

# **Anpartsselskabet af 19. december 2014**

Sødalsparken 18, 8220 Brabrand

**CVR No 36 47 11 82**

**Annual Report 2016/17**  
(Annual year 1/9 – 31/8)

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 31 January 2018

Uffe Baller  
**Chairman**

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## **Company Information**

<b>The Company</b>	Anpartsselskabet af 19. december 2014 Sødalsparken 18 DK-8220 Brabrand  CVR No 36 47 11 82 Financial year: 1 September – 31 August Municipality of reg. office: Aarhus
<b>Executive Board</b>	Lars Larsen
<b>Lawyers</b>	Interlex Advokater Strandvejen 94 PO Box 161 DK-8100 Aarhus C
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Nobelparken Jens Chr. Skous Vej 1 DK-8000 Aarhus C
<b>Bank</b>	Nordea Bank Danmark A/S Skt. Clemens Torv 2-6 DK-8100 Aarhus C

## Financial Highlights of the Group (DKK '000)

	2016/17	2015/16	2014/15
<b>Key figures</b>			
<b>Income Statement</b>			
Revenue	6.570.364	6.341.430	2.615.849
Profit before financial items (EBIT)	652.749	451.122	-139.291
Net financials	-97.939	-11.817	-3.681
Result for the year	349.605	276.779	-165.403
<b>Balance sheet</b>			
Balance sheet total	10.480.559	7.290.504	6.775.146
Equity	2.292.093	2.616.832	2.106.122
<b>Cash flow statement</b>			
Investment in tangible assets	453.982	239.191	69.315
<b>Ratios</b>			
Return on assets	6,2%	6,2%	-2,1%
Solvency ratio	21,9%	35,9%	31,1%
Return on equity	14,2%	11,7%	-7,9%
<b>Number of employees</b>	3.191	3.486	1.460

The ratios have been prepared in accordance with the definitions provided under accounting policies.

## **Management's Review**

### **Main activity**

The activity of the Parent Company comprises investments in subsidiaries and associates as well as current asset investments. The Group's main activities are carried out in subsidiaries dealing in retail trade through the retail chain JYSK selling everything for the bedroom, bathroom, other rooms, the window and the patio. The activities take place in retail stores in Denmark, England, Belgium, France, Italy, China, Portugal, Greece and USA. The main activity in the Group is performed through JYSK A/S and IDdesign A/S (sub-group). JYSK A/S has in 2016/17 realized revenue of DKK 3,887,000k and profit after tax DKK 799,296k. IDdesign A/S (sub-group) has in 2016/17 realized revenue of DKK 1,773,122k and loss after tax of DKK 43,522k.

### **Development in the financial year**

Group revenue amounts to DKK 6,570,363k compared to DKK 6,341,430k in financial year 2015/16. Profit before financial income and expenses amounts to DKK 652,749k compared to DKK 451,122k in 2015/16. Profit for the year after tax amounts to DKK 349,605k compared to DKK 276,779k in 2015/16. The result is satisfying and in conjunction with management expectations.

### **Special risks**

The Group's activities abroad imply that profit, cash flows and equity are affected by the development in exchange and interest rates of a number of currencies. Currency risks relating to investments in foreign subsidiaries and associates are, as a main rule, not hedged as, in the Company's opinion, current currency hedging of such long-term investments will not be optimal based on overall risk and cost considerations.

### **External environment**

The Company has no environmentally damaging activities, neither through land pollution nor through the discharge of polluting waste.

### **Knowledge resources**

The Group develops competent employees to undertake operational and management tasks in the Group's retail stores through specially adapted training programmes and at its own academy.

### **Corporate social responsibility**

The statutory statement of corporate social responsibility and statement on the underrepresented gender appear on pages 34 - 53.

### **Expected development**

For the year ahead, Anpartsselskabet af 19. december 2014, expects to realise a profit in line with the 2016/17 level provided that the financial markets evolve normally.

### **Subsequent events**

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## **Management's Statement**

The Executive Board have today considered and adopted the Annual Report of Anpartsselskabet af 19. december 2014 for the financial year 1 September 2016 – 31 August 2017.

The Annual Report was prepared in accordance with the Danish Financial Statements Act.

In my opinion, the Parent Company Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position of the Parent Company and the Group at 31 August 2017 and of the results of the Parent Company and the Group operations and cash flows for 2016/17.

In my opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

I recommend that the Annual Report be adopted at the Annual General Meeting.

Aarhus, 31 January 2018

### **Executive Board**

Lars Larsen

# Independent Auditor's Report

To the shareholder of Anpartsselskabet af 19. december 2014

## Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 August 2017, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 September 2016 - 31 August 2017 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Anpartsselskabet af 19. december 2014 for the financial year 1 September 2016 - 31 August 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("financial statements").

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

## **Independent Auditor's Report**

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

### **Management's Responsibilities for the Financial Statements**

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.



## Independent Auditor's Report

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Aarhus, 31 January 2018

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No. 33 77 12 31*

Jesper Lund

State Authorised Public Accountant

## Income statement 1st September - 31st August (DKK '000)

	Note	Parent company		Group	
		2016/17	2015/16	2016/17	2015/16
<b>Revenue</b>	1	<b>0</b>	<b>0</b>	<b>6.570.364</b>	<b>6.341.430</b>
Cost of sales		0	0	3.860.071	3.732.589
Other operating income		0	0	779.557	728.132
Other external cost	2	4.682	1.930	1.307.594	1.346.306
<b>Gross Profit</b>		<b>-4.682</b>	<b>-1.930</b>	<b>2.182.255</b>	<b>1.990.666</b>
Staff expenses	3	0	0	1.219.792	1.225.799
Depreciation and amortisation		0	0	305.013	297.498
Other operating expenses		0	0	4.701	16.247
<b>Result before financial items</b>		<b>-4.682</b>	<b>-1.930</b>	<b>652.749</b>	<b>451.122</b>
Result from subsidiaries	10	-341.249	-382.018	0	0
Result from associated companies	11	0	0	-6.988	1.506
Result from other investments	12	0	0	-15.887	29.672
Financial income	4	1.182	637	63.958	37.048
Financial expenses	5	28.889	8.489	139.022	80.044
<b>Result before tax</b>		<b>-373.638</b>	<b>-391.800</b>	<b>554.810</b>	<b>439.304</b>
Tax on profit for the year	6	-3.953	8.853	205.205	162.525
<b>Result for the year</b>		<b>-369.685</b>	<b>-400.653</b>	<b>349.605</b>	<b>276.779</b>
Distribution of profit	7				

## Balance sheet at 31st August (DKK '000)

Assets	Note	Parent company		Group	
		2017	2016	2017	2016
Software		0	0	62.427	57.883
Goodwill		0	0	500.896	680.650
<b>Intangible assets</b>	8	<b>0</b>	<b>0</b>	<b>563.323</b>	<b>738.533</b>
Land and buildings		0	0	420.042	437.634
Fixtures and fittings, tools and equipment		0	0	114.155	99.479
Trucks and cars		0	0	26.883	30.907
Leasehold improvements		0	0	150.259	143.406
Assets under construction		0	0	410.197	108.022
<b>Tangible assets</b>	9	<b>0</b>	<b>0</b>	<b>1.121.537</b>	<b>819.448</b>
Investments in subsidiaries	10	2.269.480	1.688.492	0	0
Receivables from subsidiaries		30.000	0	0	0
Investments in associates	11	0	0	13.848	12.353
Other investments	12	0	0	209.738	479.999
Instruments of debt	13	0	0	5.070.000	898.332
Deposits	14	0	0	35.145	31.285
<b>Fixed asset investments</b>		<b>2.299.480</b>	<b>1.688.492</b>	<b>5.328.731</b>	<b>1.421.969</b>
<b>Fixed assets</b>		<b>2.299.480</b>	<b>1.688.492</b>	<b>7.013.591</b>	<b>2.979.950</b>
Commercial products		0	0	1.318.821	1.388.102
<b>Inventories</b>		<b>0</b>	<b>0</b>	<b>1.318.821</b>	<b>1.388.102</b>
Trade receivables		0	0	608.099	290.503
Receivables from subsidiaries		38.143	46.224	0	0
Receivables associated companies		0	0	0	6.822
Corporation tax		0	0	0	137.537
Other receivables		101.049	69.267	770.038	1.014.976
Prepayments	15	0	0	41.511	37.221
<b>Receivables</b>		<b>139.193</b>	<b>115.491</b>	<b>1.419.648</b>	<b>1.487.059</b>
<b>Securities</b>		<b>0</b>	<b>0</b>	<b>67.512</b>	<b>844.464</b>
<b>Cash at bank and in hand</b>		<b>0</b>	<b>0</b>	<b>660.988</b>	<b>590.929</b>
<b>Current assets</b>		<b>139.193</b>	<b>115.491</b>	<b>3.466.969</b>	<b>4.310.554</b>
<b>Assets</b>		<b>2.438.673</b>	<b>1.803.983</b>	<b>10.480.559</b>	<b>7.290.504</b>

## Balance sheet at 31st August (DKK '000)

Liabilities	Note	Parent company		Group	
		2017	2016	2017	2016
Share capital		12.000	12.000	12.000	12.000
Retained earnings		540.582	906.738	540.582	906.738
<b>Equity attributable to parent company shareholders</b>		<b>552.582</b>	<b>918.738</b>	<b>552.582</b>	<b>918.738</b>
<b>Non-controlling interests</b>		<b>0</b>	<b>0</b>	<b>1.739.511</b>	<b>1.698.094</b>
<b>Equity</b>		<b>552.582</b>	<b>918.738</b>	<b>2.292.093</b>	<b>2.616.832</b>
Other provision		0	0	11.890	9.096
Deferred tax	16	89.598	58.903	81.108	48.511
<b>Provisions</b>		<b>89.598</b>	<b>58.903</b>	<b>92.998</b>	<b>57.607</b>
Mortgage debt, long-term	17	0	0	318.936	337.254
Subordinate loan capital	18	1.692.366	0	1.692.366	0
Instruments of debt, long-term	19	0	800.000	4.419.469	2.337.580
Deposits, long-term		0	0	18	0
<b>Long term debt</b>		<b>1.692.366</b>	<b>800.000</b>	<b>6.430.789</b>	<b>2.674.834</b>
Mortgage debt, short-term	17	0	0	18.319	17.740
Credit institutions		2.795	3.014	190.912	324.136
Prepayments, received		0	0	138.788	127.387
Trade payables		0	0	498.731	499.887
Payables to subsidiaries		695	1.430	0	0
Corporation tax		72.052	13.289	179.789	249.792
Other payables		28.583	8.609	632.359	704.796
Deferred income	20	0	0	5.779	17.492
<b>Short-term debt</b>		<b>104.127</b>	<b>26.342</b>	<b>1.664.678</b>	<b>1.941.230</b>
<b>Debt</b>		<b>1.796.493</b>	<b>826.342</b>	<b>8.095.467</b>	<b>4.616.064</b>
<b>Liabilities and equity</b>		<b>2.438.673</b>	<b>1.803.983</b>	<b>10.480.559</b>	<b>7.290.504</b>
Contractual obligations	21				
Security	22				
Contingent liabilities	23				
Controlling interest	24				

## Statement of changes in equity (DKK '000)

	Parent company		Group	
	2017	2016	2017	2016
Equity at 1st September	918.738	448.260	918.738	448.260
Adjustment to opening - Non-controlling interests	0	0	1.698.094	1.657.861
Corrected equity at 1st September	918.738	448.260	2.616.832	2.106.121
Capital increase	0	876.895	0	876.895
Result for the year	-369.685	-400.653	349.605	276.779
Exchange adjustment on foreign subsidiaries	3.529	-5.764	3.529	-5.764
Non-controlling interests	0	0	-677.873	-637.200
<b>Equity at 31st August</b>	<b>552.582</b>	<b>918.738</b>	<b>2.292.093</b>	<b>2.616.832</b>
Specified as follows:				
1,000 A-shares of DKK 1,000	1.200	1.200	1.200	1.200
11,000 B-shares of DKK 1,000	10.800	10.800	10.800	10.800
<b>Share capital</b>	<b>12.000</b>	<b>12.000</b>	<b>12.000</b>	<b>12.000</b>
Retained earnings at 1st September	906.738	438.260	2.604.832	2.096.121
Dividend	0	0	-678.600	-637.200
Capital increase	0	874.895	0	874.895
Result for the year	-369.685	-400.653	349.605	276.779
Exchange adjustment on foreign subsidiaries	3.529	-5.764	3.529	-5.764
Fair value adjustment	0	0	728	0
<b>Retained earnings at 31st August</b>	<b>540.582</b>	<b>906.738</b>	<b>2.280.093</b>	<b>2.604.832</b>
<b>Equity at 31st August</b>	<b>552.582</b>	<b>918.738</b>	<b>2.292.093</b>	<b>2.616.832</b>
<b>Non-controlling interests</b>				
Specified as follows:				
Opening at 1st September			1.698.094	1.657.862
Dividend			-678.600	-637.200
Fair value adjustment etc.			727	0
Result for the year			719.290	677.432
<b>Non-controlling interests at 31st August</b>			<b>1.739.511</b>	<b>1.698.094</b>

## Consolidated Cash Flows (DKK '000)

	Note	2016/17	2015/16
Profit for the year		349.605	276.779
Adjustments	25	610.852	484.888
Change in working capital	26	-68.657	-57.366
Cash flows from operating activities before financial income and expenses		891.800	704.301
Financial income		63.958	37.048
Financial expenses		-139.022	-80.044
Cash flows from ordinary activities		816.736	661.305
Corporation tax paid		-99.764	-182.024
<b>Cash flows from operating activities</b>		<b>716.972</b>	<b>479.281</b>
Purchase of intangible assets		-30.823	-27.600
Purchase of tangible assets		-453.982	-239.191
Purchase of fixed asset investments		-3.860	0
Sale of tangible assets		6.603	8.016
Sale of subsidiary		9.103	0
Cash at sale of subsidiary		-46.351	0
<b>Cash flows from investing activities</b>		<b>-519.310</b>	<b>-258.775</b>
Raising/payment of mortgage loans		-17.739	-15.930
Raising/repayment of instruments of debt		-7.407.580	-1.250.094
Loan/repayment of instruments of debt		7.327.789	0
Capital increase		0	876.895
Dividend received from other investments		4.799	0
Dividend paid		-678.600	-637.200
<b>Cash flows from financing activities</b>		<b>-771.331</b>	<b>-1.026.329</b>
<b>Change in cash and cash equivalents</b>		<b>-573.669</b>	<b>-805.823</b>
Cash and cash equivalents at 1 September		1.111.257	1.917.080
<b>Cash and cash equivalents at 31 August</b>		<b>537.588</b>	<b>1.111.257</b>
Cash and cash equivalents are specified as follows:			
Credit institutions		-190.912	-324.136
Current asset investments		67.512	844.464
Cash at bank and in hand		660.988	590.929
<b>Cash and cash equivalents at 31 August</b>		<b>537.588</b>	<b>1.111.257</b>

## Notes to the Annual Report (DKK '000)

### 1 Revenue

In accordance with section 96(1) of the Danish Financial Statements Acts, disclosures on revenue broken down by business segments are not provided as the Company's Executive Board assess that such disclosures would be very detrimental to the Company.

	Parent company		Group	
	2016/17	2015/16	2016/17	2015/16
<b>2 Fees to the auditors appointed at the annual general meeting</b>				
<b>PricewaterhouseCoopers</b>				
Auditfee	230	230	3.004	2.690
Other assurance engagements	0	0	0	16
Tax advisory services	3.263	797	3.902	1.379
Other non-audit services	1.139	846	1.579	1.659
	<b>4.632</b>	<b>1.873</b>	<b>8.484</b>	<b>5.744</b>
<b>Other auditors</b>				
Auditfee	0	0	892	877
Other assurance engagements	0	0	106	0
Tax advisory services	0	0	758	601
Other non-audit services	0	0	899	739
	<b>0</b>	<b>0</b>	<b>2.655</b>	<b>2.217</b>

### 3 Staff

Salaries and wages	0	0	1.092.057	1.090.568
Pensions	0	0	68.513	69.931
Other social security costs	0	0	59.222	65.300
	<b>0</b>	<b>0</b>	<b>1.219.792</b>	<b>1.225.799</b>

No separate remuneration has been paid to the Executive Board.

Average number of employees	0	0	3.191	3.486
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## Notes to the Annual Report (DKK '000)

	Parent company		Group	
	2016/17	2015/16	2016/17	2015/16
<b>4 Financial income</b>				
Interest income subsidiaries	<u>589</u>	<u>370</u>		
<b>5 Financial expenses</b>				
Interest expense subsidiaries	<u>85</u>	<u>0</u>		
<b>6 Tax on profit for the year</b>				
Current tax for the year	-27.149	-29.718	220.070	129.870
Deferred tax for the year	28.300	39.242	2.240	30.083
Tax concerning previous years	<u>-5.105</u>	<u>-671</u>	<u>-17.104</u>	<u>2.573</u>
<b>Tax on profit for the year</b>	<u><b>-3.953</b></u>	<u><b>8.853</b></u>	<u><b>205.205</b></u>	<u><b>162.525</b></u>
<b>7 Distribution of profit</b>				
<b>Proposed distribution of profit:</b>				
Retained earnings	-369.685	-400.653	-369.685	-400.653
Non-controlling interests' share of profit/loss	<u>0</u>	<u>0</u>	<u>719.290</u>	<u>677.432</u>
	<u><b>-369.685</b></u>	<u><b>-400.653</b></u>	<u><b>349.605</b></u>	<u><b>276.779</b></u>



## Notes to the Annual Report (DKK '000)

### 8 Intangible assets

	<u>Software</u>	<u>Goodwill</u>
<b>Group</b>		
Cost at 1st September	97.980	946.260
Exchange adjustment on opening	-1	550
Addition for the year	17.713	13.110
Transfer	4	0
Disposals	-2	-3.295
Cost at 31st August	<u>115.694</u>	<u>956.625</u>
Depreciation at 1st September	-40.097	-265.610
Depreciation for the year	-11.852	-191.721
Exchange adjustment	-1.320	-79
Depreciation of disposals for the year	2	1.681
Depreciation at 31st August	<u>-53.267</u>	<u>-455.729</u>
<b>Booked value at 31st August</b>	<b><u>62.427</u></b>	<b><u>500.896</u></b>
Depreciated over	<u>3 - 5 years</u>	<u>5 - 15 years</u>

## Notes to the Annual Report (DKK '000)

### 9 Tangible assets

<b>Group</b>	<u>Land and buildings</u>	<u>Fixtures and fittings, tools and equipment</u>	<u>Truck and cars</u>	<u>Leasehold improvements</u>	<u>Assets under construction</u>
Cost at 1st September	474.197	149.348	36.491	198.841	108.022
Addition for the year	680	37.621	13.403	67.664	334.614
Transfer	0	31.502	0	38	-31.544
Exchange adjustment on movement	0	-2.728	-496	855	-593
Disposals for the year	0	-91.663	-15.905	-77.303	-301
Cost at 31st August	<u>474.877</u>	<u>124.081</u>	<u>33.492</u>	<u>190.095</u>	<u>410.197</u>
Depreciation at 1st September	-36.563	-49.869	-5.584	-55.435	0
Depreciation for the year	-18.752	-38.429	-12.336	-31.922	0
Exchange adjustment on movement	479	4.435	714	2.940	0
Depreciation of disposals for the year	0	73.937	10.597	44.581	0
Depreciation at 31st August	<u>-54.835</u>	<u>-9.926</u>	<u>-6.609</u>	<u>-39.836</u>	<u>0</u>
<b>Booked value at 31st August</b>	<b><u>420.042</u></b>	<b><u>114.155</u></b>	<b><u>26.883</u></b>	<b><u>150.259</u></b>	<b><u>410.197</u></b>
Depreciated over	<u>25 years</u>	<u>4 - 7 years</u>	<u>4 - 5 years</u>	<u>Lease period</u>	

## Notes to the Annual Report (DKK '000)

	<b>Parent company 2017</b>
<b>10 Investments in subsidiaries</b>	<u>2017</u>
Cost at 1st September	2.400.917
Additions for the year	1.039.474
Disposals	-792.000
Cost at 31st August	<u>2.648.391</u>
Value adjustments at 1st September	-712.425
Exchange adjustments on foreign subsidiaries	3.530
Dividend	-75.400
Result for the year	-215.732
Depreciation for the year	-125.517
Disposals	746.634
Value adjustments at 31st August	<u>-378.910</u>
<b>Investments in subsidiaries</b>	<u><b>2.269.480</b></u>
Including goodwill of	<u>363.393</u>
Specified as:	<u>Ownershare</u>
JYSK A/S, Denmark	10,00%
Kapital 19/12 ApS, Denmark	100,00%

## Notes to the Annual Report (DKK '000)

	<b>Group</b>
	<b>2017</b>
<b>11 Investments in associates</b>	
Cost at 1st September	10.227
Transfer	-6.500
Cost at 31st August	<u>3.727</u>
Impairment at 1st September	2.126
Transfer	15.385
Result for the year	-6.769
Depreciation	-218
Exchange rate adjustments	-402
Impairment at 31st August	<u>10.121</u>
<b>Booked value at 31st August</b>	<b><u>13.848</u></b>
Specified as:	
	<u>Owner-</u>
	<u>share</u>
Racehall ApS	20,00%
Inbodan Service Partner I/S	61,50%
<b>12 Other investments</b>	
Cost at 1st September	449.735
Addition	18.448
Retirement	-268.024
Cost at 31st August	<u>200.160</u>
Impairment at 1st September	30.264
Dividend	-4.799
Result for the year	-15.887
Impairment at 31st August	<u>9.578</u>
<b>Booked value at 31st August</b>	<b><u>209.738</u></b>

## Notes to the Annual Report (DKK '000)

	<b>Group</b> <b>2017</b>
<b>13 Instruments of debt</b>	
Cost at 1st September	898.332
Addition for the year	5.070.000
Disposals	-898.332
Cost at 31st August	<u>5.070.000</u>
<b>Booked value at 31st August</b>	<b><u>5.070.000</u></b>
<b>14 Deposits</b>	
Cost at 1st September	31.285
Exchange adjustment	3.644
Addition for the year	278
Disposals for the year	-62
<b>Booked value at 31st August</b>	<b><u>35.145</u></b>

### 15 Prepayments

Prepayments comprises prepaid expenses relating to rent, property tax, etc.

	<b>Parent company</b>		<b>Group</b>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>16 Deferred tax</b>				
Intangible assets	0	0	757	17
Tangible assets	0	0	-7.470	-9.227
Other	89.598	58.903	87.821	45.685
	<b><u>89.598</u></b>	<b><u>58.903</u></b>	<b><u>81.108</u></b>	<b><u>48.511</u></b>

## Notes to the Annual Report (DKK '000)

	Parent company		Group	
	2017	2016	2017	2016
<b>17 Mortgage debt</b>				
Payments due within 1 year are recognised in short-term debt. Other debt is recognised on long-term debt.				
The debt falls due for payment as specified below:				
Mortgage debt, after 5 years	0	0	233.211	255.165
Mortgage debt, between 1 and 5 years	0	0	85.725	82.089
Mortgage debt, long-term debt	0	0	318.936	337.254
Mortgage debt, within 1 year	0	0	18.319	17.740
	<b>0</b>	<b>0</b>	<b>337.256</b>	<b>354.994</b>

## 18 Subordinate loan capital

Subordinate loan capital fall due for payment as specified below:

Subordinate loan capital, after 5 years	0	0	0	0
Subordinate loan capital, between 1 and 5 years	1.692.366	0	1.692.366	0
Subordinate loan capital, long-term	1.692.366	0	1.692.366	0
Subordinate loan capital, within 1 year	0	0	0	0
	<b>1.692.366</b>	<b>0</b>	<b>1.692.366</b>	<b>0</b>

## Notes to the Annual Report (DKK '000)

	Parent company		Group	
	2017	2016	2017	2016
<b>19 Instruments of debt</b>				
Instruments of debt fall due for payment as specified below:				
Instrument of debt, after 5 years	0	800.000	229.469	2.337.580
Instrument of debt, between 1 and 5 years	0	0	4.190.000	0
Instrument of debt, long-term debt	0	800.000	4.419.469	2.337.580
Instrument of debt, within 1 year	0	0	0	0
	<b>0</b>	<b>800.000</b>	<b>4.419.469</b>	<b>2.337.580</b>

## 20 Deferred income

Deferred income comprises accrued interest and payments received relating to income in subsequent years.

## 21 Contractual obligations

Rental obligations	0	0	3.861.358	3.435.958
Lease obligations	0	0	6.886	8.397
Letters of credit	0	0	42.440	38.812
Other obligations	0	0	47.654	56.190

## 22 Security

Provided as security for mortgage  
loans (DKK 337.256k)

Security mortgage loans, buildings - booked value	0	0	420.042	437.634
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## Notes to the Annual Report (DKK '000)

	Parent company		Group	
	2017	2016	2017	2016
<b>23 Contingent liabilities</b>				
Guarantees	0	0	18.611	21.949

The Company is jointly liable for tax on the Group's joint taxable income etc. The total amount for corporation tax appears from these Group Financial Statements. Moreover, the Danish enterprises of the Group are jointly liable for withholding tax such as tax on dividend, royalty and interest. Possible later corrections in corporation taxes and withholding taxes may result in the company being liable for a larger amount.

The Parent company has issued unlimited letters of support for the following subsidiaries: Garia A/S, Garia Inc., IDdesign A/S and ILVA SWE AB.

### 24 Controlling interest

#### Basis

Lars Larsen, Svejlbæk Søvej 14, 8600 Silkeborg

Controlling shareholder

#### Transactions

Referring to section 98 C, litra 7 of the Danish Financial Statements Act, no information describing transactions with related parties is provided.

	Group	
	2016/17	2015/16
<b>25 Cash flow statement - adjustments</b>		
Profit/loss, associates	6.988	-1.506
Profit/loss, other investments	15.887	-29.672
Adjustment provisions	2.794	7.118
Exchange adjustment, foreign subsidiaries	-99	5.929
Financial income	-63.958	-37.048
Financial expenses	139.022	80.044
Depreciation and amortisation	305.013	297.498
Tax on profit/loss for the year	205.205	162.525
	<b>610.852</b>	<b>484.888</b>



## Notes to the Annual Report (DKK '000)

	<b>Group</b>	
	<u>2016/17</u>	<u>2015/16</u>
<b>26 Cash flow statement - change in working capital</b>		
Change in inventories	-34.606	105.177
Change in trade receivables	-68.884	-66.718
Change in other receivables etc.	-73.761	-199.588
Change in trade payables	40.827	47.958
Change in deferred income	-309	0
Change in other payables etc.	68.076	55.805
	<u><b>-68.657</b></u>	<u><b>-57.366</b></u>

## **Accounting Policies**

### **Basis of Preparation**

The Annual Report of Anpartsselskabet af 19. december 2014 for the financial year 1 September 2016 to 31 August 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The Company has implemented the amendments of the Danish Financial Statements Act which became effective on 1 January 2016, see Act No 738 of 1 June 2015.

In consequence of these amendments, minority interests' share of subsidiaries is shown separately from the distribution of net profit and has not as previously been set off against the profit for the year. Consequently, minority interests' share of subsidiaries is presented as an equity item and not as a separate balance sheet item as previously. The comparative figures have been restated to ensure comparability.

The change has the following effect on the Group's financial position at 31 August 2017:

- Profit for the year is increased by DKK 719,290k
- The balance sheet total is increased by DKK 0k
- Equity is increased by DKK 1,739,511k

The amendments of the Danish Financial Statements Act have not affected the financial position of the Group or the Parent Company at 31 August 2017, but have only implied additional disclosures in the Annual Report.

The Financial Statements for 2016/17 are presented in TDKK.

### **Basis of consolidation**

The Consolidated Financial Statements comprise the Parent Company, Anpartsselskabet af 19. december 2014, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The financial statements applied for the Group's Annual Report have been prepared in accordance with the accounting policies of the Group.

## **Accounting Policies**

### **Recognition and measurement**

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

### **Translation policies**

Transactions in foreign currencies are translated during the year at the exchange rates at the dates of transaction. Exchange gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

The income statements of foreign subsidiaries and associates that are separate legal entities are translated at the exchange rates at the dates of transaction or an approximated average exchange rate. Balance sheet line items are translated at the exchange rates at the balance sheet dates.

## **Accounting Policies**

Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the balance sheet dates are recognised directly in equity.

### **Minority interests**

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised at the carrying amounts of the acquired assets and liabilities at the time of acquisition of subsidiaries.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

### **Derivative financial instruments**

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is classified and qualify as a hedge.

### **Segment reporting**

In accordance with section 96(1) of the Danish Financial Statements Act, disclosures on revenue broken down by business segments are not provided as the Company's Executive Board and Board of Directors assess that such disclosures would be very detrimental to the Company.

## **Income Statement**

### **Revenue**

Revenue from the sale of goods for resale is recognised in the income statement when the sale is considered effected based on the following criteria:

- delivery has been made before year end;
- a binding sales agreement has been made;
- the sales price has been determined; and
- payment has been received or may with reasonable certainty be expected to be received.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

## **Accounting Policies**

### **Cost of sales**

Cost of sales comprises cost incurred in connection with the purchase of commercial products.

### **Other operating income and expenses**

Other operating income and other operating expenses comprise items of a secondary nature to the activities of the enterprises, including gains and losses from the sale of intangible assets and tangible assets.

### **Other external expenses**

Other external expenses comprise sales and administrative expenses as well as expenses for premises.

### **Staff expenses**

Staff expenses comprise wages and salaries, including holiday pay and pensions as well as other social security costs etc. to the Company's employees. Allowances received from public authorities are deducted from staff expenses.

### **Depreciation and amortisation**

Depreciation and amortisation comprise depreciation and amortisation of tangible assets and intangible assets for the year.

### **Result from subsidiaries and associated companies**

The items "Result from subsidiaries" and "Result from associated companies" in the income statement include the proportionate share of the profit/loss for the year less goodwill amortisation.

### **Result from other investments**

Results from other investments in the income statement include regulations on fair value and dividend paid.

### **Financial income and expenses**

Financial income and expenses comprise interest, exchange adjustments, fees, etc.

## Accounting Policies

### Tax on profit for the year

Tax for the year consists of current tax for the year and any changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement. The Company is jointly taxed with its subsidiaries. The tax effect of the joint taxation with group enterprises is allocated to enterprises showing profits or losses in proportion to their taxable incomes. The jointly taxed enterprises have adopted the on-account taxation scheme.

### Balance Sheet

#### Intangible assets

##### *Software*

Software is measured at the lower of cost less accumulated amortisation and the recoverable amount.

Software is amortised over 3 – 5 years.

##### *Goodwill*

Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated at 5 – 15 years.

#### Tangible assets

Tangible assets are measured at cost with the addition of revaluations and less accumulated depreciation and impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

Interest expenses on loans raised directly for the financing of the production of tangible assets are recognised in cost over the period of production. All indirectly attributable borrowing costs are recognised in the income statement.

Depreciation based on cost with the addition of revaluations and reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	25 years
Fixtures and fittings, tools and equipment	4-7 years
Trucks and cars	4-5 years
Leasehold improvements	Lease period

## **Accounting Policies**

Profit and losses from current replacement of tangible assets are recognised in “Other operating income” or “Other operating expenses”.

### **Impairment of fixed assets**

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation. If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

### **Investments in subsidiaries and associates**

Investments in subsidiaries and associates are recognised and measured under the equity method.

The items “Investments in subsidiaries” and “Investments in associates” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the date of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of any remaining value of positive or negative differences (goodwill or negative goodwill).

The total net revaluation of investments in subsidiaries and associates is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in subsidiaries and associates.

Subsidiaries and associates with a negative carrying amount are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

### **Other investments**

Other investments are recognised and measured at fair value.

## **Accounting Policies**

### **Deposits**

Deposits are recognised and measured at cost.

### **Inventories**

Inventories are measured at the lower of cost under the average cost formula and net realisable value. The net realisable value of inventories is calculated at the total of future sales revenue which the inventories are expected to generate at the balance sheet date in the process of normal operations allowing for marketability, obsolescence and development in expected selling price with deduction of selling expenses expected to be incurred to realise the sale.

The cost of goods for resale equals landed cost.

### **Receivables**

Receivables are recognised in the balance sheet at the lower of amortised cost and net realisable value, which generally corresponds to nominal value less provisions for bad debts.

Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

### **Prepayments**

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

### **Securities**

Securities consist of listed bonds, which are measured at fair values at the balance sheet date. The fair value is stated on the basis of the most recently quoted selling price.

### **Equity - *Dividend***

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

### **Provisions**

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.



## **Accounting Policies**

### **Deferred tax assets and liabilities**

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. Deferred tax on temporary differences concerning non-taxable amortisable goodwill as well as other items is not recognised where, unless arising from acquisitions, they have arisen at the date of acquisition without affecting the profit/loss for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

### **Corporation tax receivables and liabilities**

Current tax liabilities and receivables are recognised in the balance sheet as tax calculated on the taxable income for the year, adjusted for tax on the taxable income of previous years and for taxes paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in financial income and expenses in the income statement.

### **Prepayments**

Deferred income comprises payments received in respect of income in subsequent years.

### **Financial debts**

Fixed-rate loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised in the income statement over the loan period.

Mortgage debt is measured at amortised cost which in respect of cash loans corresponds to the debt outstanding of the loan. Amortised cost in respect of bond loans corresponds to an outstanding debt calculated as the underlying cash value of the loan at the date of borrowing adjusted by amortisation of the market value of the loan at the date of borrowing made over the period of repayment.

## **Accounting Policies**

Other debts are measured at amortised cost, substantially corresponding to nominal value.

### **Cash Flow Statement**

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

No cash flow statement has been prepared for the Parent Company as the Parent Company cash flows are included in the Consolidated Cash Flow Statement.

#### **Cash flows from operating activities**

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

#### **Cash flows from investing activities**

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, tangible assets as well as fixed asset investments.

#### **Cash flows from financing activities**

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise "Cash at bank and in hand" and "Current asset investments" as well as "Other short-term debt" under credit institutions.

The cash flow statement cannot be immediately derived from the published financial records.

## Accounting Policies

### Financial Highlights

Ratios are calculated as follows:

$$\text{Return on assets} = \frac{\text{Profit before financials} \times 100}{\text{Total assets}}$$

$$\text{Solvency ratio} = \frac{\text{Equity at year end} \times 100}{\text{Total assets}}$$

$$\text{Return on equity} = \frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$$

## **Statutory Statement of Corporate Social Responsibility**

This is the statutory corporate social responsibility (CSR) report pursuant to sections 99a and 99b of the Danish Financial Statements Act of the Anpartsselskabet af 19. december 2014 Group.

Anpartsselskabet af 19. december 2014 is an international group comprising a number of companies. Anpartsselskabet af 19. december 2014 forms part of the Lars Larsen Group, a corporate group which is named after its founder and owner, Lars Larsen. Lars Larsen opened his first JYSK store in Aarhus in Denmark in 1979 thus launching the successful business that forms the basis for establishing the Lars Larsen Group.

The Lars Larsen Group today has activities within a number of business areas and operates globally. To this should be added that several of the group enterprises have large and complex supply chains and thus business relations in many different parts of the world.

Read more about the Lars Larsen Group at: [www.larsslarsengroup.com](http://www.larsslarsengroup.com).

### **Data**

As it will appear from the text, a considerable part of the data material is based on actions and results realised in JYSK Nordic. JYSK Nordic is the name of an operational company (not a legal entity) that transcends the JYSK Holding A/S and Anpartsselskabet af 19. december 2014 Groups, which both form part of the Lars Larsen Group.

Besides data from JYSK Nordic, this report comprises data from IDdesign A/S.

### **Dialogue is the way forward**

As an international group, Anpartsselskabet af 19. december 2014 is in contact with thousands of customers, employees and business partners as well as other stakeholders every day. That requires commitment.

Corporate Social Responsibility (CSR) is a continuous process where new areas and methods constantly develop. We consider our dialogue with our surroundings a part of the learning process and essential to obtaining a better understanding of the complex challenges we face as an international group. We believe that cooperation, dialogue and commitment are the way forward when it comes to improving social and environmental conditions.

The different CSR processes interact and influence each other; however, these Financial Statements report on the following five overall themes:

- Human rights
- Environment and climate
- Responsible supplier management
- Partnerships
- Customers
- Employees

# Statutory Statement of Corporate Social Responsibility

## Human rights

Within the Lars Larsen Group, we launched a process of preparing new CSR policies for the corporate group, including the Anpartsselskabet af 19. december 2014 Group, during the year. Efforts are being directed at, for example, preparing a new human rights policy applicable to the entire group.

In the financial period, new resources were added to the area through the employment of a CSR Business Analyst at group level.

## Business Social Compliance Initiative

At Anpartsselskabet af 19. december 2014, we take a stand on human rights through our memberships of the Business Social Compliance Initiative (BSCI), and the UN Global Compact.

JYSK Nordic is a member of the BSCI and accedes to the BSCI Code of Conduct containing 11 principles for running an ethical and socially responsible business. JYSK Nordic has thus implemented the principles of the BSCI Code of Conduct into its own Code of Conduct. The principles are as follows:

- The rights of freedom of association and collective bargaining
- Fair remuneration
- Occupational health and safety
- Special protection for young worker
- No bonded labour
- Ethical business behaviour
- No discrimination
- Decent working hours
- No child labour
- No precarious employment
- Protection of the environment

All JYSK Nordic suppliers sign the Code of Conduct. It is moreover a requirement that the manufacturers supplying JYSK Nordic with goods must be audited under the BSCI scheme before the first shipment.

JYSK Nordic furthermore helps highlight social conditions, including human rights, through its membership of the Danish Ethical Trading Initiative and the partnerships with Save the Children and the Danish Church Army.

## **Statutory Statement of Corporate Social Responsibility**

### **UN Global Compact**

IDdesign addresses human rights through its own Code of Conduct and its membership of the UN Global Compact (UNGC). The UNGC is the world's largest voluntary corporate social responsibility network which is based on ten principles in the areas of human rights, labour, environment and anti-corruption.

### **FSC<sup>®/TM</sup>**

Moreover, Anpartsselskabet af 19. december 2014 takes a stand on human rights through its membership of FSC Denmark.

Besides focus on climate and the environment, social responsibility is a cornerstone of FSC's work. Among other things, native people's traditional right to use the forest is protected, and areas of cultural, religious or other importance are mapped and protected. Those who work in the forests are trained and have the necessary safety equipment at their disposal. At the same time, they are guaranteed decent working conditions, fair pay and the right to unionise.

Besides being a member of FSC Denmark, Anpartsselskabet af 19. december 2014 also supports FSC's work by carrying FSC-certified products in its range (FSC licence numbers: FSC<sup>®</sup> N001748, FSC<sup>®</sup> N001749, FSC<sup>®</sup> N001715).

This report will address how Anpartsselskabet af 19. december 2014 translates the above into actions and results under the other themes presented in the reporting, particularly the themes Responsible supplier management and Partnerships.

### **Environment and climate**

As a global group, we at Anpartsselskabet af 19. december 2014 work to minimise our own and our suppliers' negative environmental and climate impact.

### **Sustainable wood**

Forest clearing and illegal harvesting of wood are threats to the environment. Wood is a raw material that is used for a significant part of our products. At Anpartsselskabet af 19. december 2014, we have strong focus on ensuring that the wood used for producing our products originates from legal sources, and we are working to ensure this in accordance with the EU Timber Regulation, EUTR.

Internally, we organise training programmes and learning sessions for our employees regularly so that they are familiar with the requirements of the individual laws and regulations, including the EUTR.

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Moreover, it is our aim at Anpartsselskabet af 19. december 2014 that an increasing part of the wood used should originate from sustainable forests. Therefore, we are directing efforts at increasing the share of sustainable wood in our product range as we feel that we are able to make a difference in this area.

### **FSC**

FSC stands for Forest Stewardship Council<sup>®/TM</sup>. In an FSC-labelled forest, the number of trees cut down does not exceed the number of trees produced by the forest, and, at the same time, consideration is shown to local populations as well as to animal and plant lives.

All wooden garden furniture purchased for JYSK Nordic in the financial period is made of FSC-certified wood.

In the financial period, JYSK Nordic continued the process of increasing the share of FSC-certified indoor furniture. Based on total purchases of indoor furniture containing wood products, 29% consists of FSC-certified wood (measured at cost).

During the year, JYSK Nordic adopted an internal strategic focus committing the company to increasing the share of products made of FSC-certified wood.

In the financial period, JYSK Nordic moreover signed the Vancouver Declaration which supports the UN Sustainable Development Goals and the FSC certification. Through the declaration, JYSK Nordic commits to increasing the volumes of FSC-certified wood in its product range.

The FSC label is today found on all IDdesign's wooden garden furniture and on a large number of paper goods such as napkins and storage boxes and on several indoor wood furniture ranges.

### **PEFC**

Like the FSC label, the PEFC label is a guarantee that the wood used originates from sustainable forestry. The PEFC label (Programme of the Endorsement of Forest Certification Schemes) is found on several of JYSK Nordic's indoor wood furniture products.

Some of the board-based furniture purchased by JYSK Nordic in the financial period is made of PEFC-certified wood. However, JYSK Nordic's long-term target is for all products to be FSC-certified, which is a process the company will continue in financial year 2016/17.

The PEFC label is found on several of IDdesign's indoor wood furniture products.

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## BSCI, principle 11: Protection of the environment

JYSK Nordic has adopted the BSCI Code of Conduct, including principle 11 which includes a requirement for compliance with local environmental legislation. In the financial period, 471 BSCI audits were performed at JYSK Nordic and Bettenwelt<sup>1</sup> suppliers.

Read more about the BSCI in the sections 'Responsible supplier management' and 'Human rights'.

### Energy reduction and optimisation

By optimising and enhancing our energy efficiency, we will be able to reduce our total energy consumption and CO<sub>2</sub> emission.

### LED lighting

During the year, Anpartsselskabet af 19. december 2014 focused on optimising lighting in its stores and home furnishing stores with more energy-efficient light sources and fitting all new stores as well as stores being renovated or moved with LED lighting. LED lighting is both cost- and energy-efficient and has a longer lifespan than ordinary lighting.

Anpartsselskabet af 19. december 2014 will continue this focus in the coming years, and the target is for all home furnishing stores and stores to be fitted with LED lighting or other energy-efficient alternatives.

In the period, JYSK Nordic installed LED lighting in 21 JYSK stores in Denmark. The replacement is an ongoing process, and the long-term target is for all JYSK stores to be fitted with LED lighting.

In the financial period, IDdesign established four new stores with LED and moreover changed to LED in connection with a move/rebuilding. In the financial period, IDdesign also changed all lighting at the main warehouse in Vejle.

On a total basis, IDdesign's lighting activities had a positive effect on energy consumption and thus on the CO<sub>2</sub> emission which decreased by 5% in the period.

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<sup>1</sup> Bettenwelt is another Lars Larsen Group enterprise. JYSK Nordic and Bettenwelt share a joint membership of the BSCI as the two enterprises share a large number of suppliers.



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### **Hardware**

In the period from 1 September 2016 to 30 September 2017, JYSK Nordic and an external business partner carried out a Danish project with focus on optimising energy consumption with respect to lighting, storage, server and cooling, etc.

This project has resulted in estimated energy savings of 1,315,209 kWh corresponding to 303 tons of CO<sub>2</sub> within the first year of implementation.

### **Warehouse facilities**

Throughout the past couple of years, Anpartsselskabet af 19. december 2014 has focused on investing in new automated distribution centres, which means that, among other things, considerably less energy is used for heating as the automated distribution centres consist of high-bay stores which are only heated to five degrees centigrade.

In august 2016, JYSK Nordic began expanding the Group's distribution centre in Uldum in Denmark where the concourse will be enlarged, and a fourth high-bay warehouse will be built. The expansion work continued in this financial period.

### **Transport**

Every day, Anpartsselskabet af 19. december 2014 transports thousands of goods from suppliers to the distribution centres and from distribution centres to the many stores. This requires transport, which adds to our CO<sub>2</sub> emission. We want to reduce this emission and have therefore taken a number of initiatives in this respect.

JYSK Nordic is working on eg packing the goods more efficiently on the pallets before they are dispatched from distribution centres to stores. Moreover, e-learning is used to train our employees in packing the goods as efficiently as possible, and a number of technical tools are made available for the same purpose.

In the period, the JYSK Nordic distribution centre in Uldum in Denmark increased its m<sup>3</sup> per loading metre by 2.4%, which means that there are 2.4% more goods per loading metre in the lorries. Ultimately, this means that fewer lorries are driving from the warehouses to the stores, which reduces CO<sub>2</sub> emission.

During the period, JYSK Nordic moreover visited and trained suppliers with a view to optimising the packing of containers.

JYSK Nordic is in the process of rolling out the Code of Conduct to all JYSK Nordic carriers in connection with contract negotiations. This Code of Conduct will contribute to ensuring that the carriers meet JYSK Nordic's requirements within human rights and the environment.

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In the financial period, IDdesign directed efforts at outsourcing all distribution and delivery to customers. This work resulted in an agreement with an external transport company. As of October 2017, all distribution will be transferred so that the transport company will handle all furniture distribution and delivery to retail customers in Denmark.

The transport company will handle distribution for a large section of the Danish retail trade, eg another retail business of the Lars Larsen Group. This type of joint distribution makes it possible to optimise transport routes in order to reduce mileage and thus CO<sub>2</sub> emission.

In the agreement with the transport company, IDdesign has included a requirement for the preparation of a carbon footprint report/climate accounts including a CO<sub>2</sub> calculation of the energy consumed to perform the work for IDdesign. IDdesign recommends that the vehicles be fitted with environmental equipment.

### **Responsible supplier management**

Anpartsselskabet af 19. december 2014 has hundreds of suppliers in many different parts of the world. Teamwork with our suppliers is a fundamental element in our business, and this is thus an area where, as a group, we can make the biggest difference with respect to eg human rights and animal welfare. At Anpartsselskabet af 19. december 2014, we take responsibility, and we expect and demand that our suppliers do the same.

### **Business Social Compliance Initiative (BSCI)**

JYSK Nordic joined the BSCI in 2006 as one of the first Danish companies. JYSK Nordic and the company Bettenwelt, which forms part of the JYSK Holding A/S Group, share a joint membership as the two enterprises both form part of the Lars Larsen Group and share many suppliers.

The BSCI is an international supply chain management system with more than 2000 members. All members agree to follow a shared Code of Conduct containing 11 principles for running an ethical and socially responsible business. The principles are based on international conventions and, among other things, prohibit child labour, forced labour, corruption and discrimination, and set out requirements for safety, working hours and environmental protection.

Read more about the 11 principles in the section 'Human rights' or at the BSCI website:  
<http://www.bsci-intl.org/content/bsci-code-conduct>.

JYSK Nordic suppliers sign the Code of Conduct. By signing, suppliers commit to complying with the specific requirements and standards described therein.

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Through BSCI, our suppliers and their production processes are checked thus ensuring compliance with the Code of Conduct. Suppliers are audited by a third party thus obtaining a rating which reflects how well they are doing measured against the 11 BSCI principles. Moreover, JYSK Nordic suppliers are offered the opportunity to receive training through the BSCI in the 11 principles and in current issues.

In the financial period, 471 BSCI audits were performed at JYSK Nordic and Bettenwelt suppliers.

Moreover, JYSK Nordic itself visited selected factories in the period to ensure quality and compliance with the BSCI requirements.

JYSK Nordic also holds quarterly meetings with selected/key suppliers to ensure focus and development in accordance with the BSCI. The individual factories are assessed in relation to the BSCI requirements, and requirements for action plans and follow-up are made for each factory.

### **Involvement is the way forward**

JYSK Nordic works systematically on improving the situation and processes in cooperation with its suppliers. The company considers cooperation and involvement an important approach. Through involvement, JYSK Nordic will contribute to influencing development in a positive direction. If the company sees a supplier making mistakes and therefore achieving less favourable results of an audit, its initial response will be to hold on to the supplier and ensure that improvements are made rather than immediately terminate the cooperation. It is, however, essential to JYSK Nordic that progress is subsequently seen with the supplier.

In the financial period, JYSK Nordic showed commitment and involvement in the BSCI work, eg through participation in a BSCI webinar, national BSCI meetings as well as the BSCI Annual Conference in Brussels.

### **Integrating BSCI internally**

Integration of the BSCI efforts internally is essential. Therefore, JYSK Nordic focuses on internal transparency. Twice a year, the overall situation is assessed at a large, internal meeting attended by all employees with supplier relations. The individual purchasers' results are presented to establish how the suppliers in their product area are performing measured against the 11 BSCI principles.

After the meeting, each purchaser receives a list showing which suppliers have room for improvement. The purchaser then enters into a dialogue with the supplier.

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In the financial period, JYSK Nordic held two BSCI situation meetings, and the company is generally seeing progress with suppliers. The company wants this progress to continue; therefore, JYSK Nordic has decided that continuous improvement of suppliers' BSCI performance should be a strategic focus area.

Moreover, the period has seen internal focus on various BSCI topics, eg information on the importance of Zero Tolerance and the processes established by JYSK Nordic in this respect. All new employees in the purchase department received BSCI training.

### **IDdesign and Code of Conduct**

IDdesign's business agreement with suppliers includes a Code of Conduct (CoC) with requirements for responsible conduct when it comes to human rights, working environment, safety, environmental protection and anti-corruption.

The CoC was introduced in the trading agreement in 2011 and is an integrated part of the cooperation between suppliers and IDdesign. All IDdesign suppliers have signed the CoC. The CoC is an integral part of the contractual basis for new suppliers as well as in the case of updating of contracts with existing suppliers.

Over the years, IDdesign and its suppliers have currently developed a common understanding of the implementation of the CoC. It is very clear to suppliers that non-compliance will ultimately lead to termination of the working relationship.

IDdesign's product managers and quality control coordinators visit suppliers regularly to ensure compliance with the CoC, among other things. In the financial period, IDdesign's product managers and quality control coordinators visited  $\frac{1}{4}$  of the suppliers at their factories to discuss compliance with common guidelines.

IDdesign did not in the financial period have any negative experiences with suppliers as regards compliance with the common guidelines.

To the extent that IDdesign operates with agents, the agent has co-responsibility for ensuring compliance with the CoC. The co-responsibility has been described and clearly defined in the agency agreement entered into by IDdesign and the individual agent. IDdesign currently monitors agents to ensure that they live up to their responsibility.

In the financial year, IDdesign implemented a new contract management system that will contribute towards ensuring quality of cooperation as well as compliance with legislation and accountability requirements, and thus minimise risks.

Moreover, IDdesign has scheduled a major supplier meeting for the beginning of the next financial period. The purpose of this supplier meeting is to inform participants about IDdesign's future strategic measures and the supplier's involvement and role in the key areas of the strategy – primarily with respect to ensuring quality of products and delivery.

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## **UN Global Compact**

IDdesign has been a member of the UN Global Compact (UNGC) since November 2011. The UNGC is the world's largest voluntary corporate social responsibility network which is based on ten principles in the areas of human rights, labour, environment and anti-corruption. IDdesign prepares an annual COP report indicating its support and adherence to the initiative and prepares a progress report in accordance with the 10 principles.

## **Animal welfare**

At Anpartsselskabet af 19. december 2014, we do not tolerate animal abuse of any kind.

## **Down and feathers**

A significant part of Anpartsselskabet af 19. december 2014's business consists of sales of pillows and duvets filled with down and feathers from ducks and geese. In that connection, it is essential to ensure that down and feathers have not been plucked from live birds.

The debate about down and feathers plucked from live birds has been on the agenda several times during the past couple of years. Therefore, many people consider it more a rule than an exception for down and feathers to be plucked from live birds. However, according to the International Down and Feather Laboratory (IDFL) the reality is different as 99% of the down and feathers in the world are byproducts from the food industry and, thus, originate from slaughtered fowl.

Nevertheless, JYSK Nordic has opted to continuously monitor suppliers of down and feathers. In the financial period, audits were performed at 50% of the suppliers in cooperation with IDFL. The audits did not give rise to any suspicion of the suppliers delivering down and feathers from live fowl.

Furthermore, suppliers enter into a contractual commitment to supplying only down and feathers from slaughterhouses - ie from fowl slaughtered before plucking. This is ensured through trading documents and visits to suppliers. JYSK Nordic has ten suppliers of down and feathers, and the relatively few suppliers compared to our large product range reflect our focus on ethics and quality.

## **Partnerships**

The surrounding world affects our company, just as our company has an impact on the surroundings. Therefore, Anpartsselskabet af 19. december 2014 wants dialogue and cooperation as they provide the best basis for fulfilling our responsibilities and meeting the challenges which we face as an international group.

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### **Danish Ethical Trading Initiative (DIEH)**

JYSK Nordic is a member of the DIEH, which is a multi-stakeholder initiative. The objective is to work jointly with ethical trade and find constructive solutions to the challenges faced by Danish enterprises in relation to suppliers in the developing countries and new growth economies.

In the financial period, JYSK Nordic has been in an ongoing dialogue with DIEH and has participated in various meetings and courses.

### **Save the Children**

JYSK Nordic has been a business partner to Save the Children since 2008, and the company was the main sponsor of Save the Children in Denmark in 2015 in cooperation with IDdesign and SengeSpecialisten<sup>2</sup>.

The object of the sponsorship is to make a difference for the children and young people who are worst off – in Denmark and abroad. Together with SengeSpecialisten and IDdesign, JYSK Nordic is donating at least two million Danish kroner for Save the Children's work over a two-year period.

As part of the sponsorship, JYSK Nordic worked actively in the financial period to help Save the Children. For example, in December 2016 JYSK sold scratch cards for Save the Children at JYSK Nordic's Danish stores.

In the spring of 2017, JYSK Nordic carried out sales training for the volunteers at several Save the Children second-hand shops in Denmark.

During the financial year, IDdesign carried out a number of activities targeted at customers with a view to supporting Save the Children in excess of the annual amount donated by the company. Major activities include "Couch Funding" – a project linked to one of the company's brands, IDEmøbler. In cooperation with the well-known TV host Camilla Ottesen, IDEmøbler raised funds for Save the Children through a live-streamed Facebook event from a sofa in an IDEmøbler store in Copenhagen.

In total, IDdesign raised about 100 thousand Danish kroner in excess of the fixed annual amount.

Besides the sponsorship agreement with Save the Children in Denmark, JYSK Nordic sold 6,300 stuffed goose animal toys at its Swedish stores in aid of Save the Children (Rädda Barnen) in Sweden in the period from 19 to 31 December 2016. An initiative which meant that JYSK Nordic was able to donate SEK 150,000 to Save the Children in Sweden.

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<sup>2</sup> Another Lars Larsen Group enterprise

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### **FSC Denmark**

JYSK Nordic and IDdesign are both members of FSC Denmark which, among other things, works for the positioning and dissemination of the FSC label in Denmark.

In the financial period, JYSK Nordic supported FSC Ugen (FSC week), eg by raising awareness of FSC and FSC Ugen through social media. Moreover, JYSK Nordic supported FSC Design Awards in the period – financially and by raising awareness through social media and in its own online staff magazine, GOJYSK.com.

In the period, JYSK Nordic attended the FSC general assembly and a meeting on chain of custody certification.

IDdesign has promoted FSC, particularly in connection with the garden furniture season, and both in catalogues and on social media.

### **Danmarks Indsamling**

Danmarks Indsamling is a national fund raising event in aid of the developing countries in Africa, Asia and Latin America arranged by the Danish Broadcasting Corporation and 12 of Denmark's largest humanitarian organisations.

In the financial period, JYSK Nordic donated one million Danish kroner to Danmarks Indsamling. This year, the money went to projects in aid of some of the more than three million children who die of starvation every year.

### **The Danish Church Army**

The Danish Church Army organisation operates warm shelters, hostels and group homes to help vulnerable people in Denmark. Close to 10,000 people visit the organisation's many facilities every week.

In the period, as a sponsor, JYSK Nordic donated sleeping bags, mattresses and towels to the Danish Church Army for the benefit of its many visitors.

### **CARE & FAIR**

IDdesign supports the organisation Care & Fair and thus the fight against illegal child labour and the efforts to improve living conditions for rug-weaving families in India, Nepal and Pakistan.

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In the financial period, 90% of IDdesign's rugs carried the Care & Fair label compared to 97% last year. The decrease is due solely to a different allocation of the purchase volume. However, the supplier who represents the remaining 10% is certified under the SA8000 standard. SA8000 is one of the most highly recognised international corporate social responsibility standards. The standard is based on the UN Convention on the Rights of the Child, the European Convention on Human Rights and a number of ILO (International Labour Organisation) conventions.

In the coming financial period, two new suppliers will be added to the portfolio who are both members of Care & Fair.

### Customers

Consideration and thought for our customers and our surroundings are cornerstones for Anpartsselskabet af 19. december 2014. Therefore, we naturally take responsibility for the products we sell.

### Product safety and quality

At Anpartsselskabet af 19. december 2014, we ensure that all products comply with existing legislation, and we focus eg on reducing the use of harmful phthalates and hazardous chemicals in accordance with the EU chemicals regulation, REACH. REACH stands for "Registration, Evaluation and Authorisation of Chemicals".

JYSK Nordic currently focuses on reducing the use of substances which are suspected of having a problematic effect and in that connection goes beyond statutory requirements. Since 1 January 2017, JYSK Nordic has not allowed substances of very high concern (SVHCs) in any of its products even if the substances are not prohibited according to law.

JYSK Nordic itself tests products and requires testing and documentation of its suppliers. Moreover, JYSK Nordic uses external testing firms which perform tests and regular spot checks. In the financial period, external testing firms performed 371 tests and inspections on behalf of JYSK Nordic.

JYSK Nordic has prepared an annual wheel that gives an overview of the various product groups and which thus helps ensure that all product groups are tested within a given period.

JYSK Nordic has also prepared a model for quality checking which, among other things, comprises quality assurance, assembly days, quality check at reception at distribution centres and feedback from the stores.





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In the financial period, JYSK Nordic had “assembly days” both in relation to indoor, outdoor and mattresses, during which the furniture was assembled and tested by JYSK employees. The purpose of these “assembly days” is to ensure that the furniture which is subsequently sold in the stores meets quality requirements.

IDdesign imposes rigorous requirements on suppliers when it comes to testing, documentation and certification. In that connection, IDdesign regularly tests supplier set-ups.

Internally, IDdesign organises training programmes and learning sessions for employees regularly so that they are familiar with the requirements of the individual laws and regulations.

Moreover, continuous efforts are directed at enhancing suppliers’ understanding of the legislation regulating IDdesign and often also the suppliers themselves.

Besides legislation aspects, IDdesign focused in the financial period on improving product quality and safety out of consideration for customers.

The efforts resulted in, among other things, a tool that enables IDdesign to get an overview, through systematic registration of all customer complaints, of quality challenges to form the basis of corrective actions – internally and vis-à-vis suppliers.

Moreover, a major quality control process (with special focus on new suppliers) has been initiated in IDdesign’s goods receipt department at the main warehouse in Vejle.

The quality work is one of IDdesign’s key strategic focus areas, and the work will continue in future years with several initiatives in the pipeline.

In the financial period, IDdesign organised training in eg food contact materials and energy labelling.

### **The Oeko-Tex label**

The label ensures that the products are inspected for dangerous colouring agents and chemicals, and that the Oeko-Tex Standard 100 requirements have been met.

In the financial period, JYSK Nordic continued its work of extending the range of products which may be Oeko-Tex Standard 100 certified. The Oeko-Tex Standard 100 label is found on a large number of our products, for example on 96% of our bed linen, sheets, towels, shower curtains and bath mats (calculated on the basis of number of products). All textiles meet the requirements of the Oeko-Tex label.

IDdesign is continuously working to extend the range of products that may be certified; for example, there is a target for the majority of home textiles (duvets, pillows, bed linen, sheets, towels, kitchen textiles) to be Oeko-Tex-labelled.

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IDdesign today has a large number of products that are Oeko-Tex-labelled. By far the majority of IDdesign's duvets and pillows are at the highest standard of the Oeko-Tex label. As regards products designed for children, IDdesign also has great focus on mattresses and textiles being Oeko-Tex-labelled; for example, all of IDdesign's children's mattresses have been certified. By far the largest part of bed linen has been certified, and the company has an ambition of all IDdesign bed linen becoming Oeko-Tex-labelled in the coming period.

### **Organic principles and recycling**

In the financial period, IDdesign launched a new cushion pillow series where the pillow covers are made of 80% recycled cotton, and the supplying factory gets 90% of its energy from wind and solar energy.

In the coming period, JYSK Nordic will launch a product series in which all textiles are GOTS-certified. GOTS stands for the Global Organic Textile Standard.

IDdesign is directing efforts at adding GOTS-certified sheets, bed linen and pillows/plaids to its range.

All IDdesign outdoor seat pads and cushions are made of organic cotton.

### **CertiPUR and LGA**

The label is a voluntary standard to promote safety, health and environmental performance in flexible polyurethane foams used for, among other things, mattresses.

In the financial period, 28% of the mattresses and top mattresses sold by JYSK Nordic were labelled with the CertiPUR Label.

IDdesign mattresses meet high environmental standards, and the company is working continuously to improve and offer customers even better products in this area. Among other things, IDdesign sells mattresses that are LGA-certified; this implies that products and materials live up to rigorous requirements with respect to constituent substances.

## **Employees**

### **The underrepresented gender**

The supreme governing body of Anpartsselskabet af 19. december 2014, the Board of Directors, consists of the owner, Lars Larsen. Consequently, no target figure has been determined for the male/female representation.

The Parent Company, Anpartsselskabet af 19. december 2014, has fewer than 50 employees, and therefore no policy has been prepared for the Group.

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Anpartsselskabet af 19. december 2014 owns two companies which are independently comprised by section 99b of the Danish Financial Statements Act: JYSK A/S and IDdesign A/S.

The supreme governing body of JYSK A/S, the Board of Directors, has four male members. The Board of Directors has a target of at least 33.33% female members on the Board of Directors by 2021. In the 2016/2017 financial period, the target of 33.33% was not reached as the Board of Directors did not find any reason to change its composition.

The supreme governing body of IDdesign A/S, the Board of Directors, has five male members. The Board of Directors has a target of at least 33.33% female members on the Board of Directors by 2021. In the 2016/2017 financial period, the target of 33.33% was not reached as the Board of Directors did not find any reason to change its composition.

### **Competence development, career paths and talent programmes**

At Anpartsselskabet af 19. december 2014, we all have equal rights irrespective of gender, race, political affiliation and religious beliefs. In Anpartsselskabet af 19. december 2014's competence development, career paths and talent programmes, we present the opportunities for both genders.

JYSK Nordic focuses strongly on internal recruitment when filling executive positions. As an extension of this, the company offers many opportunities for professional development and career.

As part of its internal career paths, JYSK Nordic works at all levels of the organisation under the performance management programme 'SIRIUS' to secure the internal pipeline. The object of SIRIUS is to evaluate all employees - irrespective of their gender, race, political affiliation and religious beliefs - according to their ability to work under JYSK VALUES and JYSK LEADERSHIP. Based on the work with SIRIUS, potential leaders are identified and selected for development programmes at different levels. In the period, development programmes were carried through at four levels.

IDdesign's competence development, career paths and talent programmes offer equal opportunities for men and women. IDdesign thus encourages both men and women to apply for vacant positions on equal terms. In the screening process, there is no gender discrimination and the selection is made solely based on the candidates' qualifications.

IDdesign's immediate target is to recruit the most suitable candidates for the talent programme. There are several parameters that candidates must fulfil in order to be admitted to the talent programme. All executives (men and women) participate in our executive programmes.

To date, IDdesign's top management (the Management Team) has consisted of five male and one female member. This was changed during the year to the effect that the group has been enlarged by four members, two of whom are women.

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With the enlargement of the Management Team, the female management representation is 30%, and the company has thus reached the defined target of a female management representation of 25%.

At the next management level, which comprises heads of departments, team leaders and store managers, the female management representation is at the same level (about 30%).

### External recruitment

In the external recruitment process, Anpartsselskabet af 19. december 2014 wants to continuously ensure that all candidates have an equal opportunity to be considered for an executive position.

This is achieved for example through training of the employees responsible for the recruitment. In the financial period, more than 400 JYSK Nordic employees participated in training programmes touching on recruitment topics.

### Employee satisfaction and safety

Anpartsselskabet af 19. december 2014 finds it very important to offer its employees a safe, healthy and good working environment as the employees are essential to the Group's success.

At JYSK Nordic, employees and their views matter; therefore, our values include a right and duty to raise ones voice.

About every two years, employee satisfaction surveys are performed to allow our employees to express their views. The survey findings help us understand where to take measures to increase satisfaction and loyalty. The latest survey was performed in 2016 and 96% of JYSK Nordic's employees participated.

Employees are asked to express their satisfaction and loyalty on a scale from 1 to 100 as shown below.



In respect of the employees in the stores, at the offices and the distribution centres, satisfaction at JYSK Nordic reached an average rate of 78% in the latest survey, and loyalty reached 79%.

In the areas where the satisfaction or loyalty rates showed declines, the company is making an effort to improve based on the feedback given by employees.

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In the financial period, efforts were directed at proactive planning and prioritisation, motivation and internal organisation in the stores – among other things, as part of the local action plans. At the same time, these are aspects which are expressed through strategic focus areas such as Great Store Management and Attractive Stores.

In the case of JYSK in the UK, the latest employee satisfaction survey indicated room for improvement. Therefore, motivation and employee welfare were recruitment topics when JYSK Nordic employed a new Country Manager in the period. Since then, efforts have been directed at eg team building and training of employees; this has had a positive effect which JYSK Nordic expects to be reflected in the next employee satisfaction survey.

JYSK Nordic expects to perform another satisfaction survey in early 2018.

IDdesign has since 2014 performed a cross-organisational employee welfare survey. The survey measures on both satisfaction and loyalty.

To ensure the right ownership, a local action plan is prepared for each department/store based on the employee welfare measurement. Moreover, based on the survey findings, a plan for initiatives to be launched centrally is prepared.

Follow-up on the action plans is made quarterly, and after six months the Executive Board meets with a number of employees for a half-way seminar to evaluate and adjust the efforts.

In the financial period, IDdesign worked with several areas to ensure employee welfare. Among other things, the working environment was put on the agenda as the physical working environment is an important parameter when it comes to employee welfare efforts. Therefore, the efforts directed at the physical working environment were successfully systemised during the year by means of the so-called DuPont-Bradley model. The model has provided the company with a general view of its own efforts as well as a timetable for continuous improvement of safety and further development of a so-called safety culture, etc. There has been focus on eg instruction in heavy lifting techniques and on increasing awareness of the issue.

Another high-priority area has been employees' professional and personal development. For example, IDdesign has focused on implementing a comprehensive executive and employee training programme, which was launched for the employees at the beginning of the year. In order to have a strong internal recruitment basis, the company has launched a store manager trainee programme for potentially prospective store managers, among other initiatives.

At IDdesign's warehouse, employee participation groups have been established giving employees a higher degree of influence on the planning of their day-to-day work.

Ergonomics training was organised for all drivers.

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A third important focus area in the efforts to ensure employee welfare is internal communication. IDdesign has intensified its internal communication, eg by organising an annual employee event and by establishing Facebook groups. Towards the end of the past financial year, a staff magazine was moreover issued, which was further developed in this period.

In the financial period, IDdesign performed an employee welfare survey reaching a response rate of 97%. The findings showed an average satisfaction rate of 79% compared to a score of 76% last year. This means that IDdesign is somewhat above the average for the retail trade and has come quite some way towards reaching its target of being an industry leader.

The findings mark a significant positive development which is attributable to the efforts made to improve employee welfare, partly locally in stores and departments, and partly centrally with respect to selected focus areas.

Although the warehouse still achieves a good score compared to other warehouses in the retail trade, IDdesign has seen a slight setback in the annual employee welfare measurement as compared to last year. This is put down to the fact that, in the months leading up to the survey, the warehouse unfortunately had to reduce the number of employees due to restructurings in the transport area and in the warehouse set-up. This gave rise to concern and uncertainty among employees.

IDdesign's absence due to illness, including long-term illness, declined from 3.82% in financial year 2015/2016 to 3.49% in financial year 2016/2017. Looking only at short-term illness, absence due to illness also declined from 2.83% in financial year 2015/2016 to 2.52% in financial year 2016/2017.

### **Focus on safety**

At the distribution centre in Uldum in Denmark, two work-related accidents were registered in financial year 2016/17 resulting in the involved employee's/employees' absence, compared to 12 work-related accidents last year.

The distribution centre still has an objective of reducing the number of accidents. This will be realised eg through e-learning during the introductory period introducing the employees to safety at the distribution centre. The employees are trained in eg safe pallet handling, for example the way in which to pack the goods on the pallets to prevent them from tipping.

In the period, the distribution centre in Uldum realised its wish of reducing the number of work-related accidents through targeted efforts and good cooperation between Management and employees. Among other things, safety was put on the agenda at all employee team meetings with discussions of the measures required to reduce the number of work-related accidents.

Focus on safety will continue in the coming financial years, and the objective forms part of the JYSK Nordic Business Plan.

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JYSK Nordic has moreover implemented processes to analyse work-related accidents at the distribution centre for the purpose of preventing future accidents from occurring. Furthermore, other measures focus on changing the attitude to correct, safe behaviour at the workplace, and a major Safety First campaign was carried out in the period. This focus will continue in the coming financial period, and the company is developing a tool to be used for collecting and analysing data on the safety work – a project that is implemented in cooperation with a working environment consultant.

JYSK Nordic also focuses on avoiding heavy lifts by investing in tools and new technology for both the distribution centres and the stores.