

**Dansk
Supermarked
Group**

CSR REPORT

2016



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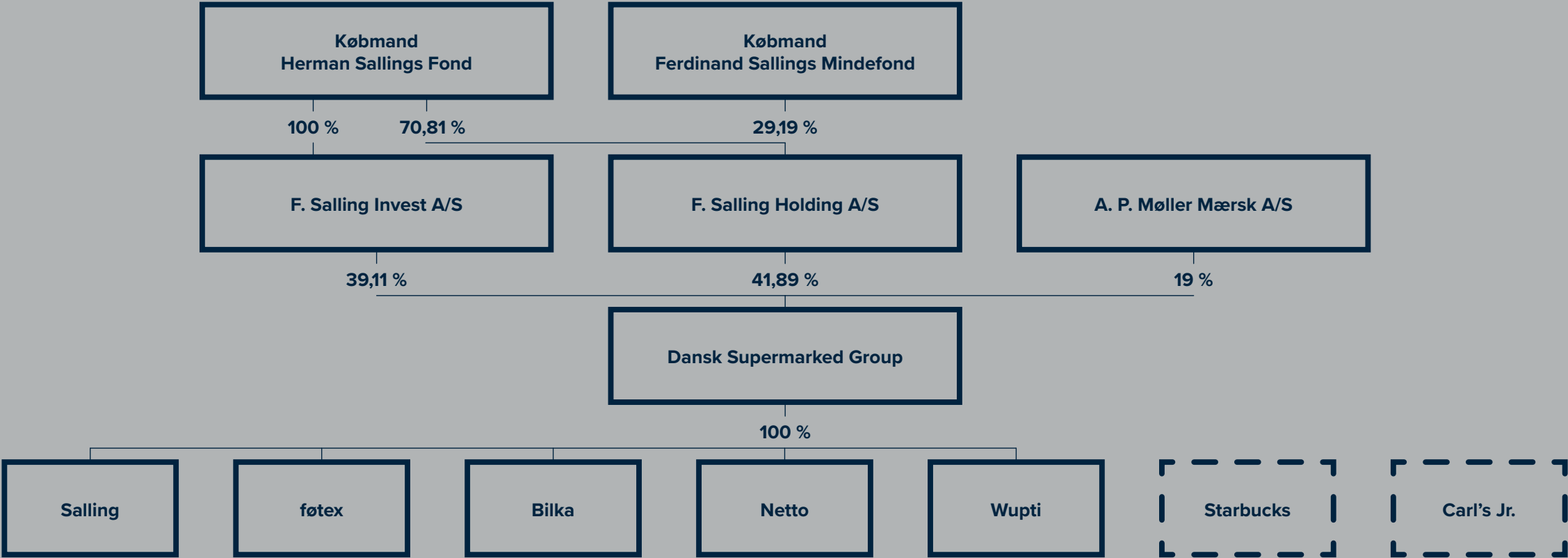
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COMPANY STRUCTURE

Dansk Supermarked Group is a 100 % Danish-owned company, owned jointly by Salling Fondene (81 %) and A.P. Møller - Maersk (19 %).
The report covers retail formats føtex, Bilka and Netto in Denmark, the Salling department stores, e-commerce and Netto Germany, Netto Poland and Netto Sweden; all part of Dansk Supermarked Group. The franchises Starbucks and Carl's Jr. are not included in the report.



TRUST AS THE FOUNDATION OF OUR BUSINESS

A LETTER FROM OUR CEO, PER BANK

Everyday Dansk Supermarked Group touches millions of people.

With 9 million shopping trips per week, our 51,000 employees across Denmark, Germany, Poland and Sweden handle products sourced from more than 130 countries. This brings with it great responsibility, which we fully recognise and embrace.

As Denmark’s largest retail company, our main focus will always be the further development of a sustainable business. Our financial strength enables us to make conscious long term decisions to the benefit of our customers, colleagues, suppliers and the citizens of the communities we are part of.

In 2015 we formed a new CSR-strategy aligned with the UN Sustainable Development Goals with a focus on three areas where Dansk Supermarked Group has significant impact, and where our business could be positively or negatively impacted.

Our attention this year has been to develop each focus area further. It is not possible to include every effort and initiative in this year's report, so we have decided to include the most important initiatives and results. As something new we have included an overview of our total tax contribution and an in-depth look at our commitments to reduce food waste.

While the report itself is limited to 12 months, the perspective we have on our responsibility is far more long term. At Dansk Supermarked Group, we believe that we can make a positive difference for our customers, our employees and our surroundings. Therefore, we will continue to strive to do so by giving people the opportunity to improve everyday life; not least by providing customers with safe and responsible products, allowing all employees to utilise their full potential, and by sourcing conscientiously in a world of growing complexity.



TOPIC	SCOPE
Equal Access to Jobs and Careers	Our employees
Healthy Living and Well-being	Our employees and our customers
Responsible Consumption and Production	Full value chain

SUSTAINABLE DEVELOPMENT GOALS



TRANSPARENCY ON ECONOMIC IMPACT

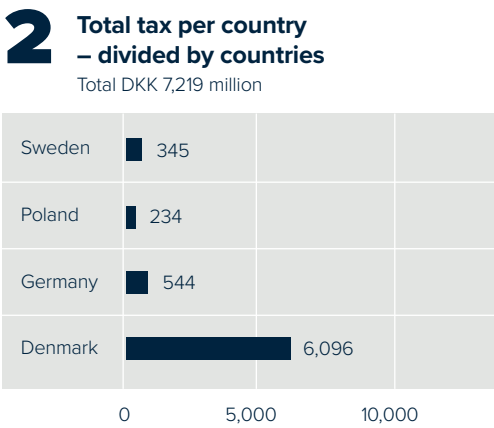
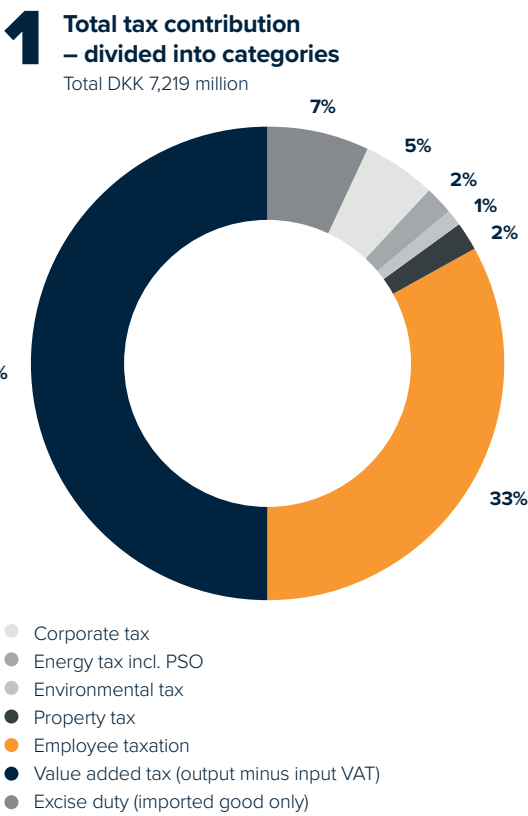
At Dansk Supermarked Group, we recognise that taxes and duties have a significant economic impact on society, and we wish to be transparent about our tax contribution in the countries where we operate.

We have operating companies in Denmark, Sweden, Germany and Poland, but the largest activity occurs in Denmark.

We do not operate companies in low tax jurisdictions and we do not utilise special tax optimisation models designed with the purpose of tax avoidance.

According to the published corporate tax record for 2015, F. Salling Holding A/S, which is the administration unit for Dansk Supermarked Group, is the 15th largest corporate income tax payer in Denmark with a total corporate tax payment of DKK 303 million. F. Salling Holding A/S is responsible for paying all corporate tax to the authorities on behalf of the Danish companies in the Group.

In 2015 the total tax contribution from our company amounted to DKK 7,219 million. This includes both taxes paid indirectly by our company (taxes collected), such as VAT, employee income tax etc., and taxes paid directly (taxes borne), such as corporate income tax, property taxes etc.



¹ For practical reasons the numbers only include tax derived from business activities covered by our financial reporting in 2015 as the 2016 numbers were not available for this report. ² The presentation is made in accordance with the standardised Total Tax Contribution methodology. Our Tax Policy can be found at dansksupermarked.com.



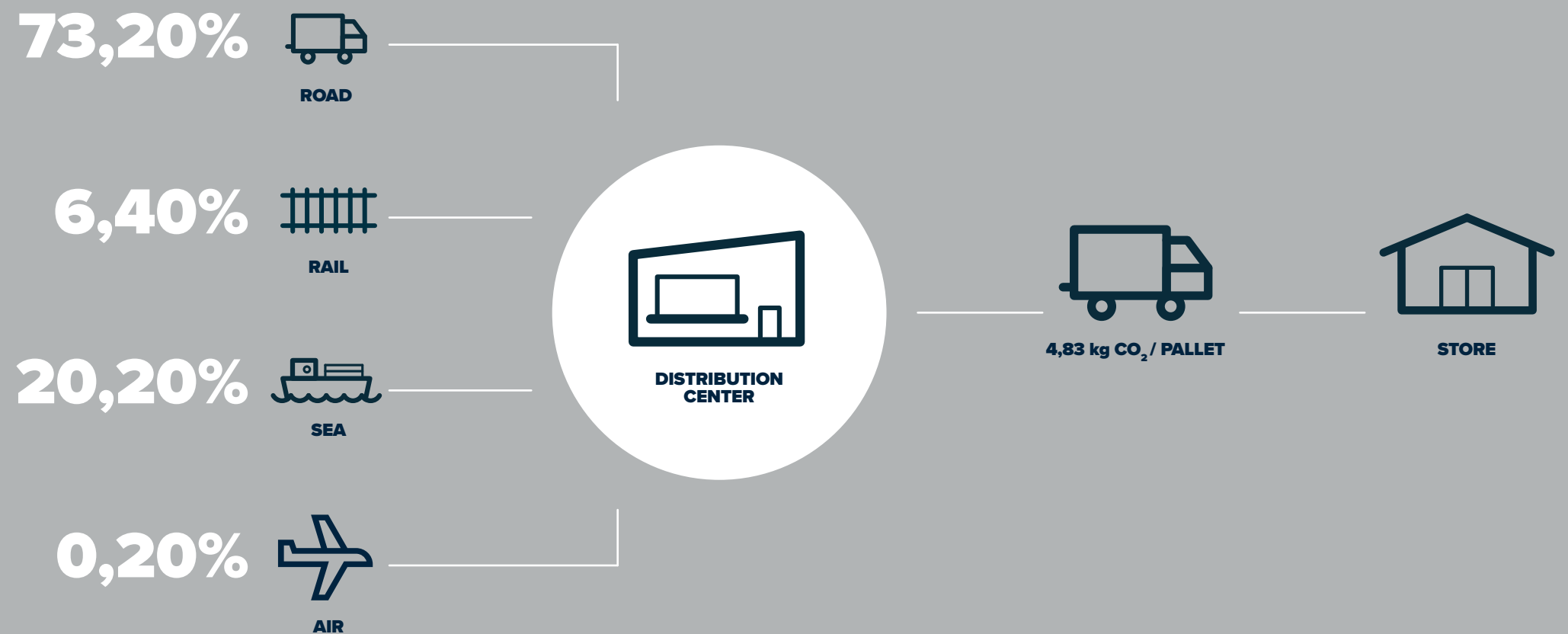
EFFICIENT LOGISTICS IS KEY TO RETAIL

The number one priority in our logistics team is to keep the shelves stocked to ensure customers find what they are looking to buy. Surveys show that this is a key element in a positive customer experience and one that determines customers' choice of shopping destination.

In terms of sustainability, a key issue in the supply of goods from manufacturers to our stores is the CO₂ emissions from transportation. It is estimated that freight transport accounts for approximately seven percent of global carbon emissions, making it a significant contributor to climate change.

We strive to use the most CO₂-efficient mode of transport while at the same time considering parameters such as cost and speed to secure freshness or seasonality. From our manufacturers and suppliers, goods are transported by road, sea, rail and occasionally by air to our distribution centres. Most of the non-food items from the Far East arrive by sea via some of the most efficient ships in terms of CO₂ emissions in the shipping market. The majority of goods arriving via road from Europe are food items as this is nearly always the only realistic option when balancing need for freshness and cost.

For transportation between our distribution centres and stores, we employ third parties. Based on data from our transport service providers, we have calculated that 4.83 kg of CO₂ is emitted per pallet delivered from our distribution centres to the stores in Denmark. For 2016 the total amount of CO₂ emitted was 18,157 tonnes. Our aim is to reduce the emissions per pallet through better utilisation of trucks and increased deliveries outside rush hours.





FIGHTING FOOD WASTE

In Denmark more than 700,000 tonnes of food is wasted every year, equalling 140 kg per person living in Denmark.

Food waste in Denmark (tonnes)*

*Source: Danmark uden affald II Feb. 2015, Ministry of Environment

Households	260,942
Retail	163,000
Food industry	133,000
Primary production	100,000
Institutions	31,000
Hospitality	29,000
Total	716,942

To understand our food waste footprint better, Dansk Supermarked Group began to measure food waste by weight in addition to monetary value in 2016 in order to calculate the impact across food categories.

For this purpose, the international Food Loss and Waste protocol, which was launched in June 2016, has been used. The aim of the FLW protocol is to set a standard for how food waste is measured globally and across different industries.

We have focused on food waste for several years without, however, being able to measure by weight until 2015 when the relevant system changes were fully implemented.

Based on the work we did in 2013 and 2014, we believe that the official figures from the Environmental Ministry reports are fair assessments of the level of food waste in 2014. Taking outset in these figures, the Group produced 42,826 tonnes of food waste in Denmark in 2014.

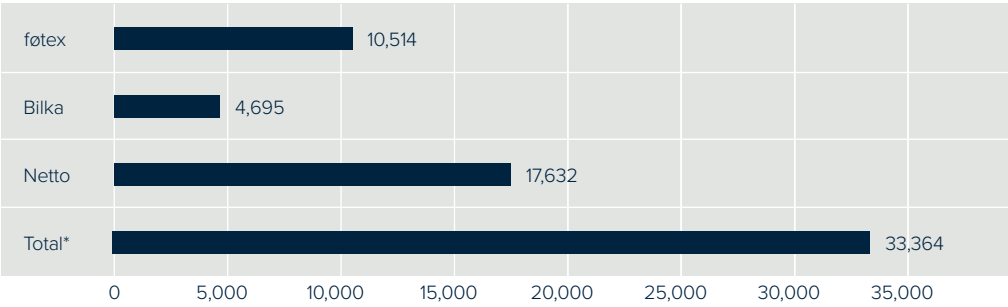
Dansk Supermarked Group has set a target to reduce this baseline figure of 42,826 tonnes of food waste by 50% in 2030. The reduction target is equivalent to 21,413 tonnes and the target is in line with the UN Sustainable Development Goal 12.3.

From 2015 to 2016, the Group succeeded in reducing food waste by 5.2 %, hence our measured food waste in 2016 was 33,364 tonnes, meaning that we are satisfactorily on route to reaching our 2030 ambition.



We have reduced package sizes to allow you to save food and money.

FOOD WASTE IN OUR FORMATS (TONNES)



* Incl. Salling and warehouses

HELPING CUSTOMERS PREVENT FOOD WASTE

Every part of the value chain has an obligation to limit food waste within its own operation. In addition, retailers, suppliers and manufacturers have an obligation to help consumers reduce their waste.

In order to help customers save money and reduce waste, føtex, Bilka and Netto introduced smaller lettuces, potatoes, carrots, tomatoes and onions in early 2016, which has enabled customers to buy basic vegetables in smaller pack sizes and thereby avoid food waste.



**SUPPORT FOR SURPLUS
FOOD SUPERMARKETS AND
THE FOOD BANK**

2016 saw the Group continue our collaboration with DanChurchAid (DCA) and their surplus food supermarkets, Wefood, where surplus food is sold at reduced prices in stores owned by DCA. Two stores are operated in Copenhagen and a third one is due to open in Aarhus in 2017.

Dansk Supermarked Group supplies around 20% of the tonnage sold in the Wefood stores in Copenhagen, but the partnership goes much further than that.

“Dansk Supermarked Group played a massively important role in the process of bringing the Wefood idea to life. They broke down barriers and used their network to bring about the regulatory changes necessary, and they provided advice on how to manage a retail store,” says Kenneth Kamp Butzbach from DanChurchAid.

Also, Dansk Supermarked Group continued its collaboration with the Danish Food Bank, donating damaged or surplus goods from our distribution centres. The Food Bank distributes the donated food items to organisations working with socially disadvantaged people, and in 2016 Dansk Supermarked Group contributed more than 207,000 meals. Netto alone donated almost 20 tonnes of food to the Food Bank in 2016 – the partnership also involves Netto promoting and raising awareness of the Food Bank and the launch of a food waste app where any supermarket can register food items in their stores that are close to their sell-by date, allowing shoppers to plan their purchases in their local area.

“For a relatively small organisation like ours, it is a great help to tap into the reach of a company as large as Dansk Supermarked Group and Netto. With access to more than 450 Netto stores located in all corners of Denmark, this is a huge opportunity for the Food Bank in terms of getting our name and brand known in the entire country,” says Karen-Inger Thorsen from the Food Bank.

**MORE THAN 207,000
MEALS DONATED
IN 2016 BY DANSK
SUPERMARKED GROUP**





PROVIDING PEOPLE WITH OPPORTUNITY

At Dansk Supermarked Group, there is room for everyone regardless of gender, educational level or nationality. We strongly believe that everyone can utilise their potential and succeed when given the right opportunities.

TRIPARTITE AGREEMENTS AND LANGUAGE TRAINING

In 2016 two tripartite agreements were signed by the Danish government and the labour market parties: the so called "trepartsaftaler". An integral part of these agreements was the inclusion of refugees in private companies, leading to government-sponsored efforts to create work and training opportunities for this group of people.

Opportunities created by Dansk Supermarked Group constituted almost half of the positions in Denmark created by all Danish companies in 2016 as we were the first company to make a nationwide agreement with job service centres. We expect to at least maintain the number of positions throughout 2017. In Sweden, Netto stores committed to employing 100 refugees over three years, and within eight months of signing this agreement, 108 people, primarily from Syria, were working in our Swedish stores. Further, we have taken steps to implement and support the IGU (Integrationsgrunduddannelsen), a 2-year training programme for those refugees and their reunited family members whose qualifications do not match the Danish job market.

RESPONDING TO CRITICISM

While we are very proud of all our employees for having taken this responsibility upon themselves in order to help disadvantaged people succeed, it is, however, not something that makes us popular with everyone. Dansk Supermarked Group has been criticised for exploiting both apprentices in general and refugees in particular as cheap labour without offering employment after the language training, and for building our business model on the availability of people in subsidised employment.

Our view on this matter is that we offer unique training opportunities to a substantial number of people who complete subsidised internships with us, and we even provide a large number with employment following their internships. Having collaborated extensively with public authorities, we are recognised by the job service centres for developing easily accessible, standardised ways for other companies to become involved in these efforts.

ON THE JOB LANGUAGE TRAINING AT SCALE

- Replenishment of stock
- Clean-up
- Tidying
- Cardboard pressing
- Assisting in production areas (bakery, deli and butcher's)



IMPROVED BASIS FOR EQUAL OPPORTUNITIES

Dansk Supermarked Group has initiated a number of digital career platforms, new talent development procedures, annual talent reviews etc. These initiatives allow for a more informed approach to ensuring equal access to jobs, opportunities and pay. In terms of both graduates and apprentices, we strive for gender balance, thus creating the foundation for improved gender balance at management level (see table).

	Apprentices	Graduates
Male	52 %	52 %
Female	48 %	48 %

PARTNERS IN EQUAL ACCESS TO JOB AND CAREERS

- Municipal job centres and social services
- Syddansk Erhvervsskole
- Mercantec
- ZBC Danmarks Bager- og konditorskole
- MeatYourFuture (NNF, Dansk Industri, Dansk Erhverv and peers in retail)
- Viden Djurs
- Aarhus Business College

"WE HAVE ROOM FOR EVERYONE"





FUN AND EXERCISE

Every year thousands of colleagues in fØtex, Netto, Bilka and Salling come together and run or walk in one of five relay races across Denmark. The DHL run has become a tradition and an important social occasion where we meet and run or walk 5 kilometres, turn on the grill and have a lot of fun. Dansk Supermarked Group provides running clothes for all participants and sponsors the food and drink as well. This year more than 6,500 colleagues enjoyed an evening in each other's company. In addition to this, we have continued to provide employees with training facilities at some of our main locations in Denmark during 2016.





IMPROVED INFORMATION TO ENABLE HEALTHY CHOICES

Surveys show that three out of four customers who prioritise health and environment when they shop agree that explanatory text on the packaging is helpful. In 2016 we relaunched Levevis, our private label brand for Bilka and føtex that focuses on healthy living. The range was expanded from 340 to 570 products in categories like food, baby and household (paper products, cleaning and personal hygiene items etc.), with all products complying with one or more certifications related to nutrition, chemicals or production methods used.

To make it easier for our customers to choose products that are organic and/or free from perfume or other ingredients, the new packaging design for Levevis products has information, labels and certifications as a central element on the front of the packaging.

In 2016 Netto launched 14 new Sensitive products across the baby, skin care and detergents categories, all of which are certified and labelled with Sensitive, the Blue Wreath and the Nordic Swan label, guaranteeing that the products are better for health and environment.





MAKING RESPONSIBLE SHOPPING AFFORDABLE FOR EVERYONE

Demand for organic products has been steadfastly growing over the past few years and organic products' growth rates are higher than average. At the beginning of 2016 fØtex set two targets to improve their organic offer even further: To have the best organic selection in Denmark and to launch a loyalty programme to offer significant discounts tied to purchasing organic products. Both objectives were achieved and fØtex now offers far more than 1,000 organic products and introduced at least one new product per day in the organic category in 2016. Thus, growth in organic sales exceeded the target set for 2016 and even exceeded the market growth in organic from 2014 to 2016.

Our Netto stores continued to make good on their statement "everybody should be able to afford organic products". In 2016, all of Netto's private label organic products were re-launched in Denmark and Sweden under a new and shared label: "ØGO" (DK) / "GO EKO" (SE).

Within fruits and vegetables, Netto has enlarged the selection available from 2015 by 21,2 % including smaller product categories like fresh herbs.

ANIMAL WELFARE BECOMES A TOP PRIORITY

In 2016 Dansk Supermarked Group offered a number of first-mover initiatives within animal welfare. Netto was the first supermarket chain to offer animal welfare certified dairy products. Bilka was first to offer meats where no antibiotics had been used during production.

We were the first retailer to announce that all our Danish formats will remove eggs from caged hens by the end of 2017, and as an ingredient in private label products by the end of 2019. Salling and fØtex took the lead within the Group by removing eggs from caged hens in September 2016. Outside Denmark, Netto in Germany removed eggs from caged hens several years ago. Both Netto Sweden and Netto Poland have announced that they will remove these eggs from 2018 and 2025 respectively. The decision to remove caged eggs from the shelves has since been adopted by all supermarket chains in Denmark.

500 MILLION WORTH OF ANIMAL WELFARE

In 2016 Dansk Supermarked Group entered into a five-year partnership with the Danish Animal Welfare Society to increase the sale of products with the highest level of animal welfare by DKK 500 million by 2020. In 2016 we achieved DKK 111 million towards this target.

Increase by 2020	DKK 500 mio.
Achieved by 2016	DKK 111 mio.

The main driver for us is to ensure that our customers have the widest possible selection of meat and dairy products to choose from, including those where animal welfare has been in focus, at prices that ensure affordability for the large majority of consumers.

The Danish Animal Welfare Society has confirmed that positive effects of this partnership, established in March 2016, are already evident.

"With the ambition and partnership, Dansk Supermarked Group has shown leadership in accelerating change in an important market. We have seen a significant increase in the number of meat and dairy farmers interested in joining the move towards more animal welfare in the agricultural sector, which is what we wanted to achieve with this partnership. At this point, the commitment from Dansk Supermarked Group appears to have the promise of a real breakthrough for converting meat and dairy production to animal welfare, and we have great respect for the work Dansk Supermarked Group does," says Britta Riis, CEO of The Danish Animal Welfare Society.

TOTAL SALE OF RESPONSIBLE PRODUCTS

In 2016 products with a third-party certification, e.g., organic, animal welfare certified, Keyhole etc., generated a revenue of DKK 4.5 billion across our Danish stores.

REVENUE FROM RESPONSIBLE PRODUCTS
DKK 4,5 BILLION





SOURCING RESPONSIBLY

In total, Dansk Supermarked Group has 108 merchandise categories, and within these there are thousands of products bought from more than 6,100 suppliers from 138 countries around the world. This requires a solid programme for sourcing that can encapsulate both product quality and sound practices in relation to the impact on workers and the environment.

Since the introduction of a new Responsible Procurement Policy at Dansk Supermarked Group in 2015, we have focused primarily on implementing a new supplier risk management system. The system, which was fully implemented by the end of 2016, enables better tracking of suppliers and their certifications and performance related to our supplier code of conduct, thus providing better management information regarding our suppliers.

In 2013 Dansk Supermarked Group joined the Accord on Fire and Building Safety in Bangladesh. Since then many safety issues, both existing and new, have been identified across more than 1,600 factories. As active brand member, we support the implementation of corrective action plans (CAPs) on currently 82³ enlisted factory units.

Factories failing to cooperate and implement improvements to ensure a safe factory environment will go through an escalation procedure consisting of three stages, where stage three results in the termination of business by the Accord and signatory companies. In 2016 Dansk Supermarked Group ceased collaboration with 6 factories that were escalated out of the Accord. These 6 factories were inactive producers to Dansk Supermarked Group that did not deliver a satisfactory progress rate within set timelines and further extensions.

CRITICAL VOICES

In 2016 there were critical reports on the sourcing of several products: vanilla, coffee, avocados and wine. None of these reports implicated Dansk Supermarked Group directly; however, we take them very seriously as the challenges related to the global sourcing of agricultural products are systemic. This type of sourcing remains a challenge due to a lack of transparency and traceability – especially for commodities which are traded through many intermediaries before they end up in a supermarket.

SUPPLIER SATISFACTION

Along with customers and employees, suppliers are among the most important stakeholders for any company. This year we asked 450 suppliers about our relationship. Selected across all relevant product sectors – Textile, Non-food, Grocery and Fresh, 69% of the suppliers invited to take part participated in our anonymous survey and gave us valuable feedback. On a 1-5 scale ranging from 'very unsatisfied' to 'very satisfied', we were rated 4 based on the question: "How satisfied are you with the cooperation with DSG?" The result itself is acceptable, but the survey also delivered a lot of feedback on where to improve.

PARTNERS IN RESPONSIBLE CONSUMPTION AND PRODUCTION

- The Danish Animal Welfare Society
- The Business Social Compliance Initiative
- The Danish Initiative for Ethical Trading
- DanChurchAid/Wefood
- The Danish Food Bank
- The Danish Society for Nature Conservation
- World Wildlife Fund
- Bangladesh Accord on Fire and Building Safety



KEY PERFORMANCE INDICATORS

Although some KPIs have been removed as they were no longer deemed relevant or were removed due to technical issues, this year we have expanded the total number of KPIs. The full overview of performance per KPI can be found in the appendix of this report.

Actual and coming key performance indicators		2014	2015	2016	2017
 EQUAL ACCESS TO JOBS AND CAREERS	CSR as perceived by employees	●	●	●	●
	Diversity (directors +)	●	●	●	●
	Diversity (board level)	●	●	●	●
	Employee engagement	●	●	●	●
	People in job training*			●	●
	Employees trained in CSR		●	●	●
 HEALTHY LIVING AND WELL-BEING	Employee safety	●	●	●	●
	Employee sick leave		●	●	●
	Employee turnover		●	●	●
	Food safety	●	●	●	●
	Fundraising – total amount and percentage of sale**				
 RESPONSIBLE CONSUMPTION AND PRODUCTION	Inbound transport – m ³ /transport mode*			●	●
	Outbound transport – CO ₂ /pallet*			●	●
	Energy – MWh/m ²	●	●	●	●
	Waste recycling	●	●	●	●
	Food waste*			●	●
	Buyers trained in responsible procurement	●	●	●	●
	Employees in buying functions trained in responsible products		●	●	●
	Number of responsible products (organic and Fairtrade)**	●	●		
	Responsible products – wider scope**				
	Revenue from responsible products ^{4*}			●	●
	Supplier risk screening***				●
	Private label suppliers on scorecard**				
	Supplier satisfaction*			●	●

* New
** We have decided to remove this as it is no longer relevant to our strategy
*** Postponed

⁴ All products carrying a CSR label (e.g., Keyhole, Nordic Swan, Organic, Fairtrade, Animal Welfare etc.)

INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT

TO THE STAKEHOLDERS OF DANSK SUPERMARKED GROUP

As agreed, we have examined Dansk Supermarked Group's CSR Report 2016 (the CSR Report) for the period 1 January 2016 to 31 December 2016. Dansk Supermarked Group's CSR Report 2016 has been prepared in accordance with the reporting approach and criteria described on pages 32-37.

We are to conclude on the CSR Report. The degree of assurance expressed in the conclusion is limited.

MANAGEMENT'S RESPONSIBILITY

Dansk Supermarked group's Management is responsible for the preparation of the CSR Report in accordance with the reporting approach and criteria described on pages 32-37. Dansk Supermarked Group's Management is also responsible for such internal control, as the Management considers necessary to enable the preparation of the CSR Report that is free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to conclude on Dansk Supermarked Group's CSR Report on the basis of our procedures. We performed our procedures in accordance with ISAE 3000, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and additional requirements under Danish audit legislation to obtain limited assurance for our conclusion.

Ernst & Young Godkendt Revisionspartnerselskab is subject to the International Standard on Quality Control (ISQC) 1 and thus uses a comprehensive quality control system, documented policies and procedures regarding compliance with ethical requirements, professional standards, applicable requirements in Danish law and other regulations.

We complied with independence requirements and other ethical standards under FSR - Danish Auditors' Code of Ethics for Professional Accountants, which rely on general principles regarding integrity, objectivity, professional competence and due care, confidentiality and professional conduct.

AS PART OF OUR EXAMINATION, WE PERFORMED THE BELOW PROCEDURES:

As part of our examination, we performed the below procedures:

- Interviews of relevant company professional responsible for CSR strategy, management and reporting, located at Dansk Supermarked Group's headquarters in Aarhus, Netto's headquarters in Køge, Denmark, and Netto International offices in Sweden, Poland and Germany.
- Checks of whether data have been collected, assessed and quality-reviewed as prescribed in Dansk Supermarked Group's manual for collection of environmental data.
- Analytical reviews, including trend analyses, of data supplied by Dansk Supermarked Group.
- Evaluation of the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management.



We believe that our procedures provide a reasonable basis for our conclusion. The procedures performed in connection with our examination are less than those performed in connection with a reasonable assurance engagement. Consequently, the degree of assurance for our conclusion is substantially less than the assurance, which would be obtained, had we performed a reasonable assurance engagement.

Aarhus, 6th March 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR-nr. 30 70 02 28


Morten Friis
Partner, State Authorised Public Accountant

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 Group's CSR Report for the year ended 31 December 2016 has not been prepared, in all material respects, in accordance with the reporting approach and criteria described on pages 32-37.


Carina Ohm
Executive Director

REPORTING APPROACH

SCOPE OF THE CSR REPORT

The CSR report covers the relevant and significant social, ethical and environmental issues for the financial year January 1st – December 31st 2016. We have received recommendations on our CSR activities and reporting from our assurance provider Ernst & Young, and we have been inspired by relevant industry reports.

BOUNDARY SETTING

Entities included in the performance data include majority-owned subsidiaries defined as companies that Dansk Supermarked Group owns or controls, including web stores. Real estate owned by Dansk Supermarked Group is excluded from both this and future reports and so are the franchises Carl's Jr. and Starbucks.

ENERGY DATA

Both majority owned and controlled entities opened and closed during the financial year are included in the reporting. Estimates for stores with missing data have been prepared on the basis of yearly averages of the reporting stores within the same retail format and country. Estimates account for 24.4 % in føtex, 4.3 % in Bilka, 10.9 % in Salling and 4.6 % in Netto DK of total energy consumption for each format. In Netto Int., estimates account for 0.0 % in Germany, 0.0 % in Poland and 0.0 % in Sweden of total energy consumption.

WASTE DATA

Both majority owned and controlled entities opened and closed during the financial year are included in the reporting. Some stores have reported based on estimates. Estimates account for 6.6 % in føtex, 0.0 % in Bilka, 0.0 % in Salling and 0.0 % in Netto

DK of total waste for each format. In Netto outside Denmark, estimates account for 15.9 % in Germany, 28.8 % in Poland and 33.0 % in Sweden of total waste for the format in each country. For Netto DE, waste has been calculated based on 6 sample weighings. Estimates for the remaining stores in DE have been calculated on the basis of the average amount of waste per unit of turnover for the sample stores. For stores in Netto PL waste calculation has been prepared on the basis of the exact number of containers multiplied by an average weight per container. For Netto SE waste calculation has been prepared on the basis of the 13 stores where waste is weighed all year. The remaining stores have been calculated on the basis of the average amount of waste per unit of turnover for the sample stores.

SUPPLIER SATISFACTION SURVEY

The supplier satisfaction survey has been conducted in cooperation with Rambøll Management Consulting. Respondents invited represent our list of regular suppliers to our Danish stores with whom we conduct trade term negotiations on a yearly basis.

FOOD WASTE

Food waste is calculated in tonnes and stems from our stores and distribution centres in Denmark. Calculation is based on scrapping in pieces multiplied by net weight. In the Bakery category shrinkage has been added which is also the case for the Fruit & Vegetables category in Netto. Where net weight for a given article has been missing, we have used the average weight for articles in the relevant category. Estimates account for 4 %. Baseline for target has been calculated on the basis of our market share in 2014 in proportion to the Danish Ministry of Environment's 2014 calculations of food waste in tonnes in Danish retail.

OUTBOUND TRANSPORT

The calculation of CO₂ emissions is for own controlled outbound transport only. Outbound transport is the transport of goods from our distribution centres to our stores in Denmark, and emission per pallet is calculated on the basis of mileage, CO₂ factor per kilometre and number of pallets. CO₂ factor is calculated on the basis of external carrier Frode Laursen's calculated mileage per litre diesel.

Estimates account for 3-5 % based on the calculated CO₂ for the largest part of our outbound transport.

KEY AREAS

We report on 20 key areas. KPIs, definitions and performance for each are listed under Reporting Criteria and Performance.



REPORTING CRITERIA AND PERFORMANCE

KEY PERFORMANCE INDICATOR	DATA	PERFORMANCE				
		2014	2015	2016	Target	
CSR as perceived by employees	Barometer survey conducted by Rambøll – scores (%) on questions about diversity and responsibility	75	78	77	-	
Diversity	Number of female leaders – directors +	27	23	24	-	
Diversity (board level)	% of female representatives	20	20	17	40 ⁵	
Employee engagement	Barometer survey conducted by Rambøll – overall score (% of respondents)	87	89	90	-	
People in job training	Number of citizens outside the job market in unsalaried training to clarify their ability to take up a job (average throughout the year)	-	839	1,093	-	
Employees trained in CSR	% of store employees having completed CSR training (føtex, Bilka and Salling)	-	67	63	75	
Employee safety	LTIF (lost time injury frequency) = number of work related injuries with more than one day of absence per 10,000 headcounts - Denmark	102	79	95	-	
Employee safety	LTI (lost time injury) = total number of work related injuries with more than one day of absence – Netto Int.	250	224	242	-	
Employee sick leave	Sick hours divided by working hours (overtime included) %					
	DK	2.8	2.8	2.7	-	
	DE	3.5	3.5	4.1	-	
	PL	4.2	4.8	5.4	-	
	SE	7.9	7.6	9.7	-	
Employee turnover (% of total headcounts)	Voluntary permanent staff turnover	DK	33.3	28.5 ⁶	27.1	-
	Total staff turnover	DE	13.3	12.8	10.1	-
	Voluntary staff turnover	PL	17.0	19.6	21.4	-
	Voluntary permanent staff turnover	SE	12.7	14.7	15.8	-
Food safety	Smiley 1 – Denmark only. Percentage of number one smileys given by the Danish Food Authorities following a control visit. Both majority owned or controlled entities opened and closed during the financial year are included	89.3	92.5	90.5	100	

⁵ By 2017

⁶ Corrected to include voluntary permanent staff only

KEY PERFORMANCE INDICATOR	DATA	PERFORMANCE			
		2014	2015	2016	Target
Inbound transport	M ³ per transport mode (own controlled). % split Road Rail Sea Air	-	-	73.2 6.4 20.2 0.2	-
Outbound transport	Kg CO ₂ per pallet (own controlled) - Denmark	-	-	4.83	-
Energy	MWh/m ² – DSG total	0.274	0.250 ⁷	0.250	-10% ⁸
Waste	Recycling % DK DE PL SE	57 53 76 62 48	68 65 79 70 71	73 71 79 71 75	90 ⁹ 90 90 90 90
Food waste	Tonnes of food intended for human consumption that ends up as waste, animal feed, bio-gas, composting etc. - Denmark	42,826	35,205	33,364	-50% ¹⁰
Buyers trained in responsible procurement	% of procurement staff trained (staff in scope are people with buying responsibilities in Commercial, Goods Not For Resale, IT and Shop Fittings)	59	68	68	80
Staff trained in responsible products	% of staff trained (staff in scope are employees in buying functions in Commercial, Goods Not For Resale, IT and Shop Fittings)	-	78	88	85
Revenue from responsible products	Revenue from products carrying a CSR label (e.g., Keyhole, Fairtrade, Organic, Animal welfare etc.). Billion DKK – Denmark only	-	-	4.5	-
Supplier satisfaction rate	On a scale from 1-5 based on the question “How satisfied are you with the cooperation with DSG?”	-	-	4	-

⁷ Corrected to include opened and closed stores
⁸ By 2020 with baseline 2015
⁹ By 2018
¹⁰ By 2030 with baseline 2014

COMPANY INFORMATION

ORGANISATIONAL
PROFILE

Name of organisation	Dansk Supermarked Group
Web address	dansksupermarked.com
dansksupermarked.com	Rosbjergvej 33, 8220 Brabrand, Denmark
Primary brands	Salling, føtex, Bilka, Netto and Wupti
Nature of ownership and legal form	Privately owned/Non listed
Total number of employees	51,202
Significant change during reporting period regarding size, structure, ownership or supply chain	-
Externally developed charters, principles or initiatives to which DSG subscribes or which it endorses	DSG supports the UN Global Compact framework, but is, however, not a signatory
Membership of associations and advocacy organisations	<ul style="list-style-type: none">- Foreign Trade Association- Business Social Compliance Initiative- Bangladesh Accord on Fire and Building Safety- Danish Initiative for Ethical Trading- Danish Chamber of Commerce- AMS Sourcing- FSC Denmark

REPORT PROFILE

Reporting period	January 1st 2016 – December 31st 2016
Reporting principles	In accordance with the Danish Financial Statements Act, articles 99a and 99b
Date of the most recent previous report	April 11th 2016
Reporting cycle	Annual report is published before May 31st of each year and covers the previous calendar year. The report will be available at our website dansksupermarked.com
Contact point for questions regarding the report or its content	<ul style="list-style-type: none">- Director of CSR, Helene Regnell – helene.regnell@dsg.dk- Vice President of Communication, Mads H. Grand – mads.hvitved.grand@dsg.dk

GOVERNANCE

Main positions with CSR responsibility	Executive Vice President of HR, Commercial, Finance, føtex, Bilka and Netto
Composition of Board of Directors	Six regular members of which one is female. In addition there are two employee representatives



Dansk Supermarked Group

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