

Global Compact Communication on Progress 2011-2012.**1. About the report.**

Trip Trap is an active player in the global CSR progress. This CSR report is an explanation of our actions internal and external. The report focus on our main suppliers, mainly in South East Asia. We are also increasing the focus on our distribution channels.

2. Statement from the CEO.

In the past year Trip Trap has continued to move towards a more responsible way of doing business. This April 8th we moved our Head Quarter to Aalborg, Denmark. We have used this as a way to get a new beginning to move Trip Trap into the future.

We have started with our main supply chain of core wooden products and are now also going to proceed with all our suppliers, which deliver Trip Trap products to us.

CSR and Global Compact is more and more becoming an integrated part of our daily routines and ways of experience the world around us. We have had internal training sessions and hope "Verdens bedste nyheder"¹ will continue this process.

We recognize the challenge this change process contains, on a global scale, but in the top management there is continues commitment to this cause.

Aalborg, June 8th 2012.



Jesper Panduro, CEO.

¹ Initiative by the United Nations in Denmark to promote the importance of reducing poverty.

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3. Systems (implemented at suppliers / internal).

3.2 Audits:

2011-2012 has been the year where we have been fine-tuning our follow-up procedure and have worked hard to achieve good results in the process of continuously implementing our Code of Conduct, (CoC) at our main suppliers. We continue to use the UN Global Compact² Ten principles³ as our baseline:

- Compliance with legislation.
- Health and safety.
- Working hours.
- Wages and benefit.
- Freedom of association.
- Forced labor.
- Child labor.
- Discrimination.
- Environmental protection.
- Anti-Corruption.
- Sub suppliers.

From these base guidelines we have developed our so called Zero Tolerance requirements that can never be accepted:

- The use of bonded and forced labour, including forced prison labour and human trafficking.
- Worst forms of child labour, including forced child labour, child prostitution, and other work which is likely to jeopardize the health, safety and morals of children.
- Any harsh, inhumane or degrading treatment or punishment of employees.
- The exposure of employees to life-threatening work environments, where they have not been informed of the dangers and where protective measures have not been undertaken.
- Deliberately causing substantial pollution to air or water, or substantial soil contamination.
- Any complicity in violations of international humanitarian law and other crimes against the human person as defined by international law, including war crimes, crimes against humanity, genocide, torture, forced disappearances, hostage taking and extrajudicial, summary or arbitrary executions

2012-2013 will be the year where our partner NGO⁴ NEPCon⁵ will re-audit a sample of our 5 audited suppliers, which still represent the vast majority of our products. As our own timeframe is 2 years in-between each audit, we will start the circle once again in the end of 2012.

² United Nation Global Compact.

³ 10 Principles that covers human rights, labor, the environment and anti-corruption.

⁴ None Government Organization.

⁵ NEPCon is a Danish registered non-profit organization.

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Scheduling of re-audits is done in close corporation with NEPCon who randomly selects which supplier to audit.

3.3 New Supplier:

We have started corporation with one new supplier from Asia with whom we have signed Code of Conduct, conducted Self-Assessment and made an internal on-site pre-audit. As a part of our commitment, a 3rd party audit will be performed at the new supplier next year.

We are also exploring possibilities for production of FSC^{®6} and FSC controlled wood certified material in Nicaragua, as well as from The Baltic countries⁷. Our search for suppliers is guided by the possibility of good quality manufactures and options for FSC production. Better reaction to the market with shorter lead-time and less stocks, as well as reduced carbon emission is key factors for success.

All new suppliers are required to complete our "Self-Assessment" and sign our "Code of Conduct". We also recognize other social initiatives, such as SMETA⁸ or BSCI⁹ verified by third party organizations.

4. Actions & Results.

4.2 Non-Conformances and Corrective Actions.

In 2010-2011 we audited 5 suppliers representing the majority of our wooden products. During 2011-2012 all suppliers have improved and the result is that 52% of the open Non-Conformances (NCR) that were issued at the last third party audits have been possible to close. The "Major NCR's" is where we have been focusing hardest; these have been reduced by 61% (See Fig 01 & Fig 02). Each supplier is followed up on-site, several times a year, during for example quality audits. Every time any open NCR will be reviewed and discussed during meetings and factory tours. Before any open NCR can be closed Trip Trap must view picture, copy of document or view during an on-site visit. Not before then the NCR can be closed.

One of our challenges is the fact that our production and orders fluctuate over the year which influence on the numbers of employees at our suppliers. Personal Protective Equipment, (PPE) is a continuous challenge where a change in workers mindset often is needed.

It's important for us to see a continuous push forward on issues raised. But we also recognize that problems often can be caused by external factors. However, we stress the importance to start the dialog and negotiate towards achieving better results in our audits. The power of the CSR understanding by top and middle management must be strong at the suppliers due to the need to educate and inform the worker.

⁶ Forest Stewardship Council®.

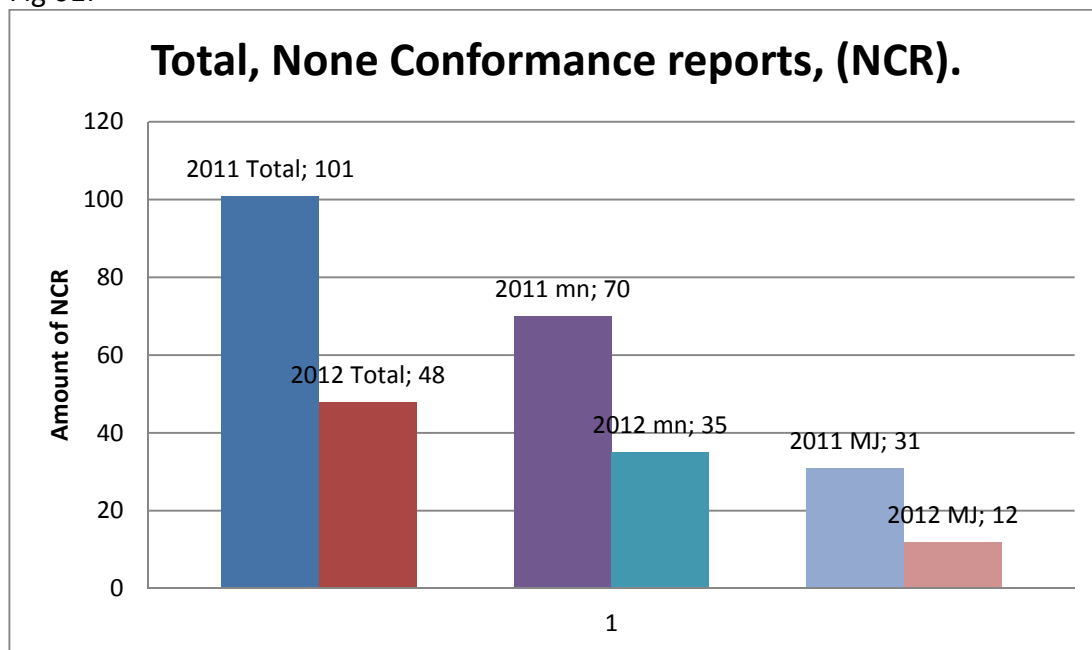
⁷ Trip Trap FSC License code: FSC C004462.

⁸ The Sedex Members Ethical Trade Audit.

⁹ The Business Social Compliance Initiative.

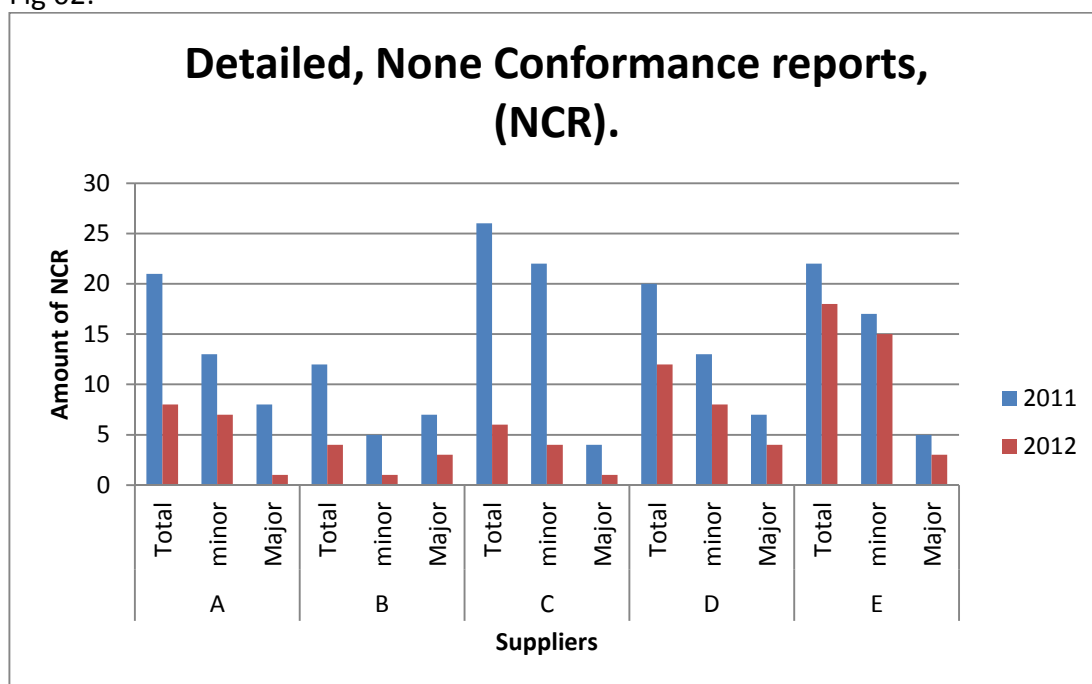
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Fig 01:



Note: NCR : None Conformance Reports, mn : minor NCR, MJ : Major NCR

Fig 02:



Note: NCR: None Conformance Report.

4.3

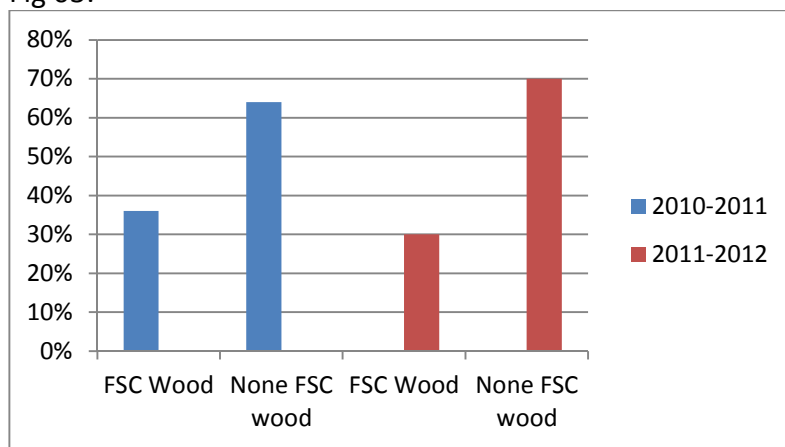
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4.3 Year 2020 with 100% FSC certified wood.

We continue to use FSC 100% for all our white painted furniture. All our Oak gift articles are FSC Mix certified. Out of all our products with wood, we use 30% of FSC (Fig 03); it's a small decrease from last year, which is mainly due a drop in the sales of our white furniture. We are in 2012 changing our raw material to a more durable specie, naturally also FSC certified.

We are continuously trying to find ways to develop, test and implement more FSC certified wood into our products and it is Trip Trap's "2020 goal" to have the raw material to all our wooden furniture's 100% FSC Certified.

Fig 03:



4.4 Trimmed/ smaller office.

With our relocation of our Head Quarter we expect to achieve significant savings on electricity and heating in the coming year.

4.5 Self – Assessment & Code of Conduct.

All new supplier and supplier we are in negotiation with has filled in the "Self-Assessment" and signed our Code of Conduct.

All our suppliers¹⁰ have received our Code of Conduct; four are still pending to sign the Code of Conduct. However, out of the four, one has already been audited by NEPCon. Our goal was to have all suppliers to sign the Code of Conduct, but we had to realize that this was not possible due to organizational restructuring.

We are committed to fulfill this commitment within 2012, with further commitments and goals as mentioned in point 5.

¹⁰ TRIP TRAP or SKAGERAK suppliers outside EU.

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5. Achievements & Goals.

Achievements:

- Corrective actions implemented by suppliers so that 51% of all open Non-conformances have been possible to close.
- Corrective actions implemented by suppliers so that 61% of the MAJOR Non-conformances have been possible to close.
- 30% of all wooden products are FSC Certified.
- All new suppliers filled in Self-Assessment.
- Top performing suppliers signed Code of Conduct.

Goals:

- By 2020 to have all wood used for furniture FSC certified.
- By June 2013 have all Trip Trap global suppliers to sign the Code of Conduct.
- By June 2013 have all Trip Trap suppliers to have filled in the Self-Assessment.
- By June 2013 all new suppliers to have completed our self-assessment and signed our Code of Conduct.