

# Corporate Social Responsibility (CSR) Report 2019

## Statutory statement

The CSR report is included in the current management report for Carl Ras A/S, in accordance with Sections 99a and 99b of the Danish Financial Statements Act. The report covers the 2019 calendar year.

The Carl Ras Group has established targets and CSR policies regarding corporate social responsibility.

As Carl Ras A/S is the primary company in the Group, the report, as well as these targets and policies, will primarily be aimed at this company.

The aim of the report is to provide a relevant and accurate assessment of Carl Ras' risks of adverse impacts on the environment and climate, labour conditions, diversity, human rights and anti-corruption, as well as our efforts to minimise these risks. The policies for each of these areas are available at [www.carl-ras.dk/csr](http://www.carl-ras.dk/csr). The website also provides an elaboration on how we use CSR to minimise our own negative impact, and to inspire and influence the industry towards sustainable social development.

## Carl Ras' approach to CSR

Sustainable construction was high on the construction industry's agenda in 2019. Despite new benchmarks and many new parameters that the industry must uphold during the transition to sustainability, Carl Ras' vision remains the same as ever. We will develop our customers' businesses, and the industry as a whole, through our understanding of the task at hand, the right products and our unique service. That is as relevant now as ever. We have therefore followed the development of sustainable construction and have, in recent years, made efforts to bring this agenda to our customers and give them tools that make it easier to embrace sustainable development and make a difference.

We spent 2019 on creating a customer concept, based on our desire to meet our customers' needs in the transition to becoming sustainable, while also contributing to Sustainable Development Goal 12: *Responsible Consumption and Production*. Our concept, which we have laid the foundation for throughout our CSR journey, is based on transparency, knowledge and circular solutions.

For the last five years, Carl Ras' CSR journey has taken a three pronged approach. We have looked inwards and adjusted the company, in order to contribute to the UN's Sustainable Development Goals to a greater extent. We have looked at our value chain and the life cycle of our products in order to minimise the negative impact. And we have focused on our customers, in order to involve them in sustainable development.

Our holistic approach to CSR was recognised in 2019 by the City of Copenhagen Business Award for CSR.

Our customer concept is not the end point of our CSR journey, but rather the start of a new era, where CSR is anchored in the business and its operations. Where CSR is crucial for sustainable balance. Where focus is not on individual initiatives for the benefit of the environment and people, but on broader company thinking. This sustainable anchoring puts Carl Ras in a stronger position to enter the next decade, which will put sustainability first.

## Carl Ras' primary contribution to the Sustainable Development Goals

	What?	Why?	How?
	In 2015, the UN's 193 member states set targets for the biggest economic, social and environmental challenges facing the world. Sustainable Development Goal 12 addresses the need to reduce the consumption of natural resources, and protect the environment during the production phase and during disposal.	Carl Ras has adopted a strategic approach to Sustainable Development Goal 12, because we are a trading company dealing with manufacturers and customers. This makes us jointly responsible for consumption and production behaviour, while giving us a certain opportunity to influence the parties with a positive effect on society.	Carl Ras contributes, partly by minimising our own resource consumption and waste, and partly by creating circular solutions, transparency and knowledge sharing about sustainability to our primary stakeholders: suppliers, customers and employees.  <b>Carl Ras contributes to targets 12.2 12.4 12.5 12.6 12.8</b>

For Carl Ras, identifying a Sustainable Development Goal as a strategic target has had a positive effect. By directing our CSR resources towards this, we estimate that our efforts will make a greater difference. However, through our sustainable business operations, we also contribute to other UN Sustainable Development Goals. The actions taken in the following sections are attached to a Sustainable Development Goal Indicator,<sup>1</sup> where possible.

## Carl Ras’ focus on sustainability

Carl Ras’ vision is to develop the industry.

To succeed in this endeavour, Carl Ras itself needs to continue developing. Therefore the cornerstone of Carl Ras is the development of people, relationships and processes. This development is based on a sustainable paradigm in which economic, environmental and social considerations are balanced.

We put resources into employee development and job satisfaction. Because we know that our employees are key to creating close relationships with our partners, and within the industry as a whole. Close partnership, across the value chain, are Carl Ras’ starting point for developing the industry. In the same way, motivated employees are fundamental to the development of the company’s processes, so that the company can develop in line with digital solutions and the needs of society.

The three pillars are linked together to form a trinity in Carl Ras’ development, and form the basis of our focus on sustainability.

	Why?	What?	How?
<b>We develop sustainable relationships</b>	We believe that our greatest positive contribution to society is made through responsible relationships with our stakeholders, who are part of a construction industry which has a major negative impact on the environment.	Through our communication channels and networks, we focus on sustainable transformation and create solutions for our customers that make it easier for them to make this transition.	Based on our policies for the environment and climate, human rights and anti-corruption, we create results that appear in the <i>"We make it easier to build sustainably"</i> column.
<b>We develop sustainable processes</b>	As a responsible company, we are liable for the burden we have on society. In addition, our driving force is to make a difference. We do this best by having our own house in order.	We are constantly working to develop better solutions for our internal processes, including efficient logistics solutions and circular material flows.	Based on our policy for the environment and climate, we create results that are shown in the <i>"We lead the way to inspire the industry"</i> column.
<b>We develop sustainable people</b>	As a trading company, our employees are our most important resource. Without them, we cannot create sustainable relationships with our suppliers and customers.	Our most important task is to develop employees who take responsibility for their work, their relationships and their impact on society. We are in a period of change that requires new solutions. Developing and implementing these solutions requires dedicated and courageous employees.	Based on our policies for employee rights and diversity, we create results that are shown in the <i>"Job satisfaction is our most important tool"</i> column.

<sup>1</sup> The indicators are labelled SDG X.X, with a reference to which target the effort impacts.

## We make it easier to build sustainably

	Circular economy	Supplier relationships			Customer relationships		
<i>Society's challenge</i>	Energy and resource consumption for the production of goods and the disposal thereof.	Companies that do not take social responsibility are a serious obstacle to the development of a sustainable society.			Construction has a significant negative impact on the environment and climate, which creates the need to escalate sustainable construction.		
<i>Our challenge</i>	Circulating resources is a challenge, as the value chain's processes have not been created with this in mind.	There is a risk that suppliers cannot measure up to Carl Ras' Code of Conduct.			The range of certified products that can be included in our range is small.		
<i>Our priority</i>	We prioritise that the value of the product is preserved for as long as possible.	We prioritise that our suppliers respect Carl Ras' Code of Conduct and minimise negative impact on its content.			We prioritise our customers' current and future needs, while inspiring them toward sustainable development.		
<i>Our Procedure</i>	We pass on our customers' used tools and suppliers' surplus products to socio-economic projects that create value for the development of people and society.	Our Code of Conduct is in accordance with current legislation. We have procedures for our supply chain management to minimise the risk of trading with suppliers that do not live up to our Code of Conduct.			Every year, we make efforts to inspire and influence our customers towards sustainable construction.  We measure the turnover of certified products in order to bring these forward in the value chain.		
<i>Our development</i>	In 2019, we established collaborations with a further two workshops for the vulnerable in Denmark.  We established a permanent tool collection in one of our stores.	We have included sustainability as a fixed topic at all our annual supplier reviews.  We choose the greenest packaging solution available to manufacturers.  The number of trade members with a signed Code of Conduct has fallen, because we have moved a number of product ranges from suppliers to private label manufacturers, where there is no culture of making trade agreements. In the coming year, we will look at whether we need to change these procedures.			In 2019, we focused on sustainable construction at our annual trade fair.  We improved knowledge sharing on sustainable construction via our communication channels.		
<i>Our results</i>	<b>SDG 12.5/</b> Four projects in Denmark and three in developing countries had tools donated for the further development of their project.	<b>SDG 12.6/</b> Portion of purchases for resale with signed COC.			<b>SDG 12.2/</b> Sustainable product turnover. <sup>2</sup>		
		<b>90.1%</b>	<b>91.3%</b>	<b>87.6%</b>	<b>4.6%</b>		
		2017	2018	2019	2019		

<sup>2</sup> The measurements are based on available data for products within the 6 most common certifications/regulations in our range, which is what is recommended for DGNB-certified construction and Nordic Swan Ecolabelled construction.

## We lead the way to inspire the industry

	Consumption and recycling	Waste as a resource	Minimising CO2
<i>Society's challenge</i>	Over-consumption of natural resources for production is devastating to a sustainable ecosystem.	Decomposition of waste and resource loss is a challenge for nature.	Fossil fuels emit a carbon footprint on the climate.
<i>Our challenge</i>	<p>Packaging is a major expense item. The challenge is that new packaging can be a cheaper alternative to recycling, due to logistics and labour resources.</p> <p>It is a challenge to find a sustainable balance for the use of packaging, both when it comes to protecting the product, and with regard to the employees, resources, and environment.</p>	<p>The risk of not sorting waste correctly and therefore having it lose its value.</p> <p>It is an economical and logistical challenge to have the same waste sorting options in the small stores as in the large ones.</p>	<p>Our on-site operations and transport solutions have a negative environmental impact.</p> <p>It is a challenge to invest in electrically powered transport solutions before technological developments make it an efficient and profitable investment for the company.</p>
<i>Our Priority</i>	When it comes to our packaging consumption, we focus on sustainable processes, due to the fact that we have a significant negative impact on the environment.	<p>We focus on waste being a resource that loses its value.</p> <p>We prioritise both minimising the amount of waste and increasing the recycling rate of the waste.</p>	We focus on minimising energy consumption and CO2 emissions.
<i>Our Procedure</i>	We have CSR ambassadors placed across the company, in order to be closer to the individual processes and be able to make suggestions for small changes that can make big differences, both environmentally and socially.	<p>Anyone who has contact with hazardous waste is trained in dealing with it, and ongoing training is provided.</p> <p>We provide information on correct waste management for employees.</p>	When we make new investments, we assess environment-improving alternatives. We find this to be the most sustainable method, both economically and environmentally.
<i>Our development</i>	<p>We have developed a new solution for pallet shipments in order to avoid wrapping the goods with plastic film.</p> <p>We recycle wood from shipping for shop interiors.</p>	<p>In 2019, we focused on waste through improved sorting and logistics options. This has meant</p> <ul style="list-style-type: none"> <li>- A 50% increase in correctly sorted hazardous waste</li> <li>- Fewer unnecessary runs</li> <li>- 16 out of 19 stores have an improved recycling rate</li> <li>- The total amount of waste has fallen by 5% despite the opening of two extra shops and shop renovations.</li> <li>- Waste for incineration is stable.</li> </ul> <p>Two shops that have been under renovation have reduced the overall recycling rate.</p>	<p>We have carried out energy optimisation in one department by replacing roof terminals with thermo vents, which will reduce heat consumption in the future.</p> <p>CO2 emissions from the properties have fallen by 35%, despite the fact that we acquired two more properties in 2019. The decrease in CO2 is partly due to the fact that energy consumption has been reduced thanks to previous years' efforts, and partly due to the fact that the energy supply emits less CO2.</p> <p>CO2 emissions from transport have also fallen, due to less driving and lower conversion figures.</p>
<i>Our results</i>	<b>SDG 12.2/</b> Packaging costs in relation to turnover	<b>SDG 12.4 + 12.5/</b> Total recycling rate	<b>SDG 9.4/</b> CO2 emissions (tonnes) <sup>3</sup> Index 2018 = 100 (1054 tonnes)
	<b>0.247%</b>	<b>0.236%</b>	<b>0.235%</b>
	2017	2018	2019
	<b>70.6%</b>	<b>68.6%</b>	<b>66.2%</b>
	2017	2018	2019
	<b>100</b>	<b>77</b>	
	2018	2019	

<sup>3</sup> The figure includes CO2 emissions from Carl Ras' consumption of electricity and gas, as well as Carl Ras' five freight vehicles, company cars and employees' work related mileage. Employees' mileage is based on the conversion figure of 111g CO2/km (this is the average CO2

emissions from passenger vehicles sold in Denmark in 2018).

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## Job satisfaction is our most important tool

	<b>Develop ment</b>	<b>Inclusion</b>	<b>Diversity</b>
<i>Society's challenge</i>	Sustainable social development is dependent on the skills development of the workforce.	A flexible and inclusive labour market reduces unemployment and makes for a dynamic society.	Equal gender distribution at all job levels creates a homogenous and holistic society.
<i>Our challenge</i>	We risk lacking the right skills needed to develop Carl Ras.	We risk a shortage of manpower.	We risk not attracting female labour, due to Carl Ras being part of a traditionally male-dominated industry.  We risk of overlooking management potential among female employees due to cultural patterns.
<i>Our priority</i>	We focus on ensuring that all employees have the opportunity to develop their skills – both professionally and personally. We prioritise training and educational activities to develop the workforce.	We prioritise inclusivity and the development of people. We make an extra effort to retain employees with special needs.	We see diversity as a strength. A diverse workplace is more efficient, more attractive, and more innovative. Our diversity policy applies to the board of directors, as well as other levels of management.
<i>Our Procedure</i>	All employees have an annual development review with their manager.  All managers complete academy training in management or similar.	We are aware of changes in the labour market and adapt to meet the needs of the employees.  We prioritise the creation of job shadowing, and helping to develop skills for the industry.	We focus on the individual's skills and potential, regardless of gender, and any management potential in employees is identified by our evaluation system.  We support the development of women with leadership potential, with an eye towards utilising this.
<i>Our develop ment</i>	We have maintained efforts already in place, and have not developed new ones in this area in 2019.	We have maintained efforts already in place, and have not developed new ones in this area in 2019.	The proportion of female employees at Carl Ras is increasing. Our goal is for the proportion of women at all management levels to reflect the gender distribution in the company in general.
<i>Our results</i>	<b>SDG 4.4/</b> Employees in management training, financed by Carl Ras	Total employees	<b>SDG 5.5/</b> Percentage of women on the board
		<b>341</b> <b>352</b> <b>349</b>	<b>16.7%</b> <b>25%</b> <b>16.7%</b>
		<b>SDG 8.5/</b> Trainees and students	<b>SDG 5.5/</b> Percentage of women in management
		<b>30</b> <b>35</b> <b>32</b>	<b>7.7%</b> <b>7%</b> <b>8%</b>
		<b>SDG 8.5/</b> Supported employment	Percentage of women across all employees:
	<b>32</b> <b>35</b> <b>27</b>	<b>29</b> <b>26</b> <b>22</b>	<b>15.6%</b> <b>16.67%</b> <b>17.08%</b>
	<i>2017</i> <i>2018</i> <i>2019</i>	<i>2017</i> <i>2018</i> <i>2019</i>	<i>2017</i> <i>2018</i> <i>2019</i>

## Job satisfaction is our most important tool

	Physical working environment			Psychological working environment			
<i>Society's challenge</i>	Expenditure on treatment and sickness benefits.			Expenditure on treatment of illness and stress caused by failure to thrive.			
<i>Our challenge</i>	Risk of injury at warehouses where there is heavy lifting and driving. Risk of injury from repetitive and sedentary work.			Risk of work-related stress. Risk of failure to thrive due to the behaviour of a manager or colleagues.			
<i>Our priority</i>	<p>We prioritise decent working conditions and feel that our low rate of absence due to illness is a consequence of this.</p> <p>We focus on exercise and health in order to prevent injuries, illness and stress.</p>			<p>At Carl Ras, we constantly focus on creating a good working environment where everyone can thrive.</p> <p>We value an organisational culture of openness, security and helpfulness. We are aware of preserving our culture while growing the company through an increase in employees.</p>			
<i>Our Procedure</i>	<p>A health and safety organisation, consisting of a representative group of employees, prepares health and safety assessments, which are followed by action plans in order to resolve any problems.</p> <p>Through our health and safety management systems, we continuously improve our processes in order to avoid accidents.</p> <p>We continuously improve procedures at the central warehouse in order to minimise the risk of accidents.</p> <p>We have exercise classes for employees and participate in exercise-related activities for fundraising and social purposes.</p>			<p>Each year, we conduct a Denmark's Best Workplace Survey, to get an indication of the employees' well-being. Initially, we participated in the competition every two years. Since 2018, we have participated every year, as this strengthens our credibility.</p> <p>We use the results from the survey constructively and take action where the results show that there is a need for improvement.</p> <p>We show consideration for the well-being of our employees, including through our mentor scheme, and take action if we observe failure to thrive.</p>			
<i>Our development</i>	The reason for the increase in sick leave is attributable to a number of long-term absences due to cancer. Normal absence due to illness is stable, compared to the previous year.			As a consequence of the result of the 2019 DBA survey, managers are assessed on Carl Ras' leadership protocol 8 times per year. This means that we can quickly intervene if we see inappropriate development.			
	<b>SDG 8.8/</b> Absence due to illness			<b>SDG 8.8/</b> Position in Denmark's Best Medium-sized Workplaces			
	<b>2.9%</b>	<b>3.2%</b>	<b>3.9%</b>	<b>12</b>	<b>7</b>	<b>6</b>	<b>10</b>
	2017	2018	2019	2014	2016	2018	2019