



CSR COMMUNICATION ON PROGRESS 2014



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.



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KOMPAN COMMUNICATION ON PROGRESS FOR 2014 TO UNITED NATIONS GLOBAL COMPACT

Statement of continued support by the CEO

TO OUR STAKEHOLDERS:

I am pleased to confirm that KOMPAN reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual Communication on Progress, we describe our actions to continually 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.

The main focus in 2014 has been the drafting, approval and implementation of a business ethics policy, including in particular an anti-bribery policy and training for the entire KOMPAN group of companies.

Furthermore, in 2014 KOMPAN has maintained its environmental profile as reported in earlier COPs. New initiatives are being planned and will be taken in the coming years.

In 2014 KOMPAN has obtained further female representation in its Supervisory Board and has in this way increased the percentage of the underrepresented gender on the supervisory board in accordance with the Danish Act on Public and Private Limited Companies.

Sincerely yours,



Connie Astrup-Larsen
Chief Executive Officer

HUMAN RIGHTS

At KOMPAN we are committed to support and respect internationally declared human rights, and not to be complicit in any human rights abuses. Our largest challenges and risks in terms of human rights are found in our global value chain. We have suppliers located in Asia, which usually implies higher risks of human rights violations occurring e.g. in terms of working hours or labour rights. In order to manage these risks KOMPAN has developed a Supplier Code of Conduct, which all suppliers have to commit to and sign. Our work with the code of conduct and suppliers is elaborated further below.

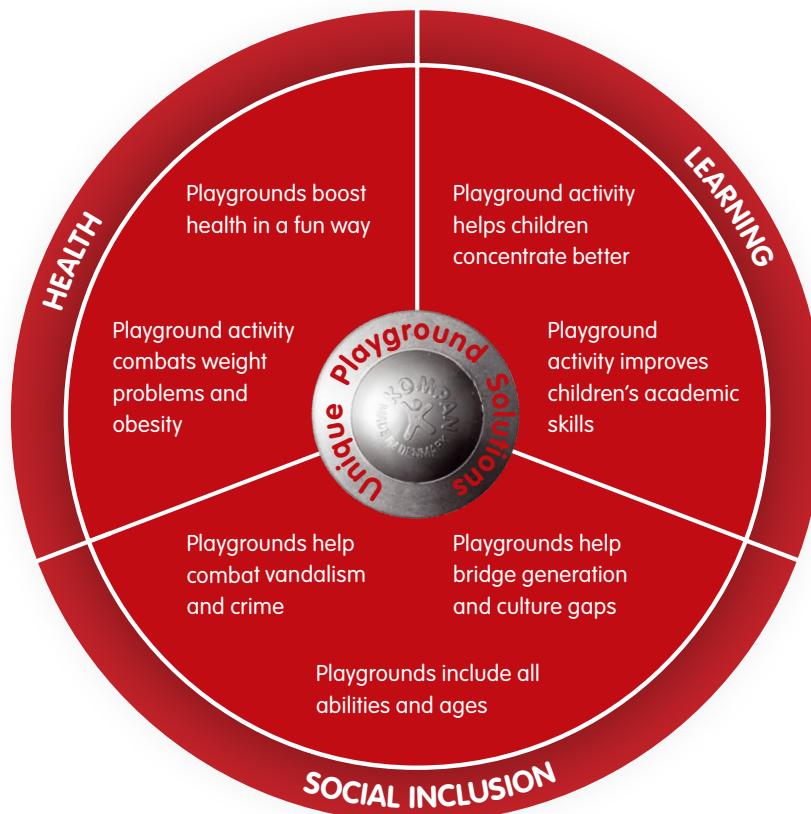
Article 31 (Leisure, play and culture): *Children have the right to relax and play, and to join in a wide range of cultural, artistic and other recreational activities. (UN Convention on the Rights of the Child).*

Through our business activity KOMPAN is supporting the UN's Convention on the Rights of the Child. On a daily basis our products encourage and enable children to play and be active, and this has beneficial impact on

their development in terms of motor coordination, intellect, and social skills. Our playgrounds also play an important role in the efforts against physical inactivity, overweight and obesity among children and teenagers. KOMPAN wishes to develop playgrounds which will help improve the physique of the children in a safe and fun surrounding.

KOMPAN continuously develops and advances our concepts and products. We do this based on the knowledge we gather in KOMPAN Play Institute where we among other things do studies on children's play.

In 2014, KOMPAN launched the concept 'The Learning Playground' by integrating educational and learning concepts creating a link between playing and learning, which will have multiple positive effects on children.



A young child with blonde hair and bangs, wearing a white long-sleeved shirt with a black heart pattern, is sitting and playing with a wooden toy. The toy has a yellow panel with several white and black knobs. The child is smiling and looking at the knobs. The background is blurred, showing other children and a bright, indoor setting.

MOMENTS - TWO HOUSES
& TOWER WITH U-NET
& ADA STAIRCASE
Borup, Denmark

LABOUR STANDARDS

As with human rights, KOMPAN's primary risks regarding the fundamental labour standards are at our suppliers. We strive to make sure that none of our cooperating parties are complicit in using e.g. child labour, forced labour or prohibiting the right to association and collective bargaining. You can read more about our work with ensuring our suppliers comply with our guidelines further below.

For KOMPAN's own activities we aim to make sure that we provide our employees with a safe working environment, be that in the headquarters in Odense, Denmark, or in the factories in Sweden, Germany, or the Czech Republic as well as in our sales companies around the world. Occupational health and safety is an equivalent and integral part of all activities of KOMPAN and one of our permanent top priorities. Our Occupational Health and Safety policy focuses on preventing injuries and illness, ensuring that we are in compliance with all legal regulations and that we efficiently and actively involve our employees in the matter. As an important step in this

direction our factory in Czech Republic is certified according to OHSAS 18001 - an occupational health and safety management system. This implies that the operating practices are up to date and in compliance with health and safety requirements. It further enables our organization to control and gain knowledge of all relevant risks and hazards, and consequently improves our performance. The surveillance audit was passed without any non-conformity in 2014.

The amount of lost hours related to accidents (LTA: Lost Time Accidents) has increased to 608 hours (560 in 2013), corresponding to only 0.22% of the total production time. No serious injuries happened in 2014. We will continue a structured and managed approach to work actively for a safe and healthy working environment for our employees in 2015. In 2014 we have extended regular 5S audits to 6S audits (the sixth "S" means SAFETY) for the purpose of performing regular safety audits to support us to identify possible risks in the entire plant and prevent accidents and production time loss.



MOMENTS - PLAY AND
STAY WITH NET
Odense, Denmark



GALAXY - ENIF
Fabrisious School, Holland

ENVIRONMENT

As a manufacturer of outdoor playground equipment, KOMPAN has an integrated approach to environmental considerations. KOMPAN aims to produce sustainable products with a long lifespan, which require a low level of maintenance. We aim to use materials and technologies, which have minimal impact on the environment, and whenever possible we aim to use FSC-certified sources.

KOMPAN's production plants in Czech Republic and Sweden are ISO 14001 certified, which implies a specific and structured management approach to environmental issues. The plants in Czech Republic and Germany have furthermore implemented control systems that work for compliance with requirements on active substances in accessible components, and independent third party tests are run.

In the years to come KOMPAN will focus even more on how we can minimize the waste of resources and reduce environmental hazards.



MOMENTS - TWO HOUSES
& TOWER WITH U-NET
& ADA STAIRCASE
Borup, Denmark



GENDER DIVERSITY

In accordance with the Danish Act on Public and Private Limited Companies the Supervisory Board has set a target for increasing the percentage of the underrepresented gender on the supervisory board and outlined a policy to increase the level of the underrepresented gender in other managerial functions. The definition of managers is "managers with staff responsibility or managers with special strategic responsibilities in corporate functions".

The global gender distribution by the end of 2014 was approximately 64% men (2012: 67%) and 36% women (2012: 33%). The proportion of women in global management constituted approximately 28% (2012 26%). One woman was appointed member of the supervisory board in 2014 thereby meeting the goal of 25% representation of women on the supervisory board within 2020.



MOMENTS - HOUSE WITH NET
Kävlinge, Sweden

ANTI-CORRUPTION

Corruption and bribery are recognized as barriers to sustainable development and free trade. At KOMPAN we do not accept these practices and therefore do not accept any kind of undue payment in any of our business transactions. It is our policy that all elements of our supply chain and sale must be completely transparent to everyone interested in knowing more. Principles to work against anti-corruption are integrated in the supplier code of conduct (read more below).

Anti-corruption is still a relatively new area for KOMPAN in terms of working actively with the issue in our own activities.

In 2014 KOMPAN has implemented a Business ethics policy, including an anti-bribery policy. The policy concerns bribery, facilitation payments, gifts/entertainment, political contributions and charity contributions. Furthermore, the policy concerns conflicts of interest, treatment of confidential information and competition law compliance.

All white collar employees of the KOMPAN group of companies have participated in and completed an e-learning training course in the beginning of 2015.

KOMPAN will continue to develop its focus on compliance issues through the coming years.

EFFORTS FOR SUPPLIERS

As a global manufacturer of outdoor playground equipment KOMPAN has to comply with a number of standards in terms of product safety and environment, it is therefore central to us that our suppliers adhere to the same standards as we do. Our supplier code of conduct describes the requirements KOMPAN expects all our suppliers to adhere to and comply with. The code of conduct is based on the principles of the UN Global Compact, and covers the following areas:

Child labour, discrimination, forced labour, working environment, working hours and salary, the right to organize and collective bargaining, right to privacy, environment (pollution prevention and resource reduction, chemicals and hazardous materials, air emissions, waste water and solid waste, recycling and reuse of materials and products), and corruption.

When making new contract the supplier has to confirm and commit to complying with the code of conduct. If the supplier cannot or will not sign the code of conduct, the engagement will not be made, or the existing agreement will be terminated.

KOMPAN takes a risk based approach to our suppliers. This means that our suppliers are grouped according to the risks associated with the characteristics of their geographical location. We have some suppliers from Asia, which we associate with higher risks than e.g. suppliers located in Europe. To manage this, we work to audit the high risk suppliers at least once a year. At the supplier audits, which are carried out by either KOMPAN employees or by third party auditors, a standardised questionnaire is developed, which supports the auditor in including all aspects of our code of conduct are discussed during the visit.

Also in 2014 more than 99% of our suppliers of raw materials or components have signed the code of conduct.



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more financial information**

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<http://reader.kaywa.com>



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