

# Corporate Responsibility Review

DSGi takes its responsibilities to its stakeholders seriously, aiming to have policies and procedures in place which balance the expectations of our customers, shareholders, employees and the wider community.

Set out in this review is a description of how we assess and act upon social, environmental and ethical issues relevant to our business together with details of how we measure our performance in this area and examples of some of the action we have taken during the period under review. Our goal is to achieve continuous improvement over time.



'FIVES' is our bespoke customer service training programme. Since launching FIVES we have seen our customer satisfaction rates improve.

## CR management framework

The Group Finance Director, Nicholas Cadbury, is the executive director with responsibility for Corporate Responsibility (CR) matters. The Group has also appointed a Corporate Responsibility Committee (CR Committee), which is chaired by the Company Secretary and General Counsel and also comprises other senior executives who have responsibility for risk management, logistics, supply chain, UK operations, Group communications, human resources, marketing and property. The CR Committee's remit is, in consultation with the Board, to set the direction for the Group's CR efforts and initiatives, agree action plans prepared to realise the opportunities and mitigate the risks identified and track progress on actions through an agreed set of key performance indicators (KPIs). The Board considers CR matters, including relevant risks and opportunities, at least annually. Minutes of meetings of the CR Committee are circulated to the Board and Executive Committee, so they can keep up to date with the action being taken in this area and any issues which arise.

The CR Committee met four times during the period under review and a summary of key matters discussed is listed below:

- evaluation of the Group's risks and opportunities and identification of areas where the CR Committee needs to enhance reporting or control mechanisms already in place;
- re-evaluation of the CR KPIs of the Company, to align with the wider business interests of the Group and with those of stakeholders;
- evaluation of the CR Committee membership and realigning the membership to have CR Committee members with accountability for each of the KPIs; and
- assessing the reporting structures in place and determining changes to be implemented when gathering information in respect of the KPIs.

## This report covers the following six areas:

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## Identification of risks and opportunities

The last 12 months have been a period of significant challenge to the Group as the global recession has impacted on consumers and the business. During the period under review the Renewal and Transformation plan, unveiled in May 2008, has been rolled out across the UK and is being implemented within the wider Group as appropriate. The CR Committee reviewed the CR objectives in light of the plan and has endeavoured to align the CR agenda with meeting the five aims of the plan.

### Risk management

During 2008 the CR Committee carried out a review of the risks and opportunities for the Group in the CR area which was subsequently approved by the Board. The aim of the review was to ensure our CR focus is on the most appropriate matters to the evolving business.

The review considered both short and long term risks and opportunities and their potential operational and value impact on the business and resulted in an agreed set of priorities which are:

- to improve operational energy efficiency and forward planning;
- to reduce our impact on the environment, and to raise revenue and reduce costs, through improved waste recycling;
- to add to and promote the customer proposition in relation to product reuse and recycling;
- the provision of a safe and healthy environment for customers, employees and visitors to our sites;

- engagement of employees through the provision of rewarding workplace environments and careers, assisting in the ongoing improvement of customer service levels;
- the provision of safe and reliable own-brand products, achieved as a result of our expert technical knowledge, with products sourced from manufacturers who are audited against our ethical requirements; and
- an appropriate community giving policy, which complements our interaction with the communities in which we work.

A member of the CR Committee has been identified as accountable for each of the priorities together with individuals outside of the CR Committee who have responsibility for the relevant area.

### KPIs

Following the review of the risks and opportunities referred to above, the Group also reviewed the KPIs which were being monitored in the CR area and agreed a revised set of KPIs to enable the Group to monitor performance against the priorities it had set.

The environment related KPIs have been established in line with the DEFRA document 'Key Performance Indicators: Reporting Guidelines for UK Business' and with the five stated aims of the BRC initiative 'A Better Retailing Climate'.

The Group's largest business is its retail business in the UK & Ireland and the Group is collecting all of the KPIs listed below in respect of the UK business. Data for other countries is collected where available and the intention is to extend collection of data for all of the KPIs to the wider Group over time.

### Our agreed KPIs are as follows:

1. Staff diversity – age, gender and ethnicity of employees
2. Health and Safety – employee accidents and injuries
3. Performance on ethical supply chain audits
4. Customer satisfaction
5. Waste electrical equipment collected and recycled from customers
6. Business waste recycled
7. Group carbon emissions
8. Contributions to the community

### Workplace

With approximately 40,000 employees, our employees are our greatest asset and we are committed to high standards of employment practice. We aim to reward individuals fairly and are committed to providing equality of opportunity, training and development and a safe workplace, in addition to developing initiatives which encourage innovation.

#### Policies

The Group has a comprehensive set of human resources policies, which cover matters such as reward recognition, health and wellbeing, promotion and development and working policies. The aim of these policies is to set out our responsibilities and obligations to our employees, whilst demonstrating our commitment to be an employer of choice. These policies, given the location of our stores and subsequently employees, are normally communicated via our intranet site. The policies are regularly reviewed and comply with current regulation.

#### Training and development

We seek to promote career development with our colleagues regardless of location. The Group provides its employees with access to relevant training and development schemes through in-house training and is committed to undertaking formal performance and development reviews on a regular basis.

During the past 12 months we have launched our bespoke customer service training programme in the UK, 'FIVES', and over 20,000 colleagues have received training on it. FIVES is based on the principle of understanding our customers' needs completely, giving them solutions and helping them to make superb choices. FIVES gives us easy-to-use tools to explore our customers' needs and give them a consistently fantastic experience – wherever they shop. Building upon the success of the PC World Retail Academies which has coached over 8,000 colleagues on FIVES and Winning New Revenues, the

Retail Academies programme has been extended to cover each of the UK brands. This assists in the delivery of vital training across the UK. FIVES training is also a key factor in measuring customer satisfaction, which is discussed below.

#### Diversity

We value our colleagues and their right to be treated with respect. We are committed to treating our employees equally and fairly and we actively pursue a diversity policy. The UK & Ireland's policy on Equal Opportunities states that no employee should suffer discrimination in respect of disability, gender, sexual orientation, age, religious belief, race, colour, nationality, marital status or for any other reason. This policy applies to the recruitment, training and career development of all colleagues. The policy is communicated to all employees via the HR intranet site and is reviewed regularly to ensure its efficacy. Additionally, the Group keeps records of the ethnic origins of new and existing employees and recruitment and promotion decisions.

#### Health and Safety

The Group has implemented a Health and Safety policy across all of its operations which meets at least the minimum legal requirements of the countries in which it operates and emphasises the principles of good safety management. Each jurisdiction has a framework within which the Group fulfils its obligations and assists our colleagues in maintaining a healthy and safe work environment.

Within the UK & Ireland, regular Health and Safety audits are carried out on the stores, warehouses and offices of the Group. Each location has a nominated individual responsible for Health and Safety and for ensuring a safe environment for our colleagues. Through active reviews of policy and focused risk assessment and monitoring, the number of reported accidents has decreased over the last three financial years, making the working environment for our colleagues safer and decreasing costs to the business accordingly.

### Staff diversity: age, gender and ethnicity of employees

	2008/09*
Female	33%
Male	67%
Full time	52%
Part time	48%
Ethnic minority / non-national	10%
Aged over 50	6%
Average number of employees**	38,460

Data for the Group.

\*The method of recording information on staff diversity has changed. As a result, comparative information on a consistent basis is not available.

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

### Health and Safety: employee accidents and injuries

	2008/09	2007/08	2006/07
Number of accidents or injuries reported	1,298	1,556	2,146
Rate of accidents per 1,000 employees	48.89	55.21	—*

Data for the UK & Ireland.

\*Data not available.

## Communication

The Group places considerable value on the involvement of its employees and is committed to providing effective communication on matters which may affect our colleagues and on the development and performance of the business. This communication takes the form of Group-wide initiatives, such as John Browett's weekly diary (a feedback forum where colleagues can ask John Browett and other executives questions directly about the business), together with local initiatives for communicating within individual businesses, including updates from business directors, daily store meetings and divisional heads of business blogs.

## Marketplace

The Group is both a customer and a supplier; the Group seeks to ensure that the high quality, choice and service we demand from our suppliers is delivered to our customers. We take the lessons learnt from our experiences and adapt them to make sure we deliver a great customer experience.

## Ethical Sourcing

Our focus on the need to supply products from businesses that meet the requirements of our Ethical Sourcing policy remains strong. In order to ensure compliance with our policy, we audit all new factories and reassess existing factories on a two to three year cycle. Additionally, our sourcing team will carry out random spot checks on suppliers to ensure ongoing compliance. Ethical Sourcing forms part of the curriculum within our online buyer training tool, which was introduced during the period under review.

## Customer satisfaction

Customers are at the heart of everything we do and this year we have agreed a new CR KPI, relating to customer satisfaction. Our performance in this area is measured across a number of interfaces, including our stores, service, after-sales, internet and technical support departments.

We have based our assessment of the level of customer satisfaction on research from customer feedback from mystery shopping activities based around our FIVES training programme. Most recently, we have been carrying out customer exit surveys, to measure customer satisfaction with stores, service, pricing and range. Our primary aim under the Renewal and Transformation plan is to focus on the customer and to deliver an unbeatable combination of value, choice and service. Monitoring customer satisfaction is not just about ensuring that the customer receives excellent service, but also drives the range and merchandising available to customers, the layout of the store and the quality of goods available. The programme is designed to focus the store on delivering a great 'shopping trip experience'. FIVES training is designed to empower colleagues to deliver great service; it encourages our colleagues and gives them confidence when dealing with the customer.

Where stores are not delivering high customer satisfaction scores, members of the Retail Academy team can assist in ensuring FIVES training has been implemented appropriately. Performance, and as a consequence customer satisfaction, typically increases. All our store managers are measured and rewarded on delivery of excellence in customer service – it is a key measure of the business.

The current performance information relating to customer satisfaction has been collated since the beginning of 2009 and comparative data is not available. The Committee will monitor this KPI and would aim to provide data externally over time.

## Performance on ethical supply chain audits

	2008/09	2007/08	2006/07
Meets requirements	<b>22</b>	20	14
Minor improvements required	<b>66</b>	66	51
Major corrective action required	<b>5</b>	5	3
Delisted	<b>4</b>	8	3
Total factories audited	<b>97</b>	99	71

**Environment**

We seek to minimise the environmental impact and carbon footprint associated with our operations and stores. To do this we look at initiatives to improve our energy and transport efficiency and by focusing on reducing both our, and our customers', waste.

During the past year we have seen a considerable amount of preparation taking place for forthcoming legislation due to come into effect in the short to mid term. For example, the Regulation, Evaluation & Authorisation of Chemical Substances (REACH) Directive is being phased in over a three year period from June 2008 to implement new controls regarding the use of chemical substances. We have been in touch with all of our suppliers regarding the implementation and their compliance with the regulations. This approach is enabling us to identify knowledge gaps in the supply chain and also helping us to understand any downstream implications of the changes that need to be made.

There are a number of projects under way relating to the energy consumption of electrical products. We have been actively contributing to the debate in this area, with the aim of thoroughly understanding the requirements and their associated implementation time lines but also with an ambition to influence the outcome. We are keen to ensure that legislators understand the market and its supply chain and also, of course, the consumer as regulations are implemented.

Additionally, during the year, the CR Committee signed up to the British Retail Consortium initiative 'A Better Retailing Climate'. This initiative has five stated aims which the CR Committee has agreed to implement across the UK & Ireland and then the wider Group.

These aims are:

1. Reducing the direct environmental impact of our business.
2. Managing our climate risks.
3. Helping our customers, staff and suppliers to reduce their environmental impacts and vulnerabilities.

4. Engaging in the public policy debate and support the Government in meeting its climate change goals.
5. Reporting our achievements transparently and consistently.

Full details of the initiative can be found on the BRC website at [www.brc.org.uk](http://www.brc.org.uk)

**Waste recycled**

The Group is committed to reducing the impact of packaging waste associated with its products. This ambition includes minimising packaging and also increasing the volume of materials recycled through its activities.

In response to the introduction of the Waste Electrical and Electronic Equipment Directive (WEEE), the Group also continues to offer various routes for the collection of end of life electrical goods. We continue to offer the UK's first and only free in-store and home collection recycling service as part of our standard customer service. This scheme is run within our existing carbon footprint and has proved to be popular with our customers.

This service is the subject of ongoing communication with store colleagues and continuing education of customers, through refreshing our point of sale materials on this service across the UK.

During the year the CR Committee agreed to set a new KPI to monitor the amount of business waste recycled throughout the Group. Reporting has commenced in this area and the CR Committee will be reviewing performance in the year ahead.

**Group carbon emissions**

The Group is also taking action to reduce its carbon footprint, in particular, relating to the carbon emissions derived from our buildings and fleet. The reduction in carbon emissions from our business has the benefit of both driving down costs as well as reducing the environmental impact. The CR Committee has also agreed KPIs in this area which it monitors on a regular basis.

Throughout the period under review, the Group's Property team have looked at ways of reducing the costs incurred to the Group through the operation of our buildings. This has also

**Waste recycled**

	2008/09	2007/08	2006/07
Waste recycled as a percentage of total waste in the UK*	<b>53%</b>	40%	17%

Data for the UK.  
\*Not including WEEE.

**UK fleet carbon emissions**

	2008/09	2007/08	Reduction
Litres	<b>5,472,117</b>	6,863,327	(1,391,210)
Gallons	<b>1,203,721</b>	1,509,751	(306,030)
Tonnes of CO <sub>2</sub>	<b>13,844</b>	17,364	(3,520)

Data for the UK.

led to a review of the energy efficiency of the buildings, the energy sources used to power the buildings and the carbon footprint of the property portfolio. The information relating to carbon emissions from buildings has only been collated since the beginning of 2009 and comparative data is not available. The CR Committee will monitor this KPI during the coming year and would aim to provide data externally over time.

The Group has an ongoing programme to look at ways of reducing the environmental impact, and associated cost, of the UK fleet which includes continual monitoring and review of fuel efficiency levels. In driving efficiencies in this area, the UK team has reduced the carbon emissions year on year and will continue to review this element proactively going forward.

## Community

The end of this financial year sees the conclusion of the three year *Switched on Communities* campaign working in partnership with AbilityNet, Eco-Schools, the e-Learning Foundation and Foyer Federation. The campaign to increase access to technology and training has been a great success and also a great shared learning experience for all those involved.

Over 18,000 individuals have benefited from the *Switched on Communities* partnership with AbilityNet this year. These individuals have benefited in a variety of ways, for example, from using an online assessment tool, one-to-one assessments on how to ensure their IT equipment best meets their needs or using factsheets available on frequently raised issues.

Bitterne Manor Primary School, situated in a diverse community in Southampton, was awarded a grant via the e-Learning Foundation's link with the *Switched on Communities* campaign. The school wanted to get all its pupils up to the same level in terms of ICT skills, but realised there were dramatic differences in home access amongst families. Bitterne Manor has had support from its local PC World Store and, through the project, pupils at Bitterne Manor have been provided with a learning package (for example, a laptop with a range of educational software) to use both at home and school.

All pupils have access to and are using shared online resources, email and, in some cases, live communications. Following the launch of the project the local authority also decided to support Bitterne Manor as a 'pathfinder' school to encourage others to follow suit.

In the coming year we are planning to continue our focus on community activities that bring real benefit to local communities through the use of technology.

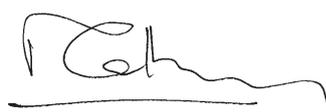
### Contributions to the community

Our level of charitable giving, as reported below, includes significant donations to our partner charities from the DSGi Foundation (the Foundation), as well as store and employee grants and charity badge sales.

During the period, the Company made a donation of £200,000 to the Foundation for charitable activities. The figures shown in the table below for contributions to the community include donations made by the Foundation and include charitable donations made by employees, the sale of charitable products in our stores and other fundraising activities carried out by our colleagues.

Looking ahead to 2009/10, the business plans to continue along the *Switched on Communities* theme, encouraging stores to engage locally with charitable organisations that share our ambition to improve access to technology. Information and guidelines for colleagues will be made available through our intranets.

This reporting period has seen a full scale review of our CR activities, and we feel confident that we have agreed and embarked upon an appropriate path, considering the current tough financial climate and issues important to the business.



**Nicholas Cadbury**

Executive Director with responsibility for CR

## Contributions to the community

Year	Amount given
<b>2008/09</b>	<b>£854,944</b>
2007/08	£1,228,000
2006/07	£1,141,276
2005/06	£1,205,866
2004/05	£1,113,886
2003/04	£1,143,452

UK, Greece, Turkey and Nordics data only.

The figures above include donations made by the Foundation and include charitable donations made by employees, the sale of charitable products in our stores and other fundraising activities carried out by our colleagues.