



2011

**CSR Communication
on Progress**

ABOUT KOMPAN GROUP

KOMPAN is the world's No. 1 playground supplier. We develop, produce and market an extensive range of playground equipment that covers all age groups. All our playgrounds are designed from the ground up to improve childhood health and learning. And all our products offer compelling design, high play value, uncompromising safety, unique innovation and long-lasting quality.

For more than 40 years our goal has been to share our knowledge for the benefit of children and young people as well as the adults who work in this field – and it still is. Our unique knowledge centre the KOMPAN Play Institute is a valuable repository of insight into children's play, health and learning e.g. through research. It's the perfect complement to our decades of hands-on experience making playgrounds that promote child development.

We use this valuable knowledge in our product design to ensure they address key areas of child development - great playgrounds are built on knowledge.

We aim to operate in a way that not only respects, but also contributes to positive development for people, planet and profit.



Membership of UN Global Compact

Member since: March 2011

Number of Employees: 830 at the end of 2011

Sector: Leisure goods

Reporting date and period: 01 June, 2012

This report covers the period from
1 January 2011 to 31 December 2011

KOMPAN Group Communication on Progress is also available on www.KOMPAN.com (Corporate Responsibilities) and is accounted for in the CSR section in KOMPAN Holding A/S Annual Report 2011.

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WE SUPPORT

STATEMENT OF SUPPORT FROM EXECUTIVE MANAGEMENT (GROUP MANAGEMENT)

KOMPAN Group is a global provider of playgrounds and has through our responsible business practice for many years supported a strong commitment to economic, environmental and sustainable development. As a result of this commitment KOMPAN Group has signed the ten principles of UN Global Compact and has been a signatory member of the United Nations' CSR initiatives "Global Compact" since March 2011.

Our entry into this global and widely recognised initiative has supported the KOMPAN Group in the work with our internal CSR process and has also been a factor in our external communication with our external stakeholders.

During the last years we have experienced a growing interest in CSR from our customers, external business partners, employees and other stakeholders.

We believe that we can create a profitable business and take on a corporate social responsibility at the same time. Besides that, we continue to believe that companies, who act in a responsible way are better positioned to attract customers as well as new employees and increase employee satisfaction. This creates values not only for the specific company but also for the society the company operates in.

In 2011 KOMPAN Group has revised our CSR Policy and Code of Conduct, so it even more clearly reflects our expectations to our suppliers and their compliance with UN Global Compact principles. Employees are introduced to UN Global Compact 10 Principles and KOMPAN's Code of Conduct. KOMPAN will continue to communicate internally about CSR and invite employees to join us in dialogue about KOMPAN Groups future CSR activities.

KOMPAN Group Code of Conduct has during several years played a role as a concrete example to our business partners, customers and other stakeholders of KOMPAN's strong dedication to CSR.

KOMPAN Group Management has decided to encompass communication on progress (COP) to United Nations and the statutory reporting on Corporate Social Responsibility in accordance with section 99a of the Danish Financial Statements Act into one document, the CSR section in our Annual Report.

KOMPAN Group support and continues to support the ten principles of the United Nations Global Compact in respects to human rights, labour rights, the environment and anti-corruption.

Odense, 26 June 2012

Connie Astrup-Larsen
CEO

Henning Andersen
CFO

KOMPAN CORPORATE SOCIAL RESPONSIBILITY

UN's convention on the rights of the child mentions, among other things, children's right to play as part of their fundamental rights and development. KOMPAN strongly advocates for the same rights and one of our basic principles is that our products are instrumental in giving children this universal right to play.

From KOMPAN's foundation we have focused on contributing to improvement of childhood living conditions and children's right to play which substantiates development and learning. This focus on corporate social responsibility in the shape of children's rights and development is deeply embedded in KOMPAN just like fundamental human rights.

Our corporate social responsibility forms a natural part of KOMPAN – both our business and our organisation. We believe that we can create a profitable business and take on a corporate social responsibility at the same time. Therefore, it is a priority for KOMPAN that CSR is included in all parts of the company – from development, sales, purchasing, production, delivery, and to the investments we make.

It is important for KOMPAN to comply with Danish and international legislation and product standards within our business area, as well as to increase the values they are based upon. For instance, it is important to balance risk and challenge within product safety so that it is still fun, challenging, and educative to play. KOMPAN has chosen to base our CSR initiative on UN's Global Compact, and we are working on the implementation of the 10 principles. As part of the CSR efforts are:

- Protection of human and worker's rights
- Environmental protection
- Anti-corruption

In 2011, KOMPAN joined UN's Global Compact and henceforth KOMPAN will report its CSR progress (COP) to UN on an annual basis.

KOMPAN has chosen to focus on the following areas:

- Playing/health, learning, and social inclusion
- Environment and design

In addition, we focus on product safety, human rights, and not least avoidance of child labour and corruption.

UN GLOBAL COMPACT 10 PRINCIPLES:

HUMAN RIGHTS

- Principle 1 Businesses should support and respect protection of internationally proclaimed human rights; and
Principle 2 make ensure that they are not complicit in human rights abuses.

LABOUR

- Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4 the elimination of all forms of forced and compulsory labour;
Principle 5 the effective abolition of child labour; and
Principle 6 the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

- Principle 7 Businesses should support a precautionary approach to the environmental challenges;
Principle 8 undertake initiatives to promote greater environmental responsibility;
Principle 9 Encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

- Principle 10 Businesses should work against corruption in all forms, including extortion and bribery.
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PLAYING/ HEALTH, LEARNING, AND SOCIAL INCLUSION

KOMPAN takes on corporate social responsibility within our business area and contributes actively to combat the rising obesity problem and physical inactivity among children and young people by designing and offering safe and challenging playgrounds which can contribute to improve children's physical condition, improve learning ability and strengthen the social inclusion as the playground invites to social interaction where everybody are included.

KOMPAN Play Institute contributes with the necessary knowledge and studies of children and young people's play which are important to develop challenging playground equipment, targeted at the relevant age groups.

ENVIRONMENT AND DESIGN

KOMPAN continues to live up to high environmental standards. Our two primary production sites in the Czech Republic and Sweden are both certified according to ISO 14001. The production site in Germany is implementing a similar environmental management system. Similar to the production site in the Czech Republic, the German factory has implemented a control and test system in compliance with US requirements regarding lead in accessible components and implemented third party testing of lead content. In addition to this, sample test for migration of heavy metals has been conducted.

As global supplier of playground equipment and outdoor sports facilities, KOMPAN complies with product safety standards and environmental legislation in respect to ingredients in the various countries. KOMPAN also regularly assesses our suppliers with regard to quality and environment. KOMPAN moreover continuously focuses on sustainable products, and that the products are designed for a long life with a minimum of maintenance. At the end of the products lifecycle, KOMPAN's products are easy to separate into their different materials and recycled in other products or disposed of in a responsible manner.

In 2011, KOMPAN has revised its CSR policy to reflect KOMPAN's vision and values. Together with the environmental policy the CSR policy frames KOMPAN's social responsibility. In addition to this, KOMPAN's Code of Conduct has been updated so that it reflects our expectations for suppliers and their compliance with UN's Global Compact principles more clearly. KOMPAN's Code of Conduct applies for the entire KOMPAN Group. It has become an integrated part of the supplier agreements and all suppliers are obliged to comply with the valid version of the Code of Conduct.

In addition to this KOMPAN's Business Ethics has been developed, expressing our ethical standards for employees to ensure compliance with legislation and opposition to bribery and corruption. Employees are currently introduced to UN Global Compact's 10 principles and KOMPAN's Code of Conduct. In 2011 focus has been on managers and new employees.

In 2012, KOMPAN expects to focus on implementation of KOMPAN's Business Ethics to the rest of the organisation and continuous introduction of the revised edition of KOMPAN's Code of Conduct to new supplier agreements and in review of existing. For more information regarding KOMPAN's CSR work and social responsibility please visit www.KOMPAN.com

GALAXY



NEW BUILDINGS

In summer 2011, KOMPAN in Denmark relocated to a newly built headoffice with a significant design, produced in sustainable materials.

In 2011, KOMPAN relocated to new buildings in its two major entities: Brno, the Czech Republic, and Odense, Denmark.

In Brno, KOMPAN has consolidated all activities in one building, a new 23,000 m² production and logistic centre. This has reduced the administrative burden and the need for internal transport, which benefits the environment with regards to low energy consumption and providing a flexible structure so that it is possible to expand without further internal transport.

In the new headquarter in Odense, Denmark, consideration has been made for the environment regarding energy consumption and the choice of recyclable construction materials. The facade is produced in highly insulated and heat accumulative concrete panels, and the roof is produced in stone wool insulated steel cassettes where the major part is made of recycled materials. The windows allow a large inflow of light which reduces the need for artificial light and offer heat insulation which minimises the need for cooling.

During the coming years, both relocations will contribute to lower energy consumption for the benefit of the environment.



Three facilities on different geographical locations in Brno (the Czech Republic) and a Dutch production facility have been consolidated in a newly build distribution centre of 23,000 m² in Brno

HUMAN RESOURCES

The employees are the Group's strongest asset, and Management therefore focuses on the recruitment of the best talents and on on-going development of employee qualifications. All newly recruited employees have been evaluated by means of externally developed personality test, and will, when joining KOMPAN complete a comprehensive introduction programme, which ensures that they are familiar with KOMPAN and our industry.

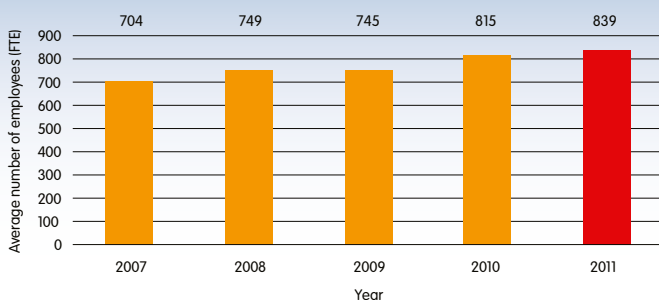
Each year, performance evaluation and personal development reviews take place for all employees in the Group. All areas apply the same tools, which are translated into any given local language. Being a significant principle, a two-way evaluation is to take place; from manager to employee and from employee to manager.

In addition to the personal development tools for the individual employee, KOMPAN has for several years made major investments in the development of joint sales tools – united in one sales model named "Sales Excellence". The model is based on a web-based CRM tool, joint administrative tools and a joint ERP system based on Microsoft Dynamics and web-based reporting tools. The work with these models will continue in the coming years.

Within the past years, KOMPAN has focused on reducing the environmental impact of the work of its employees. The most important measure taken – being a global enterprise – comprises the application of video conferences both from conference rooms and from individual PCs. These measures have reduced travel activities considerably and optimised meeting routines.

At the end of 2011, KOMPAN had 830 employees (850); 34% women and 66% men. On average, 839 (815) people were employed in 2011.

Eindhoven, Holland



Development in Employees in Denmark and Worldwide in 2011



**Visit KOMPAN's website for
more financial information**

Use your QR scanner or download
a free application to your mobile:

<http://reader.kaywa.com>



www.KOMPAN.com

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