

Corporate Responsibility Review



We work closely with our suppliers in providing our customers with more efficient and sustainable products.

DSG international has an approach to corporate responsibility (CR) best described as *from design to disposal*. We are aware of our obligations and have processes in place to monitor the sourcing of the goods we sell through to their distribution, sale, use and eventual disposal. Visit www.dsgiplc.com/cr to see an illustration of *from design to disposal* in action and to download our CR highlights document.

On the following pages is an outline of how we assess and act upon social, environmental and ethical matters relevant to our business, with performance updates from last year. Our goal is to demonstrate continuous improvement in all areas.

In addition to remaining a constituent member of the Dow Jones Sustainability Indices and FTSE4GOOD, during the year we entered the Business in the Community CR Index as one of the top 100 "Companies That Count."

Corporate Governance

For a review of how our directors apply the principles of corporate governance and shareholder accountability across the Group, please read our Corporate Governance Report on pages 43 to 47.

Kevin O'Byrne is the executive director with responsibility for CR matters. The Group CR Committee advises the Board on pertinent non-financial risks and regulation changes, and makes policy recommendations accordingly. The Board reviews CR progress annually.

The CR Committee also works with our businesses to engage employees in CR initiatives and continuously improve our practices in this area. Senior representatives from HR, marketing, global sourcing, supply chain management, and community relations sit on the Committee. In the last financial year the Committee met four times and, among other activities, made improvements to our Ethical Purchasing Policy and Health and Safety monitoring system in order to future-proof our policies against changing social expectations and risks.

A separate Diversity Working Group also meets regularly to assess how we maintain a positive working environment; one that is supportive of our goal to grow talent and celebrate diversity. It is our policy that no individual will be discriminated against on the basis of age, gender, sexual orientation, nationality, ethnic origin, religious beliefs, disability or for any other reason. This applies to the recruitment, training and career development of individuals. We are a member of the Employers Forum on Disability and have been awarded the "Two Ticks" Positive about Disabled People accreditation from Job Centre Plus.

"Respect for people" is a central part of the Diversity Working Group's activity, and is embedded in our Group-wide *Being the Best* principles:

- operating with integrity;
- giving outstanding service to customers;
- respecting our colleagues; and
- continually seeking ways to improve performance.

Colleagues across the Group are encouraged and rewarded for demonstrating examples of *Being the Best*. Our annual and colleague-nominated Chief Executive's Awards recognise those colleagues who through their exemplary attitudes and actions are role models for *Being the Best*.



Age, gender and ethnicity of employees	2006/07	2005/06
Female	33%	33%
Male	67%	67%
Full time	56%	59%
Part time	44%	41%
Ethnic minority/ non-national	18%	19%
Aged over 50	8%	8%
Average number of employees*	38,596	37,260

*Full time equivalents, excluding employees related to discontinued operations.

Accidents and injuries		
	2006/07	2005/06
Number of accidents or injuries to staff	2,372	2,856
Number of working days lost as a result of accidents to staff in the last year	4,196	4,200



Satisfied and engaged colleagues have a positive impact on all stakeholders.

Workplace

We strive to be an employer of choice, helping our employees balance a flourishing career with a satisfying home life through opportunities as varied as international secondments, language training and flexible working hours.

Our commitment starts by providing a safe and healthy working environment; eliminating risks where possible, and providing support to employees affected by ill health or work-related injuries.

The DSGi Risk Awareness and Management Awards (DRAMA) help to raise risk awareness. Store teams from across the Group are invited to explain how they successfully engage colleagues in risk reduction. During the period, around a third of entries were from non-UK stores.

We recognise that a culture of involvement and empowerment leads to a satisfied and engaged workforce, which in turn has a positive impact on all stakeholders. Our staff forums gather elected members from our business operations in the UK and internationally to discuss working practices with our directors including the Group Chief Executive. Employees also get to have their say on performance issues in biannual satisfaction surveys, and through a "whistle-blowing" scheme where employees can register any concerns anonymously.

Company news is shared with employees through face-to-face management briefings, supported by webcasts, podcasts, our Group newsletter and intranets.

Last year we announced a major change to the reward system in PC World where individual sales commissions were replaced with a team bonus measured on store profitability and customer satisfaction indicators. A team reward system has now been implemented in Currys and Currys.digital stores. During the year, Currys also introduced a Balanced Scorecard system for employees in store and at the Retail Support Centre. The scorecard, which measures performance in the areas of Customer, People, Process and Finance, clarifies accountability and gives consistent objectives to employees.

We were delighted to receive a People Management Award from professional services firm KPMG. Our Greek business Kotsovolos won an award for delivering best practice in training and reward.

Share-based schemes are operated widely and more than 14,500 employees participate in the Group's various share-based incentive schemes.

During the year we relaunched our social activity committee, now called Spirit, and extended free membership to all employees based at our Retail Support Centre in Hemel Hempstead.

An organisation's responsibility to its employees is thoroughly tested when market conditions necessitate operational changes. In 2005, the Board approved plans to restructure our UK supply chain, putting a number of employees at risk of redundancy with others changing locations and roles. We announced the plans to employees immediately, and began a two year programme of support to help redeploy them within the business, relocate, retrain or seek alternative employment. Employees responded with loyalty, and absenteeism and job turnover were minimised.

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Marketplace

Our success has long been synonymous with retail innovation and we were delighted when our introduction of The TechGuys was acknowledged during the year with a Retail Week Innovation of the Year Award and finalist status in the National Business Awards.

The TechGuys is the UK's largest and most responsive technology support service, with more than 3,000 advisors and engineers repairing, upgrading and helping our customers get the most from technology.

Our lab-based TechGuys in the UK and Hong Kong test own-brand products and a growing number of branded products before they reach our stores. In addition, they work with suppliers to suggest improvements to products as well as to instruction manuals, in order to make them easier to understand. The team is currently helping a number of suppliers to develop energy efficient products and plug and play technologies that are simple to install.

In these and other ways we aim to improve our customers' satisfaction with their purchases. All Group businesses measure customer satisfaction, through a combination of interviews and mystery shopping exercises. Ongoing initiatives are in place to enhance customer experience. One example is the Currys "virtual store" where high performers from around the UK meet every quarter to brainstorm ideas.

Ethical sourcing remains high on our agenda. For many years we have independently audited our suppliers' workplaces. If problems are found and not corrected within an agreed timeframe, the defaulting supplier is delisted. This year, the CR Committee recommended to tighten further the audit criteria – and our Ethical Purchasing Policy was rewritten.

It is the Group's policy to agree terms of payment with its suppliers. Payments are made in accordance with these terms provided that the supplier has complied with all the relevant contractual obligations. Trade creditors at 28 April 2007 represented 50 days of annual purchases made during the period (29 April 2006 44 days).

Community

Our responsibility to the community includes fostering good relationships with our neighbours, supporting vulnerable customers, and promoting technology as a tool for social inclusion.

Our employees are our best CR ambassadors, and continue to dedicate their time to charitable and voluntary activities. This year we extended our employee grants initiative, formerly UK-only, into all businesses and supported more than 300 organisations.

Through our registered charity The DSG international Foundation, we have donated funds to community programmes for many years. This year, £875,000 was donated to the Foundation. In July 2006 we launched *Switched on Communities* – a three year international community involvement programme funded by the Foundation – to provide technology and training to those who need it most.

We have four partners in the UK and are in the process of extending our network around Europe, with donations already made in Greece and France.

Performance on ethical supply chain standards code		
	2006/07	2005/06
Meets requirements	14	15
Minor improvement required	51	44
Major corrective action required	3	27
Delisted	3	1
Total factories audited	71	87

Value of cash, staff time, and goods donated by the business to good causes*

2006/07	£1,141,276
2005/06	£1,205,866
2004/05	£1,113,886
2003/04	£1,143,452†

*New reporting model, excluding value of goods donated to the CREATE/REMPLOY charitable organisation.

†UK figures only.

Our UK partners are:

- The Foyer Federation, helping homeless young people break the “no home, no job, no home” cycle;
- Eco-Schools, unparalleled within the field of environmental education;
- The e-Learning Foundation, helping schools bridge the digital divide; and
- AbilityNet, working to give disabled people access to IT.

The map below shows the spread of projects we have supported during the year. There are too many projects to explain in full, but a version of this map showing details of each project can be found at www.dsgiplc.com/cr

Key to map

- e-Learning Foundation grant
- Eco-schools
- Foyer grant
- AbilityNet partner
- Other projects



Eco-schools

Our grant has helped Old Warren House School in Lowestoft buy its own wind turbine and cut power bills. The school plans to generate enough electricity to power all of its lights and computers plus a surplus to sell back to the national grid at a profit.



AbilityNet

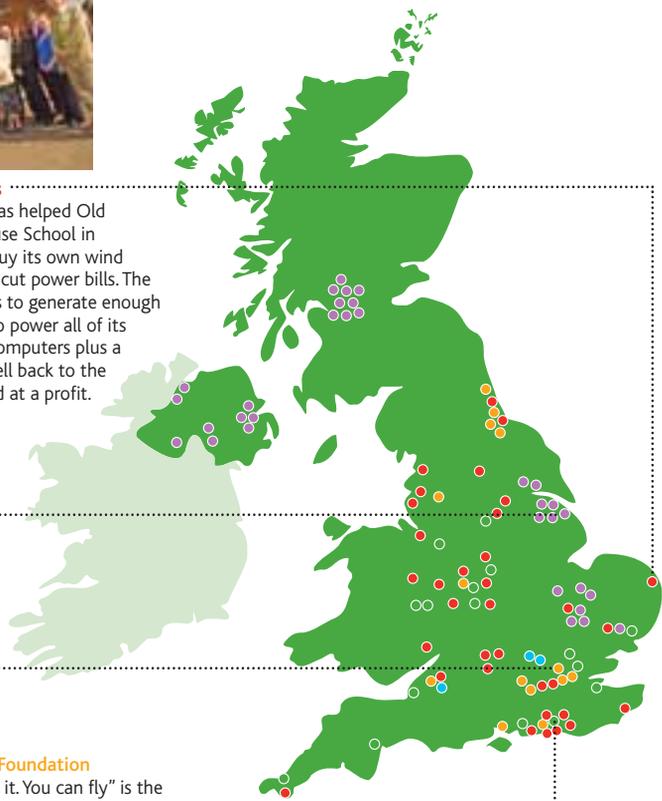
Foresight is an organisation that helps disabled people in North East Lincolnshire get involved with new and challenging activities from archery to researching family trees. Through our partnership with AbilityNet, we have provided Foresight with IT training and accessible equipment such as the keyboards pictured.

e-Learning Foundation

“You can do it. You can fly” is the maxim of Keys Meadow Primary School in Enfield, where 30 children in Year 5 are involved in its e-Learning programme, using personal laptops to develop their learning and IT skills, both in school and at home.

Foyer

Brighton and Hove Foyer received 13 new fridge-freezers to support its Healthy Living Project and enable residents to shop and cook more cost-effectively. Residents can now freeze healthy home-made meals and buy in bulk, which is crucial when living on a tight budget.



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Our partnerships extend beyond community support, and show the advantages of embedding ethics into business strategy. Tying in with the Government's e-strategy for schools, PC World Business has partnered with The e-Learning Foundation to make personal learning devices available to pupils on a cost neutral basis for their schools. AbilityNet conducted an accessibility audit of our e-commerce sites, and trained our web design teams to make it easier for customers to shop with us.

The UK Digital Switchover is a good example of commercial activity supporting vulnerable customers. Digital switchover will take place TV region by TV region between 2008 and 2012. The exception is Whitehaven in Cumbria, which becomes the first place to switch to purely digital TV and radio broadcasting in October 2007. We have been selected by the BBC, along with our partners Capita Group and Proximity, to deliver the Whitehaven Digital Switchover Help Scheme. As part of the scheme, support such as a specially designed set top box and aerial installation will be offered to those who are 75 and over, the severely disabled, and those who are registered partially sighted and blind.

Environment

Our aim remains to manage the impacts of our business on the environment, and we are pleased to report progress against our four environmental objectives set in 2005/06.

Volume of recycled waste	2006/07	2005/06
Waste recycled (tonnes)	23,611	25,607
As a percentage of waste produced	17%	10.7%



We offer customers a store-based recycling service.

Develop the provision of recycling services within the business and to customers wherever possible

The Waste Electrical and Electronic Equipment (WEEE) Directive aims to minimise the impact of waste electrical and electronic goods on the environment. We have implemented the Directive in 11 countries of operation, and will start the UK's first and only store-based recycling scheme for electrical products on 1 July. Unlike other UK retailers, we elected to offer in store take back as we believe this is an added value service our customers want. Customers can also have their old appliances collected from home for free if they arrange home delivery of an equivalent new appliance.

We have run schemes to recycle batteries used by our UK stores for two years, and this year we were chosen to be part of a consumer battery recycling trial by the Waste & Resources Action Programme, funded by Defra. Shoppers can drop off their unwanted batteries at selected Currys, Currys.digital and PC World stores. The trials form part of a wider effort to develop cost-effective ways for the UK to meet the forthcoming EU Batteries Directive, which is expected to require the collection of 25 per cent of household batteries by 2012.

Extend the use of 100 per cent recycled carrier bags from the UK to our international chains

We continue to use 100 per cent recycled carrier bags in the UK and Ireland, and have extended their use into some of our international operations this year. Plans for the remainder of our markets are in progress.

Develop an updated set of energy saving measures as guidance for stores and subsequently require each business to make a commitment to CO₂ saving

Through our work with The Carbon Trust, we have instigated an energy management programme, initially piloted in PC World and Currys superstores in the UK. Top energy consuming stores have been audited, and a six-step approach devised to save more than 2,000 tonnes of CO₂ per year. Selected international stores will be audited this year.

In Italy, our new 50,000 square metre UniEuro warehouse has 15 square metres of solar energy collectors on its roof, which provide 60 per cent of the energy required for the building's hot water heating.

We have introduced 40 double-decker trailers for use in our home delivery network. This removes an average of 18 vehicle trips from our schedule each day, saving over 2.6 million miles per year. This reduces diesel usage by 950,000 litres and CO₂ emissions by almost 600 tonnes per year.

Identify and offer a greater choice and advice to customers with regard to the purchase of energy efficient appliances and the efficient operation of appliances

We work closely with our suppliers in providing our customers with more efficient and sustainable products, including a "green PC" range due later this year. The green PC will be built with components selected for their efficiency and low energy consumption. Recycled or recyclable materials will be used in the manufacturing process where possible and carbon offsets will be acquired to cover the impact of component production and transportation.

Currys' first digital TV receiver to be given an Energy Saving Recommendation label from the Energy Saving Trust was designed by one of our employees, Graham Cleary at Currys in Northampton, as part of an employee innovation competition.



This digital TV receiver was invented by one of our employees and is recommended by the Energy Saving Trust.

As the need for greater water efficiency is becoming ever more evident, we have entered into a partnership with the not-for-profit organisation Waterwise to sponsor a section on its website that ranks water-using products in order of their water efficiency. Water efficiency data is now included in all Currys appliance guides.

Our goal for the coming year is to continue to make progress within our four environmental objectives and in new objectives which the CR Committee is due to review and set in July 2007. These objectives will be publicised on our corporate website at www.dsgiplc.com/environment.

Conclusion

We remain committed to evaluating, and where practical, implementing new policies and processes that help us conduct our business efficiently, profitably and in an ethically responsible and environmentally sustainable way. We will continue to monitor our performance.

Kevin O'Byrne

Executive Director with responsibility for CR