”**

“Our strategic aim is clear. We want to be the best retailer in all our formats based on financial performance, shopping experience, and employee satisfaction. We seek to double our sales outside Denmark while maintaining a constant care for costs.

Our CSR-related ambitions are as clear. We concentrate our efforts in 5 areas:

- Our people
- Our community
- Our climate and environment
- Our suppliers
- Our products

Dansk Supermarked will maintain a strong CSR agenda in the years ahead. The initiatives we take will continue to focus on creating value for our customers and our business. Customers expect that we live up to the high standards we set for ourselves, they judge us not on the promises we make but on the results we deliver. Results that must go hand in hand with remaining price conscious and operating in a very competitive environment.

Until the beginning of 2014 the majority of Dansk Supermarked was owned by the Maersk Group and as such participated as a subsidiary in the Maersk CSR programme and the annual Maersk Sustainability Report. In 2014, the F. Salling Foundations bought back the majority ownership of Dansk Supermarked, and thus this report constitutes the first comprehensive CSR report for our company in accordance with the Danish Financial Statements Act, articles 99a and b.

The change in ownership means that we are able to remain a 100% Danish owned company and a financially very strong retail company. This enables us to make conscious long term decisions to the benefit of our customers, our business and the world around us.



Per Bank, CEO & President

I would like to thank the colleagues who have made a special effort to contribute to this report. It is not a small thing to gather data and stories from so many stores, distribution centres and central functions.

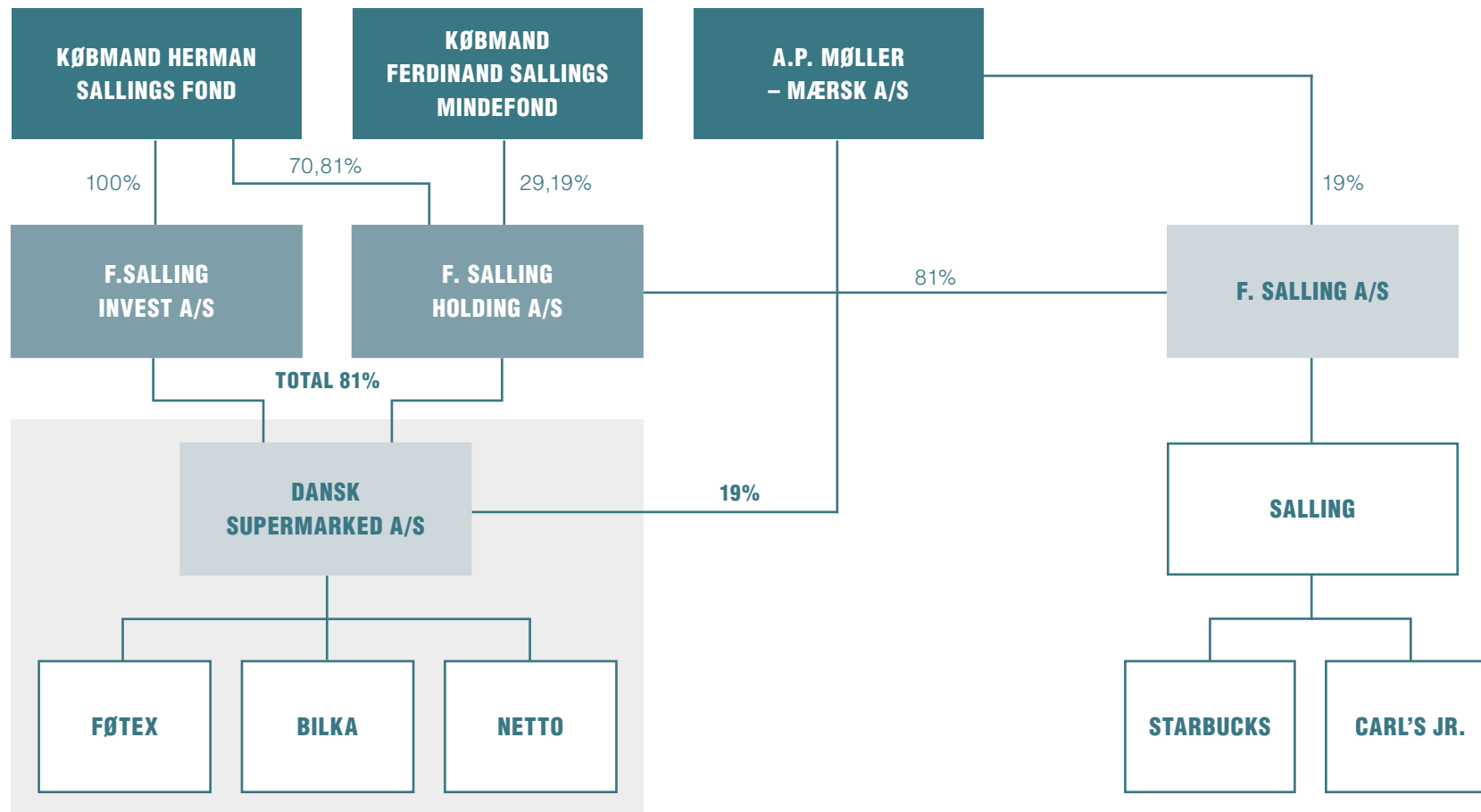
I hope you enjoy reading through this report to learn more about Dansk Supermarked and our CSR focus”.

Per Bank



# Ownership structure

This report includes the retail formats føtex, Netto and Bilka in Denmark, and Netto in Sweden, Germany and Poland. We will refer to the formats in Denmark as DK and the Netto outside Denmark as Netto International (Int.) All formats are owned and controlled by Dansk Supermarked. Salling with the franchises Carl's Jr. and Starbucks is not included in this report as the company is owned by F. Salling Holding A/S and A.P. Møller – Maersk A/S. Netto UK is not included in the report either, since it is a joint venture with Sainsbury's.



# Here we are

**>46,000**  
employees

**>1,400**  
stores

**>9 m**  
shopping trips each week

Netto UK is not in the scope of Dansk Supermarked's CSR Report as it is a joint venture and therefore not part of the financial reporting scope.

# CSR in Dansk Supermarked

## **THERE ARE GROWING EXPECTATIONS FOR COMPANIES IN GENERAL AND RETAIL IN PARTICULAR TO TAKE RESPONSIBILITY BEYOND FINANCIAL RESULTS.**

A retail company is essentially a distribution channel for the product manufacturers. This means that we operate on very slim margins. Three to five percent profit margin is not unusual.

Thus we have to have constant focus on keeping cost down and ensuring customer flow to the stores. Without sales there will be no margin and nothing to cover the operating cost. This is true for all companies, but in retail the slim margins and a highly competitive, price sensitive environment breed an everyday sense of urgency.

Taking on CSR responsibility in an operating environment like ours

means that we need to keep focus on providing value either by saving cost or by making customers happy, because this is what drives day-to-day prioritisation.

A wide variety of CSR initiatives have existed within the organisation for a number of years, however with no overarching CSR strategy. With this in mind, it was decided in 2013 to develop a company CSR strategy.

## **ENGAGING STAKEHOLDERS IN STRATEGY**

During the strategy process we interviewed our main stakeholders to get their perspective on our CSR responsibilities. We talked to customers and employees as well as a few suppliers and non-governmental organisations (NGO's).







As expected the feedback – especially from customers and NGO's – was very complex. Most companies

have one value chain to address, but as a retail company we have one value chain for every product on our shelves. This leads to many and sometimes conflicting expectations.

Our customers, our employees and our suppliers are our main stakeholders, without whom we cannot operate. Customers expect our products to be safe and produced in a responsible way, while being sold to them at the lowest possible price. Our employ-

ees must have a safe work environment and we have to be an attractive employer in order to attract the best talent for our business. Our stores must offer a large selection of organic products and other profiled products, such as Fairtrade, animal welfare and The Nordic Swan label for environmentally conscious products. Finally it is our responsibility and also a significant commercial opportunity to have a responsible, healthy and affordable selection for all customers.



ISSUE	CHALLENGE	BUSINESS IMPACT	BUSINESS INITIATIVES
 <b>CLIMATE CHANGE</b>	Rising temperatures cause more severe weather events.	Potential impact to global food supply, which can cause scarcity, competition for food and rising food prices. Food production estimated to cause 30-50% of CO <sub>2</sub> emissions – prone to legislation. Flooding of stores.	Reduction of energy consumption Reduction of foodwaste across value chain.  Targets for palm oil in private label products.
 <b>WATER SCARCITY</b>	Climate change, population growth and increased consumption due to wealth cause water scarcity in vulnerable areas globally.	Potential impact to global food supply, which can cause scarcity, competition for food and rising food prices	No initiatives.
 <b>ENERGY &amp; FUEL</b>	Fossil fuels cause climate change.	Rising energy costs can impact product value chain. Volatility of energy prices cause challenges in pricing and planning	Energy saving initiatives in stores.
 <b>POPULATION GROWTH</b>	Increased demand for resources, water and food contributes to climate change and resource scarcity. Increased awareness of human rights.	In the longer term food prices may be impacted. In the short term discount trend counters rising prices. Local demand in sourcing countries can impact product prices. Increased focus on human rights issues.	Increased focus on responsible procurement. More partnerships with focus on ethical trading.
 <b>WEALTH</b>	Changing eating habits in growth economies create increased demand for resources, water and food. Contributing to climate change and resource scarcity.	Food prices may be impacted. In the short term discount trend counters rising prices. Local demand in sourcing countries will impact product prices on some products, which may result in higher prices for our customers.	New sourcing destinations to increase selection and keep affordable prices.
 <b>ECOSYSTEM DECLINE</b>	Increased demand for resources, water and food creates pressure on ecosystems such as rainforests, waterways. Contributing to climate change and resource scarcity.	Food prices may be impacted. Products that impact ecosystems are prone to criticism. Some products may be impacted.	Target for palm oil in private label products.  Target for seafood and shell fish sustainability.

## SYSTEMIC ISSUES

Naturally our company is challenged by the big systemic issues of our time: Climate change, resource scarcity, eco system decline and Human Rights to name a few. However as we cannot singlehandedly solve these issues, it is important for us to address these in a practical manner in the context where they impact our operating environment.

The table illustrates some of the systemic issues that can have an impact on retail companies in the short and long term. Most of the initiatives mentioned will be described in more detail within our CSR report.

## FIVE STRATEGIC FOCUS AREAS

Following the strategy process it was determined that our CSR activities would focus on reducing operating cost, making us more attractive as an employer, being a good neighbour in the communities where we operate,

utilizing our relationship with suppliers to manage risk and to improve product sustainability to the benefit of our customers.



## KEY PERFORMANCE INDICATORS AND TARGETS

In 2014 we began to build a key performance indicator (KPI) structure to support our CSR strategy. Measuring performance can be a challenge in a company that covers more than 1,400 operating entities. It is a challenge both in terms of securing data quality but also in actually collecting the data.

We realise that this is a never ending journey, and over the next years our KPIs will expand both in numbers and scope – while we will be keeping an eye on the value provided to the business.

The table on the following page provides an overview of current KPI's as related to each of our focus areas: People, Communities, Climate

and environment, Supply chain and Responsible Products. In addition the table illustrates which indicators we expect to include in the coming years.

Targets have until now been set in the areas where we had a baseline and comparable reference data, i.e. energy and waste. In the coming years more targets will be set, however we wish to have a baseline and good data quality in place before setting targets in specific areas. The data quality challenge is also reflected in the fact that we have better quality data from our Danish operations compared to the international parts of our business.

# Data focus over time

		2013	2014	2015	2016
<b>OUR PEOPLE</b>	Employee safety				
	Diversity (board)				
	Diversity ("top 150")				
	Employee engagement				
	CSR as perceived by employees				
	Employee sick leave				
	Employee turnover				
	Employees trained in CSR				
<b>OUR COMMUNITY</b>	Fundraising – total amount and % of sale				
<b>OUR CLIMATE AND ENVIRONMENT</b>	Energy (CO <sub>2</sub> )				
	Waste				
	Food waste				
	CO <sub>2</sub> outbound transport				
	CO <sub>2</sub> inbound transport				
<b>OUR SUPPLIERS</b>	Food safety				
	Buyers trained in responsible procurement				
	Supplier satisfaction rate				
	Supplier risk screening				
	Private label suppliers on scorecards				
<b>OUR PRODUCTS</b>	Responsible products (organic and fairtrade only)				
	Responsible products (wider scope)				
	Revenue from responsible products				



# Our people

**COMMITTED AND ENGAGED EMPLOYEES IN SAFE AND INCLUSIVE WORKING ENVIRONMENTS SUPPORT OUR BUSINESS. WE CONDUCT ACTIVITIES AND MEASURE STATUS AND OUTCOMES WITHIN EACH OF THESE FIELDS.**

Since 2008, we have measured the level of employee engagement through an annual survey. The 2014 survey, which 87% of those invited, chose to respond to, showed a steady but positive course across most parameters. Our score levels are also in line with or above the comparator group, except for the satisfaction with immediate managers, where Dansk Supermarked scores noticeably higher than the benchmark.

## DIVERSITY INITIATIVES

Dansk Supermarked aims to reflect the communities, in which we operate across the organisation, as well as attract talent from the broadest pool possible. Our diversity and inclusion

initiatives seek to maximize our ability to leverage the differences among our employees and unleash our full talent capacity for individual development and exceptional business results.

**“The people working for us in Dansk Supermarked are our most important resource for future growth and success. As such, it is a leadership task to support conditions that lead to satisfied and engaged employees.”**

Employees are most favourable towards our customer orientation, the clarity in terms of roles and responsibilities and our ability to welcome new members of our staff. They are less impressed with the amount of time they have for solving the neces-

sary tasks, how well we collaborate across Dansk Supermarked and our follow-up on conclusions from the previous year's engagement survey.



Peter Poulsen,  
Executive Vice President, HR

**17%**  
Share of females among  
“top 150” managers

## TARGETS AND PERFORMANCE

### Target

40% of the total number of board members elected by the general assembly representing the under-represented gender by 2017.

### Performance

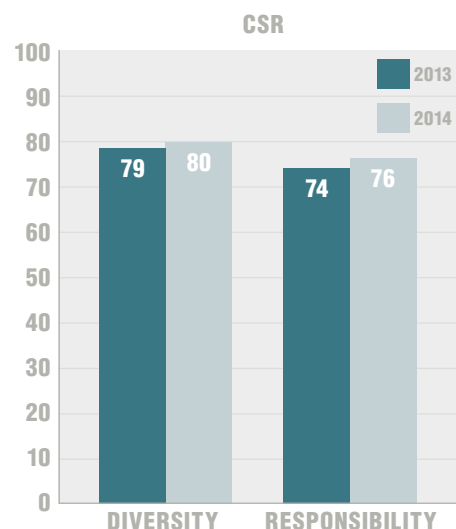
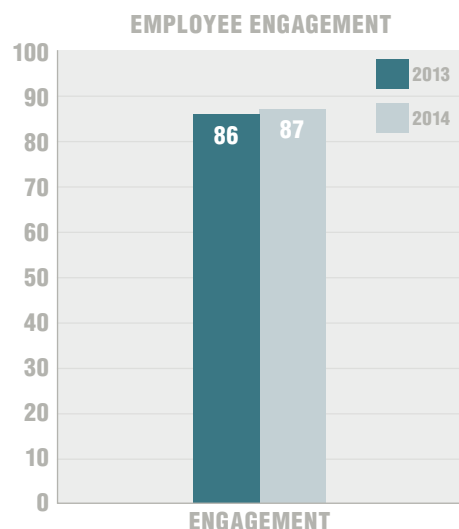
One of five board members elected by the general assembly is female, equal to 20%.

## WHAT EMPLOYEES THINK OF CSR AND DIVERSITY

To gauge our employees' perception of how Dansk Supermarked performs on CSR and diversity, we ask two specific questions:

- I trust that my company shows environmental and social responsibility.
- In Dansk Supermarked there is room for diversity.

The score for the statement on diversity has improved steadily from 74 in 2008 to 80 in 2014 based on a 1-100 scale, while the more overall environment and social responsibility question had a score of 76 agreed, a small improvement since it was made part of the survey in 2013.



# Diversity

In Dansk Supermarked, we base our diversity work on the principles that diversity benefits business results, that we will treat every employee with respect and dignity and that we will not tolerate discrimination or harassment of any kind.

## WOMEN IN MANAGEMENT

In terms of diversity in management, we focus on gender, and work to develop and enable talented female employees through targeted development programs and increased visibility and exposure across Dansk Supermarked.

We have two focus areas related to women in management. In accordance with Danish law we have set a target to increase the board representation of the under-represented gender. By 2017 at least 40% of our board members elected by the annual general meeting will be women.

In 2014 this target was changed from 25-50% due to an increase from four to five members of our board. Consequently it would never be possible to reach a 25% share. The current number of board members elected by the general meeting is five of whom one is a woman.

We also track the number of female managers in the "top 150" management group in Dansk Supermarked. This covers both head office functions and operations. At the end of 2014, this number was 17% compared to 18% in 2013. Beginning in 2015, we will be developing our data to be able to track gender for job categories.

While our commitment to furthering women in management is honest, we stress that other recruitment criteria must not be compromised. Recruitment decisions are based on a variety of factors such as qualifications, skills, performance, team composition and relevant experience. Candidates from both gender will, however, always be presented when recruiting for positions above senior manager level.

#### HELPING JOB MARKET INTEGRATION

For a number of years, Dansk Supermarked has acknowledged that with the type of jobs we offer, our company holds a significant potential for assisting challenged groups in job market integration.

What started as a handful of local projects to support the integration of 2nd generation immigrants has developed into close collaboration and partnerships with 75 public

organisations such as job centres, language centres and organisations representing mentally handicapped people, people with ADHD and young people at risk of marginalisation due to having a criminal record.

In 2014, 1,750 people were working in our stores on a type of work placement contract. Of these one third have become self-supporting and gained employment with us either under subsidised employment schemes or on ordinary terms and thus left the social benefits system.

**“Working here has returned a bit of my life to me”**

*An internship in a Netto store released 54 year-old Dennis Larsen from his life as a homeless person.*

Dansk Supermarked is pleased that we leverage the special opportunities our industry provides. We are also confident that these programmes are a source of pride and contributors to good working environments for our other employees. Other companies and public authorities offer both respect for and recognition of the work we do in this area.

#### FROM HOMELESS TO SHOP ASSISTANT

Stress, anxiety and depression had driven Dennis Larsen out of the job market and for five years he had been living on the streets. But a six-month internship in a Netto store turned out to be the beginning of a new chapter in his life.

At the end of this internship, Dennis was employed as a full-time shop assistant on a one-year subsidised contract.



Dennis Larsen, Shop Assistant, Netto

“I never thought that I could hold a job in Netto on account of my illness. But I am doing better after I started here. The illness does not affect me as much anymore,” he says. “I get into contact with other people. I am normally a bit of a recluse, but my work gets me out of the house – talking to new people and servicing customers every day. It has returned a little of my life to me,” he continues.

# Safety

Protecting employees from harm and injuries at work is one of the foundation stones of our corporate responsibility. Dansk Supermarked continues to work to create conditions that minimise the risk of injuries, which are most likely to occur in relation to lifting, slip, trips and falls and robberies.

In Denmark, we began monitoring lost time injuries frequency (LTIF's<sup>1</sup>) in 2014 at all levels. In the future, this will allow us to benchmark performance across the company and against industry averages. For our international activities (Netto International), we continue to measure safety in lost time injuries (LTI's<sup>2</sup>).

## ACTIONS TO PREVENT INJURIES

Dansk Supermarked sustains a number of initiatives on safety.

In 2014, we have invested in investigating specific accidents with a view to prevent and create procedures in case of injuries and to support follow-up on serious accidents with long-term absences.

### Lost Time Injuries Frequency (DK)

103

One focus area is prevention of lifting injuries: instruction of employees on lifting techniques is included in induction programmes, instructions are present for different product areas, and we have an e-learning program regarding lifting techniques.

Specific initiatives in the chains and in local stores and warehouses in 2014 include extra training courses for store safety representatives to qualify them as lifting instructors, a new induction course movie on work environment and security, boards announcing number of days since last work-related injury, registration of near-miss incidents, safety on the agenda of daily meetings, development of safety information boards and safety campaigns.

### Lost Time Injuries (Netto Int.)

250

All these initiatives help increase the focus on safety and prevent injuries in Dansk Supermarked.

## ROBBERIES STILL OCCUR

We work in an industry prone to robberies due to high levels of cash transactions and easy access to premises.

Our larger stores, fØtex and Bilka, each saw one robbery during 2014. By the end of the year, these chains finalised implementation of an automated cash management system and new standard operating procedures for handling of money.

Most of the resources spent on preventing robberies are directed at Netto stores, which are smaller in size and more scarcely staffed, particularly in late evening opening hours. Unfortunately the number of robberies increased in 2014 compared to 2013 for Netto DK.

(1) LTIF is the number of work related injuries with more than 1 day absence per 10,000 headcounts.

(2) LTI is the actual number of work related injuries with more than 1 day absence.

To prevent robberies and secure our employees safety, the Netto stores in Denmark run the NettoCare programme. This includes technological solutions such as cash free systems and Secure DNA<sup>3</sup> and bespoke training and cultural awareness. For most of our stores, the use of these technological tools is still in the early stages, with cash free systems installed in 100 stores and Secure DNA in 10.

#### **TAKING CARE OF EACH OTHER**

NettoCare builds on inclusion of all Netto employees in the effort to build safe work environments. Each store has been evaluated in terms of security and all employees are trained in preventive measures and how to act during a robbery. In case of a robbery employees will always be offered psychological first aid.

Each year has its own focus area, which in 2014 was the prevention of robberies and theft.

As a new element in the programme all Netto stores appointed NettoCare ambassadors who are in charge of sustaining focus on safety rules and procedures to minimise robberies. A Facebook group for knowledge sharing was established and instruction manuals and pins were delivered to all ambassadors. For stores in socially challenged communities or neighbourhoods, NettoCare also provides training on how to handle and mediate conflicts.

In 2014, Netto was awarded the Danish Working Environment Council's annual award for efforts to improve the psycho-social work environment.

The awarding committee emphasised that Netto had managed to create lasting improvements by establishing

a sense of shared responsibility for work place safety, including a set of tools to sustain this.



(3) When a store with the Secure DNA system installed is exposed to a robbery, the robber will be covered in an invisible DNA fluid which can be traced back to the store. It can be seen by the police using UV flashlights and cannot be washed off. The fluid takes six weeks to wear off.



# Our community

**DANSK SUPERMARKED'S AMBITION TO BE A GOOD NEIGHBOUR ENCOMPASSES OUR RELATIONSHIP WITH PEOPLE LIVING IN THE VICINITY OF OUR STORES, HOW WE USE OUR RESOURCES AND REACH TO HELP PEOPLE IN NEED AND HOW WE COLLABORATE WITH STAKEHOLDERS – CRITICAL ONES IN PARTICULAR.**

Every day, deliveries are made by truck to our more than 1,400 stores in Denmark, Germany, Sweden and Poland. The unpacking of store items result in large quantities of waste and millions of people enter our stores every week with increased traffic, noise and litter in the streets as a result.

Dansk Supermarked does not have specific policies or rules on how to be a good neighbour, but our store managers make local efforts to make a store a positive influence on a local community.

Examples include making rules for when deliveries can take place to avoid very early morning nuisances, keeping streets and parking lots clean among other things by establishing small recycling stations and engaging with schools to avoid vandalism and offer part-time jobs for adolescents.

**“We need to take care of each other. If we support our neighbourhood and the people in it, it is good for the community and for us.”**

*Niels Jørgen Pedersen, head of one of two føtex supermarkets in Odense - Denmark's third largest city.*



Niels Jørgen Pedersen, head of føtex Odense, Bolbro, Jesper Bæksted Andersen, district manager, Netto and Morten Wagner, head of Bilka Odense

## **BEING GOOD NEIGHBOURS IS A WIN-WIN**

Support for the neighbourhood can take on many forms. It can be anything from sponsorships of local sporting events or the senior citizens club's annual auction to making the store's facilities available for meetings between local politicians and the neighbourhood's citizens.

## **OUR COMMUNITY**

### **Target**

No targets for 2014, to be developed for 2016.

### **Performance**

None

**“Of course we want to minimise the level of nuisance we create. But we also want to add to the community and we encourage our store managers to engage locally. We are a household name. We need a good image – it helps us attract customers”**

*Jesper Bæksted Andersen, district manager for a group of Netto stores in and around Odense.*

### **LISTENING TO OUR NEIGHBOURS**

For the Netto stores, issues are most likely to occur when a store is expanding, refurbishing or a new store is being established. In those cases the key to success is to involve the community in the process.

“Generally, the neighbours are quick to contact us if they are unhappy with what we are doing. We are always ready to listen and make changes where possible. It is my impression that most issues can be solved, if we have a constructive dialogue that promotes mutual understanding,” says Jesper Bæksted Andersen.

### **ENGAGING TO SOLVE PROBLEMS**

Getting involved with the community can also help a store solve problems for the store. For example, when local youths had taken to stirring up trouble inside Odense's Bilka hypermarket.

“We contacted the local schools and together with them we organised a round of visits to the schools and talked to the students about who Bilka is and how we work. I think it gave the students a sense of us being real

people whose work they were hurting. Either way, we had fewer problems after this,” says Morten Wagner who is head of Bilka, Odense.

During 2014, Bilka stores also tested ways of making it easier for neighbours to recycle. This was done through setting up containers where locals could deposit their surplus clothing for recycling, and a pilot of waste sorting facilities for household items.

### **MAKING USE OF OUR FUNDRAISING REACH**

In the global community we make the best of our ability to reach out to millions of customers and ask for their support within a short space of time. One example of this was a campaign to support Syrian refugees late in 2013, where an invitation to donate

was placed at the cash register in each of our more than 500 Danish stores. This type of fast mobilisation of support is a strength but also a powerful tool, which we carefully consider how and when to apply in close collaboration with our partner DanChurchAid.

Throughout 5 years our chain of hyper stores, Bilka, has collaborated with the relief aid and development organisation DanChurchAid to invest in Malawi. In 2014, this partnership won the Global Awards for Fundraising award for ‘Most innovative fundraising campaign’, handed out at the International Fundraising Congress in Holland in October 2014.

The campaign involved suppliers, customers and employees in promoting DanChurchAid's projects and encouraging customers to donate through the purchase of different products, such as bread, plastic bags, bracelets and teddy bears. Gift cards were also sold to buy hospital equipment, bricks or a starter kit for kitchen gardens. As part of the campaign, 18 Bilka employees, one for each store, were nominated as 'Malawi ambassadors'. They visited Malawi and were educated by DanChurchAid, to be able to give lectures, explain the project to customers, talk to the press and boost the knowledge of the campaign locally. Until now the campaign has raised more than 16 million DKK for the health centres in Malawi with

these now providing quality health care to many thousands of people in the rural areas of Malawi.

The Netto chain has had many local initiatives. For the last five years Netto Denmark has collaborated with Dansk Julehjælp (Danish Christmas aid) by providing discounted gift vouchers which make up a substantial part of the aid distributed to low-income families around Christmas. In Germany the Netto chain has since 2010 helped to increase food awareness in local kindergartens by donating products and organizing events for the children. In Poland they organize White Saturdays where customers can have their blood sugar measured, consult a nutritionist and

try sugar-free products sold in Netto in order to increase awareness about diabetes, and in Sweden they focus on food waste through local engage-

ment and activities, e.g. instructions on how to handle food products properly and tips for how to cook food waste friendly meals.



## RESPONDING TO STAKEHOLDER CRITICISM

As one of the major players in the Danish food retail market, Dansk Supermarked is a high-profile corporate entity in Denmark and as such subject to a fair amount of interest and scrutiny of our activities.

**In 2014, the main points of interest were related to our supply chain.**

- In February 2014 various media investigated the working and living conditions of berry pickers in Huelva, Spain, of whom many are illegal immigrants living in tent villages without access to basic utilities. We were asked to comment on this, as we source berries from this region. In our answer to the reporters we referred to our Code of Conduct requirements to suppliers and our preference for long-standing relationships with suppliers to avoid these types of violations. Inspired by the programme, we brought up this subject with our suppliers in Huelva and paid them visits shortly after during which we inspected the conditions ourselves.
- In the second half of 2014 a report which focussed on the working conditions for tomato pickers in the canned tomato industry in Italy was published. The investigations showed a flourish of illegal immigrants working and living under unacceptable conditions, while working for suppliers to branded tomato items which can be found on the shelves of Danish stores in general. We were invited to respond to these issues and communicated to the author of the report that our suppliers are fully aware of the demands in our Code of Conduct, and that we trust them not to abuse workers' rights. We decided to take the opportunity to bring up this subject with our suppliers.

Through this dialogue we discovered that four out of six suppliers harvest by machine only. The remaining two suppliers use machines for 90-95% of the tomatoes, only using manual labour when weather conditions prevent machine harvesting. Dansk Supermarked supports suppliers preparation of steps to obtain third party verifications according to SA 8000 and the use of the international guidance standard ISO 26000.

# Our climate and environment

According to our Danish customers, one of the most important areas for a responsible food retailer to work on is to reduce food waste. We support this ambition and see it as a way of optimising our operations on par with reducing energy consumption and other types of waste.

**“Reducing the impact of our operations is beneficial to the natural environment but equally so to Dansk Supermarked’s business performance. Less consumption and less waste cuts costs and adds directly to our bottom line”**



## Food waste

### OUR LATEST BATTLE: DO NOT WASTE FOOD

The battle against food waste is younger and as such less developed than more traditional areas of environmental protection. In 2014, Dansk Supermarked pursued a number of different routes to reduce the amount of food converted to waste instead of human nutrition.

The largest initiative, which may also have the largest impact in the long run, is our participation in a partnership project aiming to identify the major sources of food waste and developing solutions that will create a measurable reduction in the amount of food waste from food suppliers and retailers.

With partners Arla (Scandinavian dairy producer) and AP Grønt (large Danish supplier of lettuce, baby leaves and cabbages), and partly financed by the Fund for Green Business Development, 2.3 million DKK has been invested in this two-year project driven and managed by føtex. The idea is to come up with targeted and data based solutions in order to support food waste reductions in production, retail and the private household.

Every year 700,000 tons of food are wasted in Denmark<sup>(4)</sup>. Analyses indicate that the majority of food waste happens at the consumer end, however we still lack knowledge about what is wasted and why.



Viktor Jegesi, Executive Vice President, Commercial

The results of this project will be shared with the general public and the industry to ensure the greatest impact.

(4) According to "Denmark without waste II"



## SURPLUS FOOD IS DONATED

Unpreventable organic waste can be converted into energy through gasification or incineration. However, it is even better to ensure that food waste is consumed as food. In Dansk Supermarked we use different distribution channels to ensure this:

- Dansk Supermarked supports DanChurchAid in order to establish an actual store where all items for sale are surplus food stock. The first store is expected to open early in 2015 under the name WeFood and will sell many day-to-day items at at least 50% off the normal retail price. There are still technical questions that need solving but the basic model is in place: Surplus food will come from retail operators and food producers who are willing to support the cause. The store will be open to all but placed in a low income neighbourhood in Copenhagen, and this will likely be reflected in the visiting customers. All profits will be invested in

DanChurchAids projects to reduce hunger in the world's poorest countries.

- In the first half of 2014, five Døgn-Netto stores began donating the surplus foods to marginalised citizens through the foodBank. The surplus foods are items still within the sell-by date and of good quality, however there could be damaged packaging or spots on some of the apples in a bag. Since then one Bilka store has joined the project and more are to come.
- In the majority of føtex and Bilka stores old bread, which cannot be donated, is converted into animal feed. In 2014 nearly 5,000 tonnes of bread were made into animal feed.

# General waste

The reduction of waste has been on our agenda for many years. We continuously strive to improve our efforts in recycling to increase the amounts of waste recycled or reused. We produce mainly cardboard, foil, organic and combustible waste.

**TOTAL WASTE LEVELS IN 2014 ARE ON PAR WITH 2013, BUT WITH A WEAK GROWTH TREND CONSISTENT WITH THE NUMBER OF NEW STORES OPENED.**

Measured in terms of efficiency, tonnes of waste per store, we are improving our operations in this area. Compared to 2013 the percentage of recycled waste has increased from app. 51% to 53% in Denmark and from app. 64% to app. 65%<sup>5</sup> in the countries, and efforts continue to increase the percentage even more.

During 2014, we have set in motion a number of initiatives which we expect will make a positive contribution to our attempts to minimise waste.

- During 2014 we implemented a system for recycling organic waste in Bilka and føtex. The majority (app. 90%) of all stores recycle organic waste and we will continue to track our efforts to ensure that all stores recycle and that volumes of this fraction increase.

## WASTE

### Target

90% recycled waste by 2018 (DK)

### Performance

53% recycled waste in 2014 (DK)

(5) Figures for waste production in the countries are based on solid data on recycled waste while the amount of non-recyclable waste is primarily based on estimates.

- We began experiments on a waste treatment facility which self-sorts combustible waste (except textiles and flamingo) into waste fractions such as organic, glass, metal and plastic. If successful, Netto stores will no longer have to sort waste at the stores, and recycling will become more reliable and less prone to errors.
- Setups for sorting of plastic hangers and non-recycled wooden pallets for recycling were tested in Netto.
- We have tested a change in setup, so that cardboard from Netto West stores will be collected with internal transport instead of external supplier. This will lower the transportation to the shops.

In 2015 we expect to focus on roll-out of the above mentioned projects and on the collection of cardboard and plastics, including tests to see if sorting of these fractions directly on the large site is possible. This would allow those fractions to be recycled directly with a higher quality of the recycled material as a result.

# Energy consumption and CO<sub>2</sub> emissions

Total energy consumption in Dansk Supermarked increased slightly with less than 1% in 2014. A number of factors influence this development: stores being opened, refurbished or closed down and installation of newer, more efficient, equipment in stores.

In Denmark Netto moved six stores to bigger facilities, built seven new stores and expanded another seven stores. This will, in total, increase the chain's total consumption of energy. During an unusually warm summer, Netto also tested glass doors on cooling facilities for dairy products in 170 out of 456 Danish stores.

Installation of new energy efficient cash registers as well as replacement of low-voltage light bulbs with a new LED solution contributed positively to the consumption of energy.

Additionally all new-buys of cooling facilities have glass doors, and

several stores have had their freon cold stores replaced by new energy saving and environmentally friendly CO<sub>2</sub> cooling facilities.

Although energy consumption saw a slight increase, CO<sub>2</sub> per m<sup>2</sup> remained stable.

In terms of fuel consumption during delivery of products to our stores we are currently not able to measure this impact. As Dansk Supermarked does not own its own trucks, all of our deliveries are made by transportation service providers. However in 2014 our logistics team worked to optimize the delivery network in Denmark.

In 2014 we began implementing new IT systems which will help us manage logistics better and provide better data going forward including data on our outbound transportation from distribution centres to store locations.



## ENERGY

### Target

CO<sub>2</sub> emissions 90 kg/m<sup>2</sup> by 2020 (DK)

### Performance

CO<sub>2</sub> emissions 97 kg/m<sup>2</sup> (DK)

Energy consumption 397,149 MWh (DK)

# Our suppliers

Dansk Supermarked sources goods from nearly 9,000 suppliers in 112 countries across the world. In the process of doing that, we have an opportunity to minimise risks to our own business as well as improving working conditions in some of the countries where we make our purchases.

**“We are serious about protecting our brand from supplier risks and have taken steps to improve our processes in 2014. At the very top of our agenda is the question of food safety, a challenge that touches every part of our operation: supplier production, transportation, distribution and sale”**

## **NO COMPROMISE ON FOOD SAFETY**

When we ask our customers, they say that making sure that the food items we sell are safe for consumption is the most important issue we should work on. As such it is our most basic and most important contract with our customers.

Dansk Supermarked's food safety system has been a focus area for many years and today encompasses compliance with regulation, support for procurement staff and not least the elaborate self-monitoring system deployed throughout the company's stores and processes. The web-based system has been developed internally since 2006 and today has more than 1,400 users per day.

As a supplement to self-monitoring, our stores are inspected once or more annually by The Danish Veterinary and Food Administration, who carry

out a wide range of controls regarding food safety and food hygiene. In 2014, our more than 500 Danish stores were visited by inspectors 1,112 times.

The outcome of inspections is a report with smiley face labels graded from one to four, where one is the best. Stores/departments having obtained smiley 1 several times in a row are not inspected as regularly as mentioned above, but only every second year. We set targets for the number of smiley 1 reports we want to receive.

**IN 2014 WE HAD A SHARE OF 89.4% SMILEY 1 REPORTS, WHICH IS BELOW OUR TARGET OF 100%, MAINLY DUE TO CASES OF TEMPERATURE ISSUES AND INSUFFICIENT CLEANING IN SOME OF OUR STORES.**



Viktor Jegesi, Executive Vice President, Commercial

## **NO BUSINESS WITHOUT TRUST**

We need customers to be able to trust us, and in turn we need to be able to trust our suppliers. When we cannot we will end our collaboration. Our most basic demand on suppliers is full openness and honesty when issues arise, allowing us to respond accordingly, e.g. withdrawing contaminated items from our stores. In 2014, this principle led us to terminate our contract with one supplier.

## **STRONGER RESPONSIBLE PROCUREMENT**

In 2014, we bolstered our responsible procurement efforts through training of procurement staff in CSR strategy, social compliance, product risks and opportunities, and responsible buying practices. We had a target of reaching 80% of those working in procurement functions through 5 separate training sessions from March till October, and completed training for 59%. The training increases the procurement staff's awareness of issues that may arise as a consequence of their decisions, i.e. last minute design changes can cause overtime in a garment factory. The participants also gained insights into some of the positive impacts their decisions may have, i.e. creating jobs in sourcing countries, reducing packaging or making a product recyclable.

We have also worked on developing our policy framework, adding policies on fish and palm oil in 2014 and in 2015 we will complete the framework.

In line with conclusions from the gap analysis conducted on responsible procurement in 2013, we are in the process of strengthening systems and processes related to procurement. This will also be a focus area for 2015.

## **WORKING THROUGH ALLIANCES**

Historically, our work to safeguard our supply chain has been conducted through memberships of international alliances.

Our main collaborator is the supplier compliance and monitoring initiative BSCI (Business Social Compliance Initiative), which we have subscribed to since 2006. We use this format to

engage high risk suppliers in performance reviews and follow up. In the coming years we want to increase our engagement and benefits from this membership by becoming more deeply involved and having stronger internal processes.

Dansk Supermarked is also a member of the Accord on Fire and Building Safety in Bangladesh, which was established in 2013.



It is a multi-stakeholder initiative that includes major international brands, unions and government parties, auditing and working on improvements of more than 1,600 Bangladeshi suppliers' facilities, i.e. buildings, electrical wiring etc. In 2014, more than 1,100 factories were inspected with small and large issues identified.

Dansk Supermarked sources from 53 factories covered by the Accord, and we are lead brand on 36 of these, which means that if auditor findings require improvement actions, we drive the improvement process on behalf of other brands that are involved with the factory.

In 2014 the Accord identified severe findings in 17 factories, leading to recommendation of immediate

production stop. One of these factories was a Dansk Supermarked supplier. The owner was in the process of building a new factory but kept operations going in the old facilities. These were closed down immediately, and the owner continued to pay the workers who were not able to find other employment until they could start work at the new location. Dansk Supermarked and our partner in Bangladesh were in constant dialogue with the factory, the local union and the Accord to ensure this outcome.

#### **HUMAN RIGHTS**

As any other company Dansk Supermarked has to live up to international obligations regarding Human Rights. In 2012 we did a Human Rights

Impact Assessment in collaboration with the Danish Institute for Human Rights. The assessment highlighted our own employees and those of our suppliers as the main impact areas. But naturally we are also aware that we provide access to affordable food in the communities we serve and that we may have a substantial impact on the health of our customers.

Throughout this report we have described many initiatives that could also fall under the Human Rights umbrella: Diversity, non-discrimination, access to jobs, safety on the job, working conditions in our supply chain and partnerships to ensure safe jobs in Bangladesh.

In 2015 it is our aim to understand exactly how we in Dansk Supermarked can strive to make a positive impact on Human Rights. The results of this process will be reflected in next year's report.

## **OUR SUPPLIERS**

### **Target**

80% of procurement staff trained

### **Performance**

59% of procurement staff trained in responsible procurement



# Sourcing



# Our products

**WE ARE COMMITTED TO PROVIDING OUR CUSTOMERS WITH PEACE OF MIND WHEN THEY SHOP IN OUR STORES, ENSURING THAT THE PRODUCTS WE SELL ARE SAFE AND RESPONSIBLY PRODUCED.**

When preparing our CSR strategy in 2013, we asked our customers about their thoughts on CSR. More than 50% think it is important and their top priority is access to responsible products.

**“In føtex our aim is to provide our customers with a great selection of responsible products at competitive prices. We want to support our customers in giving them the freedom of choice – we offer a great variety of free-from Products; free from sugar, gluten, perfume etc.”**

*Mette Maix, the Executive Vice President of føtex*

“As a discounter it is important to provide good quality products at the best prices. Netto DK sells more fruit and vegetables than any grocery chain in Denmark and is market leader on organic products. Our stores in Sweden and Germany also see a great interest from customers in organic products. In Poland there is less focus on responsible products and more on low prices, which reflects the general economic climate in the country. Netto UK is still a new adventure for us, but we certainly see a great opportunity in being the responsible discounter in the UK as well,” says Claus Juel-Jensen Executive Vice President of Netto International.

“Bilka is the go to place if you need everything in one location. It is our ambition to have the greatest range within all product categories – and that includes organic, Fairtrade and all other responsible labels,” says Mark Henrik Nielsen, the Executive Vice President of Bilka.



Mark Nielsen, Executive Vice President, Bilka, Mette Maix, Executive Vice President, føtex and Claus Juel-Jensen, Executive Vice President, Netto

This is in line with our overarching vision for CSR, which is for Dansk Supermarked to provide our customers with products, that are independently certified as responsible.

We believe that this is where we can make a real difference in terms of human rights, human health, climate change and environmental sustainability. Over time increased demand for more responsible products will eventually contribute to lowering the prices, which will make the responsible products even more attractive to customers.

Approximately  
**147 m**  
responsible products  
sold in 2014 in Denmark  
(organic and Fairtrade only)



Organic foods are a good example of this. Over 25 years this category has gone from niche to mainstream and Denmark has the world's highest share of organic food products sold compared to total sales. Organic foods are still growing at double digit rates in the market at large in Denmark. Our 456 Netto stores have a market share of 20% of all organic products and 19% of all organic fruit and vegetables sold in Denmark<sup>6</sup>. In føtex we give our customers a price guarantee, we promise that customer will not find organic fresh meat and poultry cheaper anywhere else and both føtex and Bilka have a regular day a month where all organic products are sold with a 25% discount.

#### **SUPPLIER COLLABORATION**

As part of our growth strategy, we collaborate with suppliers to develop new products and product lines in the category of responsible products, defined as products with a third party certification of standards, i.e Organic, Fairtrade, Utz, Keyhole, Nordic Swan and others.

One example of this is a private label range of products (Levevis) developed by Dansk Supermarked. More than 200 products are on display in the stores, all produced using less fat, less salt, less sugar, more fibres and certified against relevant standards.

(6) Source: Market research by GfK Consumer Scan (moving annual total December 2014)

## CUSTOMER'S CHOICE

We believe that it should be the customers who make the choice, when they shop in our stores. Our responsibility is to provide a wide selection which caters to all ages, nationalities and household economies. We listen closely to our customers to ensure we have the right products and we listen to the market to stay ahead of trends. We wish to inspire our customers and help them make the choice which is right for them at the life stage they are in.

However this does not exclude a responsible approach to product category management. A good example is how we manage our selection of eggs. Over the past many years we have spent our resources in developing both egg products and packaging across the range – with

the exception of battery hen eggs. These eggs are still in our range, but the packaging is plain and from the autumn 2014 we decided not to include them in our weekly leaflets or monthly offers. As a result the battery hen eggs made up only 41% of our egg sales from June until December 2014. Compared to the just under 50% which is the overall share for these eggs in the Danish market in 2014, this means that we sell more free range and organic eggs than could be expected. Inspiring customers to make responsible choices seems to work.

## ZOOMING IN ON FISH

By the end of 2016, any fish item in our stores must be labelled with either the Marine Stewardship Council (MSC) label, Aquaculture Stewardship Council (ASC) label or reach a

similar level of responsibility through other means. The MSC label is applicable to certified and sustainable wild caught fish, and ASC applies to farmed fish. This policy covers both fresh, frozen or canned fish as well as pet foods and food supplements.

In the autumn of 2014 the first ASC-labelled salmons were put on sale in Dansk Supermarked's stores. With salmon constituting over 50% of the fresh fish purchased in Denmark, this new initiative will potentially lead to a positive impact on the ocean environment. Farmed fish is a growing industry globally and ASC is a new standard for this industry. By setting targets for certification, Dansk Supermarked is making an effort to make the label known to the customers. We hope this will result in increased demand for responsibly farmed

fish products. In 2013 Dansk Supermarked joined forces with WWF to promote both MSC and ASC with our suppliers and customers. By end of 2014 we had increased the number of fish products with ASC or MSC label by 43%.

# Data table

Statement from the CEO	Page 2
Key impacts and focus areas	Page 7
<b>ORGANIZATIONAL PROFILE</b>	
Name of organization	Dansk Supermarked A/S
Location of DS headquarter	Rosbjergvej 33 – 8220 Brabrand, Denmark
Primary brands	føtex, Bilka and Netto
Countries Dansk Supermarked sources from	112 countries (page 24)
Nature of ownership and legal form	Privately owned/Non listed
Total number of employees	46,000 (Netto UK incl.)
Significant change during reporting period regarding size, structure, ownership or supply chain	The F. Salling Foundations A/S bought back the majority of the company from AP Moller – Maersk A/S (page 2)
Externally developed charters, principles or initiatives to which Dansk Supermarked subscribes or which it endorses	Dansk Supermarked supports the UN Global Compact framework, but we are not a signatory
Membership of associations and advocacy organizations	<ul style="list-style-type: none"> <li>• Business Social Compliance Initiative</li> <li>• Bangladesh Accord on Fire and Building Safety</li> <li>• Danish Initiative for Ethical Trading</li> <li>• Danish Chamber of Commerce</li> <li>• AMS sourcing</li> <li>• FSC Denmark</li> </ul>



# Data table

<b>REPORT PROFILE</b>	
Reporting period	January 1st 2014 to December 31st 2014
Date of the most recent previous report	April 7th 2014
Reporting cycle	Annual report is published in first quarter of each year and covers the previous calendar year
Contact point for questions regarding the report or its contents	Director of CSR, Helene Regnell, e-mail: hr@dsg.dk
	Director of Communication, Mads Hvitved Grand, e-mail: mhg@dsg.dk
<b>GOVERNANCE</b>	
Main positions with CSR responsibility	Executive Vice President of HR, Commercial, Finance and of føtex, Bilka and Netto
Composition on Board of Directors	Five regular members of which one is female. In addition there are two employee representatives

# Independent practitioners' limited assurance report

## TO THE STAKEHOLDERS OF DANSK SUPERMARKED

We have undertaken a limited assurance engagement in respect of the information disclosed in the CSR Report of Dansk Supermarked for the year ended 31 December 2014.

Management is responsible for the preparation of the CSR Report in accordance with the reporting criteria set out on pages 31-33. This responsibility includes the design and implementation of an adequate system of collecting and processing data and other information relevant to the preparation of a CSR Report that is free from material misstatement, whether due to fraud or error.

## SCOPE AND OUR RESPONSIBILITY

We do not provide any assurance on the estimated data regarding energy consumption and waste production for Netto International and the estimated number of responsible products sold.

Our engagement was to provide a limited assurance conclusion as to whether the CSR Report is, in all material respects, presented in accordance with the reporting criteria set out on pages 31-33.

We conducted our engagement in accordance with the International Standard on Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000) and additional requirements under Danish audit regulation. This standard requires us, among other things, to comply with ethical requirements and to plan and perform the engagement to obtain limited assurance about whether the CSR Report is, in all material respects, free from material misstatement, whether due to fraud or error, and to evaluate the overall presentation of the CSR Report. Further, we are required to assess the suitability of the reporting criteria set out on pages 31-33.

Based on our professional judgement, our procedures included:

- interviewing relevant staff responsible for sustainability strategy, management and reporting, located at Dansk Supermarked's headquarters in Aarhus and Netto's headquarters in Køge, Denmark
- reviewing data collecting procedures and internal control procedures for data included in the CSR Report
- performing analytical reviews, including trend analysis, of the data provided by Dansk Supermarked
- evaluating internal and external documentation, on a test basis, to determine whether the information in the CSR Report is supported by appropriate evidence.

Procedures performed to obtain a limited level of assurance are aimed at determining the plausibility of information and are less extensive than those performed in a reasonable assurance engagement.

## LIMITED ASSURANCE CONCLUSION

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that Dansk Supermarked's CSR Report for the year ended 31 December 2014 has not, in all material respects, been prepared in accordance with the reporting criteria set out on pages 31-33.

## ERNST & YOUNG

Godkendt Revisionspartnerselskab  
Aarhus, 4 March, 2015

Morten Friis, Partner  
State Authorised Public Accountant

Carina Ohm, Executive Director

# Reporting approach and criteria

## SCOPE OF THE CSR REPORTING

This CSR report covers the relevant and significant social, ethical and environmental issues for the financial year 1 January to 31 December 2014. We receive recommendations on our CSR activities and reporting from our assurance provider, Ernst & Young, and we have been inspired by relevant industry reports from Denmark and abroad.

## BOUNDARY SETTING

Entities included in the performance data include majority-owned subsidiaries, defined as companies that the Dansk Supermarked A/S owns or controls. F. Salling A/S is not included in this report as the company is owned by F. Salling Holding A/S and A.P. Møller – Maersk A/S. F. Salling A/S operates the franchise for Carl's Junior and Starbucks and these are

not included in this report. Real estate owned by Dansk Supermarked Ejendomme A/S and Dansk Supermarked A/S is excluded from this report. Netto UK is a joint venture with Sainsbury's. Each company owns 50% and the financial result of Netto UK will not be included in the overall financial result for Dansk Supermarked A/S. For this reason data from Netto UK is not included in our CSR report or in our future reports.

We report on 8 key areas. Scope and data for each is described below.

## EMPLOYEE SAFETY

In Denmark we report on lost time injury frequency (LTIF) which is a number for work related injuries with more than one day absence per 10,000 headcounts. In Netto International, where we do not yet have

headcount statistic reports, we report on the number of lost time injuries (LTI). LTI is the total number of work related injuries with more than one day absence.

## WASTE

We report on the percentage of sorted recyclable material of our total waste production from our stores, offices and warehouses. Recycling covers paper, cardboard, metals, organic material and surplus bread for direct use.

Both majority owned or controlled entities opened and closed during the financial year are included in the reporting.

A smaller percentage of our stores have reported on waste production based on estimates. For Bilka, esti-

mate accounts for 7%, for føtex 8% and for Netto Denmark 3% of total waste for each format.

Ernst & Young has not verified data related to Netto outside Denmark

## ENERGY

We report on our total energy consumption as CO<sub>2</sub> emission per m<sup>2</sup>. Our energy consumption covers in energy usage in stores, offices and warehouses from various energy sources: gas, district heating, diesel and electricity.

If a majority-owned or controlled entity is acquired during the financial year, the entity will be included in the reporting for the following year. Entities closed down will not be included in the reporting.

A smaller percentage of our stores have reported on energy consumption based on estimates. For Bilka, estimates accounts for 4%, for fætex 2%, and for Netto Denmark 7% of total energy consumption for each format.

For some stores in Netto DK area has been based on sales area only. To estimate total m<sup>2</sup> area, store area has been multiplied with a factor 1,43 based on solid data from Netto stores in Sweden where ratio between sales area and other store areas are well known for each store.

Ernst & Young has not verified data related to Netto outside Denmark.

#### **DIVERSITY**

We report on share of females on board level and among our “Top 160 managers”. “Top 150” management balance between male and female

leaders is based on headcount statistics from SAP BI and manual definition of “top 150” and sorting by gender. In the future “top 150” will be based upon grading.

#### **FOOD SAFETY**

We report on the number of number one smileys given by the Danish Food Authorities following a control visit. Stores outside Denmark are not included. Both majority owned or controlled entities opened and closed during the financial year are included in the reporting.

#### **RESPONSIBLE PRODUCTS**

Stores outside Denmark are not included in this KPI, neither are textiles, and because registration of CSR labels in SAP in general has not yet been completed except from organic and Fairtrade, these will be the only two labels reported for 2014.

Registration of organic and Fairtrade attributes on articles are based on counts performed by Relation Media on organic and Fairtrade Denmark on Fairtrade in stores with the broadest assortment of these labels. For articles that were not fully migrated to SAP by 1st January 2014 but one month (for most) and five months (for chilled products) later, monthly average estimates have been made for these based on sales from the time of migration to SAP till end 2014.

Ernst & Young has not verified estimated data.

#### **BAROMETER**

We report on employee engagement and employee perception of diversity and CSR measured through an annual Barometer survey. The Barometer survey has been conducted by Rambøll in September 2014.

#### **BUYERS TRAINED IN RESPONSIBLE PROCUREMENT**

We report on the percentage of our procurement staff who has received training on responsible procurement during separate courses from March till October 2014. Procurement staff in scope for responsible procurement training are people with buying responsibilities in Commercial, Store and office furniture & equipment, IT and Goods Not for Resale. Data is expressed per 1st October 2014.

### **ENSURING DATA QUALITY**

We have appointed Ernst & Young to provide independent assurance regarding indicators for environmental performance (waste and energy), diversity, employee safety, food safety and CSR as perceived by employees and the report as a whole.

Ernst & Young has verified data related to Bilka, Løtex and Netto with the exception of data regarding responsible products and waste and energy data from Netto Sweden, Germany and Poland, where data quality is less stable and to a great extent based on estimates.

In gathering information about our CSR performance, we have applied the widely used principles of balance, clarity, accuracy, reliability, time-

liness and comparability. Please find additional information on each of the topics below:

### **BALANCE**

We are committed to communicating honestly and openly about our performance, both when it has improved and when it has not. Our aim is to provide our stakeholders with sufficient information about our company so that they are able to make their own judgements concerning Dansk Supermarked's position and role in the societies where we do business.

### **CLARITY**

Our CSR report will be available on our corporate website and we strive to ensure that the performance data and reporting content are understandable and well communicated.

### **ACCURACY AND RELIABILITY**

This year we have increased the number of CSR data points and we will continue to do so over the coming years. To ensure better data quality we are working on a Reporting Manual, which will cover all data points and reporting procedures in all countries. We are in the process of implementing this manual. Especially data gathering from local entities remains a challenge due to manual processes and differences in legislation across borders. Data quality is and will remain an issue, but we will continue to focus and improve in this area.

### **TIMELINESS**

Internally, we report our CSR data with varying degrees of frequency, determined by the nature and use of the data. Where necessary, we re-

se the reporting frequency in order to strike the right balance and obtain the right data at the right frequency. Our annual data gathering and external reporting are aligned with the financial data gathering using the calendar year.

### **COMPARABILITY**

Our reporting criteria and indicators are to the extent possible based on what is normal within our industry in order to secure comparability. The number of stores under our control will grow in the coming years. In particular we foresee growth of the Netto format outside Denmark.



# Definitions

INDICATOR	DATA
Energy (CO <sub>2</sub> )	Kg/m <sup>2</sup> <sup>7</sup>
Waste	% recycled (cardboard, plastic, metal and surplus bread) <sup>8</sup>
Energy	Mwh
Food safety	Smiley 1 – Denmark only
Employee safety	LTIF (lost time injury frequency) = number of work related injuries with more than one day absence per 10,000 headcounts – Denmark only
Employee safety	LTI (lost time injury) = total number of work related injuries with more than one day absence – de, se and pl
Diversity ("top 150")	Number of female leaders in top 160
Diversity (board level)	% of female representatives
Employee engagement	Barometer survey – overall score
CSR as perceived by employees	Barometer survey – scores on questions about diversity and responsibility
Buyers trained in responsible procurement	% of procurement staff trained
Responsible products	Number of organic and Fairtrade products sold <sup>9</sup> – Denmark only

(7) In order to compare emissions among countries and to be able to calculate the total CO<sub>2</sub> emission for Dansk Supermarked, a calculated relative emission factor is used based upon k2green factors for DK and DEEC Guidelines for DE, SE and PL.

(8) About 10% is based on average calculations and estimates on stores where waste is collected by public waste enterprises that do not calculate weight quantities. (9) Extract from SAP on articles with attributes "organic" or "Fairtrade"

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