UNITED NATIONS GLOBAL COMPACT COMMUNICATION 2013









STATEMENT OF CONTINUED SUPPORT IN 2013

I am pleased to confirm that Royal Copenhagen reaffirms its support to the Ten Principles of the United Nations Global Compact in the area of Human Rights, Labor, Environment, and Anti-Corruption.

The highest quality standards and craftsmanship are an essential part of Royal Copenhagen's brand. Our membership to the UN Global Compact helps us ensure that we similarly uphold high globally recognized standards for human rights, labor rights, the environment, and anti-corruption. The UN Global Compact provides a framework for us to work with these issues, and thus we are thrilled to renew our support.

In this annual Communication on Progress, we describe our actions to improve the integration of the Global Compact and its principles into our business strategy, culture, and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.

Sincerely yours,

Lotte Wamberg, Managing Director







OUR STORY

Since 1775, Royal Copenhagen porcelain has been a symbol of an up-to-date, quality conscious lifestyle. With untiring enthusiasm, we continuously sustain the high standards of craftsmanship that ensure the flawless quality for which Royal Copenhagen is so well known.

Our mission is to add a feeling of luxury to everyday moments through premium, contemporary porcelain with deep roots in Danish design history. Our vision is to elevate everyday moments.

The Royal Chartered Porcelain Factory was founded in 1775 under the patronage of the Queen Juliane Marie. We can trace our roots back to the Royal Family, and have become a part of Danish culture.

Our strong relation with the Danish Royal Court continues, as there is a strong cooperation on many occasions, as well as a deep interest in the Royal Copenhagen brand.

At Royal Copenhagen, we look to our Danish heritage, act on it, and carry it with us into a global environment.

Starting from 2009, Royal Copenhagen has revitalized the brand through fundamental strategic changes, product development and focus on concepts, which has resulted in a strong increase in the global sales of the brand. Royal Copenhagen was acquired by Fiskars in the beginning of 2013, a global company with a portfolio of trusted brands. Fiskars and Royal Copenhagen share the same values such as our Nordic roots, world-renown products, and conducting business in a responsible way. Fiskars has implemented Code of Conduct training for all employees, focusing on the areas of human rights, labor, environment, and anti-corruption.







OUR COMMITMENT TO THE UN GLOBAL COMPACT

An essential part of Royal Copenhagen's DNA is to honor our obligations towards the communities in which we operate by maintaining a healthy dialogue with stakeholders, both internally and externally. We are determined to continuously enhance our labor practices, strive to protect human rights in our supply chain, minimize our environmental impact, and work against corruption.

The ten principles of the UN Global Compact have served as the backbone of Royal Copenhagen's policies, and provide guidance in practicing corporate social responsibility in our daily operations.





OUR SUPPLY CHAIN

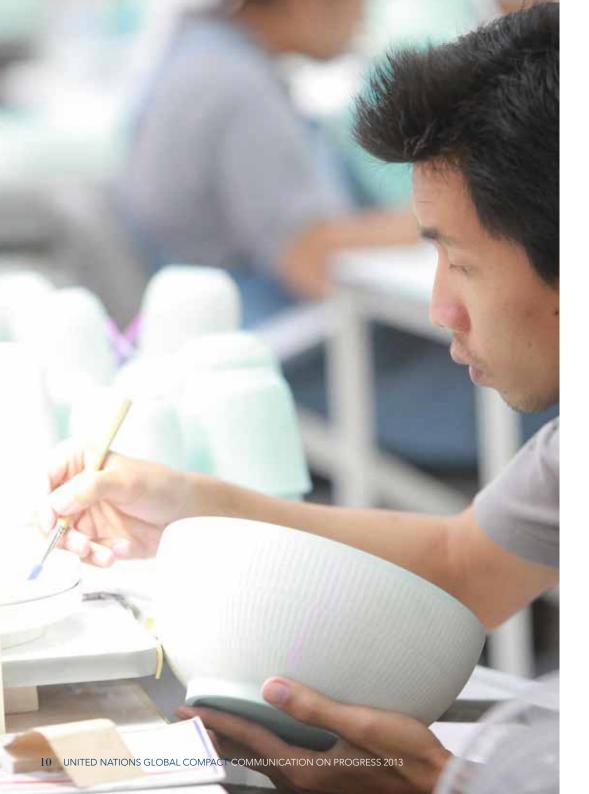
Every piece of Royal Copenhagen porcelain is unique. During the production process, it will pass through the hands of about 30 people before being shipped to our customers. Royal Copenhagen products are a testimony to authenticity and credibility, both because of the character of our craftsmanship, and because of a unique back stamp approving each piece's quality and originality.

Today, Royal Copenhagen product development takes place and original molds are made at our competence center in Glostrup, Denmark. Copies of the molds are then sent to Royal Copenhagen Thailand in Saraburi, where the porcelain pieces are produced. Royal Copenhagen Thailand operates with high standards for human rights, labor, environment, and anti-corruption.

Flora Danica is one of the world's most prestigious and luxurious porcelain dinner sets. All Flora Danica pieces are crafted, glazed, and painted by hand in Denmark

Royal Copenhagen pieces are known and sold all over the world, with sales offices in Denmark, Japan, South Korea, Taiwan, Germany and the US. Royal Copenhagen also has 20 of our own retail stores and 106 Shop in Shops around the world.

Because of our very high quality standards, it takes years to develop relationships with and train suppliers. For this reason, we tend not to shift suppliers, but rather work with our suppliers to develop their competencies. We believe that maintaining an ethical and responsible relationship with our suppliers is the best way to deliver high quality and is the "right" way to do business.





GOVERNANCE

Royal Copenhagen's work within CSR is outlined in our CSR strategy. The daily work with CSR is handled by the CSR manager in Denmark and the CSR Organization in Thailand. The local managers in the countries where we operate are responsible for overseeing the day-to-day implementation of the CSR strategy. The CSR manager reports to the Global Management Team on this.





OUR CORPORATE SOCIAL RESPONSIBILITY JOURNEY

WHERE WE STARTED

Royal Copenhagen began our CSR journey in 2012, an initiative that was heavily supported by top management. We wanted to get a clear picture of where to place our focus, so we first investigated our value chain in terms of CSR. We conducted selected supplier visits and stakeholder analysis and found that our stakeholders care most about how our employees are treated outside of Denmark. Our stakeholders expressed that they already expected a brand like Royal Copenhagen to be compliant in environmental and anti-corruption issues. With this in mind, we decided to place focus on labor and human rights in our own operations, and work outwards to our suppliers, as described in our CSR Strategy.

In addition to the issues recognized by our stakeholders, we identified five focus areas on which to base our work during our four year work plan. These focus areas are: our Suppliers Code of Conduct, the Forest Stewardship Council certification, energy saving, recycling, and CSR education for our relevant employees.

We decided to conduct an external audit on Royal Copenhagen Thailand to confirm and document that the factory operates according to the highest standards. In 2013, we hired an independent external auditor to conduct a social audit for Royal Copenhagen Thailand. The conclusion of the audit has served as a baseline for the future work with CSR at Royal Copenhagen Thailand.

CHALLENGES ALONG THE WAY

Social responsibility "lives in the walls" and "runs through the DNA" of Royal Copenhagen. In everything that we do, we bring our Danish legacy, our craftsmanship, and our high quality standards. This means that we maintain longterm relationships with our suppliers and customers, and work with them to work in a way that is ethical, reasonable, and responsible. Because many aspects of CSR such as high labor and environmental standards are ingrained in our company DNA and carried out by employees across many functions, the greatest challenge for Royal Copenhagen is formalizing our CSR values and processes into policies so that they can be preserved for our future employees, Royal Copenhagen Thailand, and our suppliers.

OUR FUTURE ROADMAP

During the first two years of our CSR journey, we have placed much of the focus looking inwards at Royal Copenhagen, ensuring that our own factory and production live up to the highest standards of human rights, labor, environmental, and anti-corruption standards. Looking forward, we will pass on the CSR expertise that we have gained in the last two years to our suppliers, starting with at least one external supplier audit in 2014.





HUMAN RIGHTS

PRINCIPLES

- Business should support and respect the protection of internationally proclaimed human rights
- 2. Business should make sure that they are not complicit in human rights abuses

ASSESSMENT, POLICY & GOALS

At Royal Copenhagen, we are committed to upholding all internationally proclaimed human rights within our influence, especially when it comes to protecting our employees.

We recognize that our influence to prevent adverse human rights impacts is strongest within the health and safety of our own employees, and the employees of our suppliers. Thus this is our focus area and starting point for working to minimize and protect adverse impacts in our supply chain.

We also hold our suppliers to high human rights standards, which are reflected in Royal Copenhagen's Supplier Code of Conduct. Our suppliers must support and respect internationally recognized human rights as defined by the UN, and assess the risks and impacts of their operations on human rights with a view to ensure that we are not complicit in human rights abuses.

Our goal for 2014 is to continue to assess the human rights impact of Royal Copenhagen, starting with a social audit of at least one supplier.

CHALLENGES

Royal Copenhagen are focusing on dedicating resources to assess human rights risks and impacts along our supply chain.

As part of our CSR journey, we have thus far mainly focused on creating a safe and healthy working environment for all of our employees that complies with international and local standards. Our focus for this coming year will be on our suppliers, which will bring us much closer to fully assessing, understanding, and acting upon the human rights impacts in our supply chain.

IMPLEMENTATION

Striving to uphold all internationally proclaimed human rights is the minimum standard for Royal Copenhagen. We see a unique opportunity as a company with strong Danish roots, to have a great impact on the occupational health and safety of employees in regions where human rights standards may not be as highly integrated into local regulation as in Europe and Denmark.

Royal Copenhagen's Global Management Team and the local management team at Royal Copenhagen Thailand hold the responsibility for human rights. At Royal Copenhagen Thailand, we regularly train all of our employees on health and safety, and organize annual health checks for all employees.





Our ability to influence outcomes in the area of the health and safety rights of employees extends beyond our own operations. Royal Copenhagen expects our suppliers to respect human rights through engaging in an ongoing dialogue with their stakeholders in a way that is culturally appropriate, free, and informed.

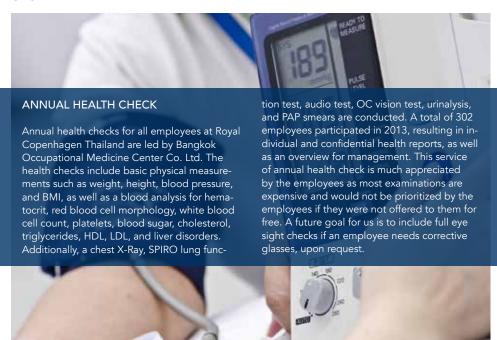
MEASUREMENT OF OUTCOMES

Royal Copenhagen is committed to ensure continuous improvement in the area of human rights through ongoing risk assessment and KPI meas-

urement. We have an overview of employees' physical checks, working environment, sick leave, and injuries. Measuring the outcomes helps us understand how we can continue to improve health and safety for our employees.

According to an independent external auditor in 2013, Royal Copenhagen Thailand provides a suitable working environment in terms of ventilation, temperature, lighting, and cleanliness. Additionally, all appropriate personal protective equipment is provided, and environmental tests are conducted regularly.

CASE



CASE

EMPLOYEE HEALTH AND SAFETY AT ROYAL COPENHAGEN THAILAND

to ensure that all safety equipment is function-







LABOR.

PRINCIPLES

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

ASSESSMENT, POLICY & GOALS

At Royal Copenhagen, we believe that everyone has the basic and unalienable rights to be free from discrimination and harassment, the right of collective bargaining, the right to choose to work freely with a legal contract, and that every child should have the right to an education. To achieve this, we will continuously protect and document labor rights in each and every part of our operation. Our policy and goals regarding labor rights are outlined in our CSR Strategy.

Our suppliers are held to Royal Copenhagen's high labor standards through our Supplier's Code of Conduct. Suppliers shall not employ children, in any manner that is economically exploitative, is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral, or social development. Suppliers shall not employ forced or compulsory labor, nor trafficked work forces. Suppliers are also expected not to make employment decisions

on the basis of personal characteristics that are irrelevant to job requirements. We encourage our suppliers to base employment on the principles of equal opportunity and fair treatment, and never discourage workers from electing worker representatives, forming or joining workers' organizations, or collective bargaining.

We will assess the social risks and impacts for our primary suppliers. The Royal Copenhagen Supplier Code of Conduct outlines all the labor requirements for our suppliers. The Code of Conduct is an integral part of all Royal Copenhagen supplier contracts, and we furthermore ask that all suppliers ask their suppliers to comply with the Royal Copenhagen Code of Conduct Requirements.

IMPLEMENTATION

Royal Copenhagen strives to bring our Danish labor standards with us where we work outside of Denmark. Through the many years of our history, Royal Copenhagen has gained proven experience in respecting and implementing workers' rights, and has established and maintained healthy cooperation with unions. A lot of this experience is "in the walls," but we have initiated an effort to transfer and communicate this knowledge to our employees in Denmark and all the locations where we operate.

It is important to Royal Copenhagen that all levels of management respect employees' rights to join and form unions. Therefore, our CSR strategy informs all of our employees globally about the freedom of





association. A union was formed at Royal Copenhagen Thailand in 2005, and an employee committee was formed in 2009, both of which have strong support from management. Employees can join either the local labor union or the company employee committee.

We have a continuous dialogue with the local labor authorities in Saraburi, Thailand to ensure that local standards are met and upheld, and seek knowledge about our impact on the community. At Royal Copenhagen, we continuously seek to improve our knowledge about local cultures and ways to honor local customs and practices.

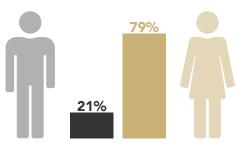
MEASUREMENT OF OUTCOMES

In order to ensure that Royal Copenhagen lives up to our commitment to labor rights, we conduct

regular site visits to Royal Copenhagen Thailand. In 2013, we asked an independent auditor to review our social performance. We have followed up on all non-compliances with an internal re-audit in 2013. The external audit revealed that Royal Copenhagen has high standards in terms of labor rights and confirmed that all employees are employed on legal terms. The external auditor examined pay roll records, interviewed employees, and inspected the Royal Copenhagen Thailand site independently.

The audit had very few non-compliances. It showed that there is no child labor and the employees work based on their own free will. It was also found that both employees and supervisors reflect local ethnic and religious breakdowns. Finally, the audit showed no discrimination or patterns of dismissal, and employees have access to file complaints about discrimination.

The following is a table of Royal Copenhagen employees by age and gender:

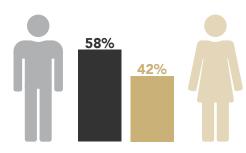


| Headcount as of December 31 | Male | Female | Total |
|-----------------------------|------|--------|-------|
| Age <18 | 0 | 0 | 0 |
| Age 18-25 | 23 | 76 | 99 |
| Age 26-35 | 53 | 209 | 262 |
| Age 36-45 | 60 | 251 | 311 |
| Age 46+ | 50 | 160 | 210 |
| Total | 186 | 696 | 882 |
| % | 21% | 79% | 100% |

CASE



The following is a table of Royal Copenhagen's Global Management Team by gender:



| Male | Female | Total |
|------|--------|-------|
| 7 | 5 | 12 |
| 58% | 42% | 100% |

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ENVIRONMENT

PRINCIPLES

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

ASSESSMENT, POLICY & GOALS

At Royal Copenhagen, we consider ourselves bearers of a long Danish tradition of identifying and minimizing environmental impact responsibly across all branches of our operation. We continuously aim to transfer and communicate these principles and know-how to our operations and suppliers all around the world.

Royal Copenhagen pieces have an extraordinarily long lifecycle, in many cases spanning several generations, so the products do not tend to be thrown away. Therefore, we believe that our environmental impacts are most relevant during fabrication, packaging, and transport, in the areas of energy consumption, emissions, and waste management. We work constantly to reduce the environmental impact through our choice of materials, recycling, design, and product development.

The Supplier Code of Conduct further clarifies and supports the minimization of environmental impacts along our entire supply chain. Royal Copenhagen's suppliers must strive to minimize harm on the environment caused by their activities by actively limiting the use of scarce natural resources, reducing emission, noise, odor, dust, soil contamination, and dangerous substances, as well as through product issues, which includes design, packaging, transport, use, and recycling. Suppliers are additionally expected to handle waste in a responsible way and continuously improve their overall environmental performance.

In 2014, one of our goals is to increase our use of FSC^{\otimes} certified paper.

IMPLEMENTATION

In both Denmark and Thailand, Royal Copenhagen has taken the initiative to reduce our impact on the environment, focusing on sustainable supply chain. In 2014, Royal Copenhagen will conduct a risk assessment of the environmental impact of our primary suppliers. We believe in working with and investing in increasing the capacity of our suppliers to meet our standards.

At Royal Copenhagen Thailand, there is a management representative with the responsibility of enforcing the environmental policy in everyday operations. There is also a regular working group, which is comprised of a safety officer, a plant engineer, CSR coordinator, and other relevant employees. By cooperating between functions, we continuously strive to ensure that policies are implemented in daily operations.



MEASUREMENT OF OUTCOMES

Regular site visits to Royal Copenhagen Thailand and suppliers to assess the environmental risks and impacts helps us measure progress and continuously improve. Our environmental measures include: wastewater quality analysis, energy consumption, air emissions analysis, the amount of FSC paper used, and the percentage of the reuse of packaging in our warehouse in Denmark.

An independent external audit conducted at Royal Copenhagen Thailand in 2013 confirmed that 100% of the clay that was not burned is being recycled. The audit also showed that water consumption is being measured and wastewater quality is sufficient. Energy consumption is being measured, and water, electricity, natural gas and air emissions are measured and sufficient.

CASE

FSC CERTIFIED PACKAGING

Our main supplier of paper boxes has been a supplier for Royal Copenhagen since 2009. The supplier is a small Thai family company that has worked very hard to be certified by the Forest Stewardship Council. Not many suppliers in Thailand are FSC certified, so our supplier will gain a competitive advantage in the Thai market with the certification. In November 2013, they passed the initial audit.

The challenge moving forward in 2014 is to find sub-suppliers of FSC certified corrugated paper, which is required for the boxes. Royal Copenhagen, specifically the logistics manager and CSR coordinator in Thailand, have invested a lot of time in working with our supplier, and will continue to support our supplier through the FSC certification process. We strongly believe in constructive, responsible, and long-term relationships with our suppliers. This was the driving force behind our choice to embark on this CSR journey with one of our longtime suppliers.

Increasingly, we are seeing that our major customers are expecting and requiring FSC certified gift boxes. Currently, all four sizes of gift bags in Denmark, catalogues, brochures, and our brand book are already printed on FSC certified paper and have been since 2012. From 2014, all Christmas collectibles and Easter eggs will packed in FSC certified gift boxes.









RECYCLING AND ENERGY EFFICIENCY AT ROYAL COPENHAGEN DENMARK

Our warehouse in Hvidovre, Denmark, receives shipments of porcelain from Royal Copenhagen Thailand before the products are shipped to our customers. Rather than unpacking the porcelain from the shipping boxes, and into new boxes to be shipped to customers around the world, the Warehouse Manager saw an immense opportunity to save paper boxes by reusing the boxes. In the first year that this was implemented, 40% of boxes were reused. The goal for 2014 is to reuse 45% of all boxes.

The following is a table of the percentage of boxes recycled in our warehouse in Copenhagen in 2013:

| TOTAL BOXES USED | 119.941 |
|----------------------|---------|
| TOTAL BOXES RECYCLED | 47.487 |
| PERCENT | 40% |

Additionally, all light bulbs that need to be changed in the Danish warehouse will be replaced by energy efficient bulbs. Throughout all of our operations, Royal Copenhagen strives to find smart ways to conserve resources and reduce our impact on the environment.

ENERGY SAVING ORGANIZATION AT ROYAL COPENHAGEN THAILAND

The Energy Saving Organization started in the summer of 2012 at Royal Copenhagen Thailand with the purpose of monitoring and reducing energy consumption. The Energy Saving Organization first formulated an Energy Conservation Policy, conducted a self-assessment, defined goals, action plans, and trained relevant employees. The organization continuously monitors, evaluates, and updates goals.

CASE

It is customary in Thailand that employees spend their one hour lunch break outside. The Energy Saving Organization implemented an initiative where all lights and air conditioning automatically switches off in the production area during the lunch break. All existing light bulbs were also exchanged for energy saving bulbs. The consumption of electricity, natural gas and water has been measured. In an effort to increase employee engagement in the energy saving initiative, a proportion of the savings from the initiative will be given to the employee committee to use for employee activities or improvement of recreational facilities on site.

The following is a table of our electricity, water, and natural gas usage at Royal Copenhagen Thailand from 2012-2013:

| | | 2012 | 2013 |
|-------------|-----------|--------------|--------------|
| ELECTRICITY | KWH | 1.433.220,00 | 1.785.680,00 |
| | KWH/PCS | 8,74 | 8,14 |
| WATER | M3 | 20.668,00 | 21.326,00 |
| | M3/PCS | 0,13 | 0,10 |
| NATURAL GAS | MMBTU | 31.515,59 | 44.856,64 |
| | MMBTU/PCS | 0,19 | 0,20 |





ANTI-CORRUPTION

PRINCIPLE

10. Business should work against corruption in all its forms, including extortion and bribery.

ASSESSMENT, POLICY & GOALS

Royal Copenhagen has always practiced a zero tolerance policy towards corruption, including bribery, facilitation payments, kickbacks, theft, fraud, blackmail, and favoritism. Additionally, we have guidelines on anti-corruption, specifically regarding entertainment accepted or offered.

CHALLENGES

Royal Copenhagen has a zero tolerance policy towards any form of corruption. At the same time, we are aware of the constraints that our suppliers may face in certain markets. We strive to act in a way that will not cause negative repercussions on our suppliers in the future.

IMPLEMENTATION

All Royal Copenhagen employees have been given the Fiskars Code of Conduct training, which includes anti-corruption policies and scenarios. Royal Copenhagen has a policy regarding gifts, hospitality, and entertainment.

At our headquarters in Denmark, we strive to ensure that our samples are only sent out for official uses, for example, demonstration purposes, or to be photographed for a catalogue. All Royal Copenhagen pieces that are sent out must be registered to the employee, and the reason for the piece. Keeping records of how our pieces are used ensures accountability.

We strive to conduct a risk assessment on all primary suppliers to the Danish warehouse.

MEASUREMENT OF OUTCOMES

Royal Copenhagen has not been involved in any legal cases or claims related to corruption and bribery. The records that we keep are used as one of the methods to oversee the shipment of our pieces and ensure that they are not used in a quid-pro-quo exchange.





PORCELAIN DONATIONS

CASE

DANNER HOUSE

Danner is an NGO working to promote respect, equality and equal opportunities between the genders, and a world free of violence against women and children.

In 2012, Danner House in Copenhagen, a shelter for abused women and children, was restored. As part of the restoration, the house was decorated with a beautiful blend of old and new furniture. Royal Copenhagen decided to donate porcelain for the 18 apartments and the kitchens in the restored Danner House. This donation goes hand-in-hand with our vision of "elevating everyday moments," and "everyday luxury."

According to Lotte Wamberg, Managing Director of Royal Copenhagen, "For more than 235 years, Royal Copenhagen has manufactured products with the deepest respect for tradition and the finest craftsmanship. The good craftsmanship and respect for tradition is visible in the restoration of Danner House, and so it was natural for us to give our porcelain contribution. It doesn't get any better than when we can also provide a little luxury in the life of women and children."

Royal Copenhagen donates porcelain on a caseby-case basis to non-profit organizations upon request.

With strong roots in the Danish market Royal Copenhagen has decided to elevate the feeling of luxury to everyday moments by donating porcelain to some who has a challenged or turbulent period in life.

In the future, we will look into similar donations in the countries where we operate.

CASE



HERLEV HOSPITAL

verse set of porcelain to the palliative unit at Herlev Hospital in Denmark. The porcelain is used by patients and their families for a "feeling of homely luxury" and "to feel a bit special."

