



ROYAL COPENHAGEN UNITED NATIONS GLOBAL COMPACT COMMUNICATION ON PROGRESS REPORT 2014

STATEMENT OF CONTINUED SUPPORT FOR 2014

I am pleased to confirm that Royal Copenhagen reaffirmed its support to the Ten Principles of the United Nations Global Compact in the area of Human Rights, Labor, Environment, and Anti-Corruption for 2014.

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,

Lars Tandrup,
Managing Director, Denmark

OUR STORY

Founded in 1775, Royal Copenhagen is one of the world's oldest companies. For more than 240 years, our products have been made with not only the deepest respect for tradition, but also the highest standards of craftsmanship.

Today, Royal Copenhagen is a highly distinguished brand, renowned for its exclusive quality porcelain products and its immaculate design. Royal Copenhagen is known worldwide for being Danish, and for maintaining our classic blue and white porcelain, both made and painted entirely by hand. At the same time, we are known for our daring renewal and innovation.

Royal Copenhagen operates in the US, EU, and Asia, and employs over 900 people globally.

In late 2012, Royal Copenhagen was acquired by Fiskars. Fiskars is a leading global supplier of consumer products for the home, garden and outdoors. The group has a strong portfolio of respected international brands, including Fiskars, Iittala and Gerber. Founded in 1649 and listed on NASDAQ OMX Helsinki, Fiskars is Finland's oldest company. Fiskars employs 4,100 people in over 20 countries. For more information, see www.fiskarsgroup.com



OUR CORPORATE RESPONSIBILITY JOURNEY

Royal Copenhagen's CSR journey began in 2012, with heavy support from top management at the time. In the first year, we assessed our CSR performance and identified five focus areas on which to base our work: developing our Supplier Code of Conduct, Forest Stewardship Council certification, energy efficiency, recycling, and CSR training. In 2013, we joined the UN Global Compact. We have made tangible progress in these five focus areas; please see our 2013 UN Global Compact Communication on Progress Report for more information.

In 2014 and moving forward through 2015, Royal Copenhagen has and will continue to focus on integration with Fiskars, which includes streamlining the management of CSR issues at Fiskars Group-level. Integration of CSR policies and activities will take place on the Group-level, with setting new goals being the focus of our CSR efforts in 2015 and 2016.

Royal Copenhagen's work with CSR is outlined in our CSR strategy. In 2014, the daily work with CSR was handled by the CSR Manager in Denmark and the CSR Organization in Thailand. The local managers in the countries in which we operate are responsible for overseeing the day-to-day implementation of the CSR strategy.

OUR VALUE CHAIN

The key to understanding the context of this report and the global environment in which Royal Copenhagen operates is to understand our value chain. Today, product development takes place at our competence center in Glostrup, Denmark, where original molds are made. Copies of the molds are then sent to Royal Copenhagen Thailand in Saraburi, where the porcelain pieces are produced by hand. A large portion of our production activities and thus potential impacts occur in Royal Copenhagen Thailand, which is reflected in our reporting.

Flora Danica is one of the world's most prestigious and luxurious brands of 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.

HUMAN RIGHTS

Principles

- 1. 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*



Policies

At Royal Copenhagen, we are committed to upholding the human rights principles outlined by the UN Global Compact. We believe that our ability to protect and respect human rights 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 prevent and mitigate adverse impacts in our own operations and in our supply chain. We hold our suppliers to 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 Global Compact, and assess the risks and impacts of their operations on human rights with a view to ensure that Royal Copenhagen does not play a complicit role in adverse human rights impacts.

Implementation

Royal Copenhagen's management team in Denmark, and management team at Royal Copenhagen Thailand hold the responsibility for protecting human rights. Royal Copenhagen Thailand regularly trains all employees on health and safety, and organizes annual health checks for all employees.

A suggestion box has been implemented in the factory at Royal Copenhagen Thailand, where employees can express their concerns anonymously, including human rights issues. The suggestions and concerns are reviewed by the Royal Copenhagen Thailand management team on a monthly basis, and action is taken on all feasible suggestions for improvement.

Measurement of outcomes

In 2014 Royal Copenhagen has conducted initial desk-top research on all Priority 1 suppliers and identified high-risk suppliers in terms of the criteria in our responsible supply chain program.

Royal Copenhagen measures accident cases, employees' physical screenings, sick leave days, and injuries, which helps us to understand and continuously improve the health and safety for our employees.

Lost days due to accidents at Royal Copenhagen Thailand:

Accidents	2014											
	Jan	Feb	Mar	Apr	Maj	Jun	Jul	Aug	Sep	Okt	Nov	Dec
No lost days	1	0	0	0	0	0	0	0	0	0	0	0
1-2 lost days	0	2	0	0	0	0	0	0	0	0	0	0
More than 3 lost days	0	0	0	0	0	0	0	0	0	0	0	0

Description of accidents and follow up improvements at Royal Copenhagen Thailand:



#	Accident	Improvement
1	Bruises to abdomen due to loose grinding stone.	A safety shield was installed at the work station.
2	Employee drank alcohol from unmarked container thinking it was water	Provided a stock of appropriate containers, labels and information regarding use of containers and proper labeling.
3	Laceration to finger from cut while handling scrapped glass ware.	Re-ensure that employees wear PPE.



CASE: Employee Safety at Royal Copenhagen Thailand

At Royal Copenhagen Thailand, a Safety Committee consisting of 11 employees and management representatives has been elected to oversee the company's safety plan, introduce safety projects in areas where they see the potential for improvement, and give recommendations to the management team if a health risk or safety issue is observed. The Committee meets every month and handles safety issues such as accident preventive measures, safety surveys, weekly safety checks, safety promotion and coordination with government agencies. The Committee inspects all of the safety equipment monthly, and reports back to management. This helps to ensure that all safety equipment is functioning at all times. It also focuses on campaigning and promoting safety among employees. Besides a safety committee Royal Copenhagen Thailand also has a fulltime employed Safety Engineer who cooperates with all departments to secure a safe work environment.

The safety committee also organizes an annual safety week, during which employees receive first aid and safety training, engage in team-building activities, and a safety award is given to the employee that has raised the most important safety issues throughout the year.

In 2014, Royal Copenhagen Thailand's annual Safety Week took place in October and involved over 450 employees. An exhibition on safety, energy saving, quality and environmental issues



was organized. Employees engaged in a Safety Rally in the neighborhood and 3 Safety Heroes were appointed based on criteria of regular safety practices, such as wearing personal protective equipment, suggesting safety improvements to supervisors, and being safety ambassadors.



CASE: Annual Employee Health Checks

The annual health check at Royal Copenhagen Thailand, led by the Bangkok Occupational Medicine Center co. Ltd., was conducted on September 26, 2014 at the factory in Saraburi. The health check is a voluntary service provided by Royal Copenhagen Thailand with the aim to provide an overview of the state of health of the staff. It is an added benefit for employees who might otherwise not get a health check on a regular basis.

The annual employee satisfaction survey in 2013 indicated that employees requested a full eye examination to be included in future health check. This service was included in the 2014 health check, showing that a total of 45,5 % of the tested employees have abnormal eye sight and need corrective glasses. Royal Copenhagen Thailand subsidizes up to 25% of the cost of glasses for employees whose test result was +/- 1.00.

The health check identified that employees had high levels of Triglycerides (25,4%) and Cholesterol (14,4%), which has resulted in a communication plan for articles in the Royal Copenhagen Thailand Newsletter regarding maintaining a healthy and balanced diet.



CASE: Maintaining an Active Lifestyle

On October 4th, 2014, Royal Copenhagen Thailand held the first company Sports Day at the Saraburi Wittayakhum School. The purpose was two-fold: to bring employees together across departments and levels, and to bring focus to the importance of staying active to stay healthy. Employees were free to choose to participate in soccer, chair ball, sepak takraw, or cheerleading competitions and spent time together socializing. This event will continue to take place annually, with the next Sports Day scheduled for June 13, 2015.



LABOR

Principles

- 3. 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*

Policies

At Royal Copenhagen, we believe that everyone has the basic and unalienable rights to be free from discrimination and harassment, the right to 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 continuously protect labor rights in our operations. Our policy and goals regarding labor rights are outlined in our CSR Strategy. The strategy informs all of our employees globally about the freedom of association. Moving forward, this will be governed by Fiskars Group's policies.

Our suppliers are held to Royal Copenhagen's labor standards through our Supplier's Code of Conduct which outlines the labor requirements for our suppliers.

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 upholding workers' rights, and has established and maintained healthy cooperation with unions. A lot of this experience is "in the walls," but we have communicated this knowledge to our employees in Denmark and all the locations where we operate.

Royal Copenhagen Thailand's top management supports and guarantees employees' freedom of association. Since 2005, the employees at Royal Copenhagen Thailand have had a Labor Union organization, which is registered with the local labor union branch. In 2009, an Employee Representative Committee was put in place as an alternative for those who choose not to unionize, but want to discuss labor conditions. In January 2015, a new union president at Royal Copenhagen Thailand was elected after the previous president retired and Royal Copenhagen Thailand continues the corporation with the union. Royal Copenhagen Thailand additionally has an ongoing dialogue with the local labor authorities in Saraburi to ensure that local standards are met and upheld.

Measurement of Outcomes

In 2014, Royal Copenhagen conducted desk research on all priority 1 suppliers. Royal Copenhagen Thailand has conducted a desk-top analysis of current suppliers. Based on the research, suppliers were segmented into three categories: 1) Those who are critical to Royal Copenhagen Thailand's production; 2) Those from whom Royal Copenhagen Thailand purchases on a regular basis; 3) Those from whom Royal Copenhagen Thailand purchases, but not on a regular basis.

Royal Copenhagen also monitors our gender balance. The following is a table of Royal Copenhagen employees by age and gender:

Headcount as of December 31, 2014	Male	Female	Total
Total	189	727	916
%	21%	79%	100%



No gender is underrepresented on Royal Copenhagen's Board of Directors.

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*

Policies

Products from Royal Copenhagen have an extraordinarily long lifecycle, in many cases spanning several generations. 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 reduce the environmental impact of our products through our choice of materials, recycling, design, and product development.

Royal Copenhagen's Environmental Policy establishes its commitment to uphold local laws on protection of the environment and to continuously improve our daily operations in order to minimize our impact on the environment. The Environmental Policy also commits Royal Copenhagen to include employees and stakeholders in these efforts as an effort to engage in communication about environmental responsibility.

Royal Copenhagen does not have a specific policy regarding climate change. However, some of the impacts are addressed through our efforts in energy savings and efficiency.

Implementation

In both Denmark and Thailand, Royal Copenhagen has taken the initiative to reduce our impact on the environment.

At the Royal Copenhagen factory in Glostrup, an external company has been brought in to provide training to all relevant employees for waste management, particularly in waste sorting of plaster, metal, paper, and corrugated paper. Additionally, all palettes from Thailand sent to the warehouse in Denmark are reused or sold for re-use.

In 2013, a management representative for environmental issues was appointed and the Environmental Policy formulated at Royal Copenhagen Thailand. In 2014, a CSR working group, comprised of the management representative for environmental issues, the safety officer, plant engineer, CSR coordinator, and other relevant employees, was established at Royal Copenhagen Thailand to ensure coordination and common goal setting in our daily operations. By cooperating between functions, we additionally ensure that policies are implemented in daily operations. For



example, the CSR working group coordinates the established measurements of energy consumption with annual goal setting, to ensure energy reductions.

Measurement of Outcomes

Royal Copenhagen's environmental measures include: wastewater quality analysis, energy consumption, air emissions analysis, the amount of FSC paper used, and the percentage of the re-use of packaging in our warehouse in Denmark. Please see below for specific results.

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 alongside Royal Copenhagen to be certified by the Forest Stewardship Council. In November 2013, they passed the initial FSC audit. Royal Copenhagen believes 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.

All Royal Copenhagen Christmas collectibles and Easter eggs are packed in FSC certified gift boxes as planned for 2014. Our paper for gift wrapping is also made of FSC certified paper.

Waste Management and Energy Efficiency at Royal Copenhagen Thailand

During 2014, Royal Copenhagen Thailand has made agreements with both municipal and government waste management suppliers to remove general waste from the factory three times weekly to landfills approved by the municipality. Furthermore, agreements have been made with recyclable waste vendors to purchase our paper, wood, iron and plastic waste and resell for recycling. The total amount of recyclable waste sold in 2014 was 26,370 kg, as opposed to none in 2013.

In 2014, the plant engineer and technical manager initiated efforts to test and improve the waste water treatment dam to improve oxygen levels and ensure a closed circuit.

The Energy Saving Organization at Royal Copenhagen Thailand started in the summer of 2012 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.

In 2014, two additional kilns were moved from Royal Copenhagen Denmark to Royal Copenhagen Thailand, adding to the energy consumption at Royal Copenhagen Thailand. This year, efforts were focused on measuring the changes in consumption in order to evaluate during 2015 if improvements can be made. In November, a project was established to re-evaluate energy consumption measurements and KPI's in an effort to provide data and identify areas of improvement.



During 2014, a change of light bulbs to more energy saving bulbs was initiated and approximately 20% of the bulbs that can be changed are now energy efficient bulbs. This process will be ongoing throughout 2015 in an effort to reduce energy consumption.

The following is the electricity, water, and natural gas usage at Royal Copenhagen:

		2012	2013	2014
ELECTRICITY	KWH	1.433.220,00	1.785.680,00	1.991.380,00
	KWH/PCS	0,7236	0,6726	0,5854
WATER	M3	20.668,00	21.326,00	29.187,00
	M3/PCS	0,0104	0,0080	0,0086
NATURAL GAS	MMBTU	31.515,59	44.856,64	67.362,00
	MMBTU/PCS	0,0159	0,0169	0,0198

Recycling and Energy Efficiency at Royal Copenhagen Denmark

Royal Copenhagen's warehouse in Hvidovre, Denmark, receives porcelain from Royal Copenhagen Thailand before the products are shipped to our customers. Rather than unpacking the porcelain from the shipping boxes 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 for outgoing shipments to customers.

In the first year that this was implemented in 2013, 40% of boxes were reused. The goal for 2014 was to increase the percentage of reused boxes and we reached 41,3%.

The percentage of boxes recycled in our warehouse in Copenhagen in 2013-2014:

	2013	2014
TOTAL BOXES USED	119.941	123.970
TOTAL BOXES RECYCLED	47.487	51.116
PERCENTAGE	39,6%	41,3%

Additionally, all light bulbs that need to be changed in the Danish warehouse will be replaced by energy efficient light bulbs.

Anti-Corruption

Principles

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

Policies





Royal Copenhagen has a zero tolerance policy towards corruption, including bribery, facilitation payments, kickbacks, theft, fraud, blackmail, and favoritism, which extends to our suppliers in our Suppliers Code of Conduct.

Guidelines for integrity and anti-corruption are included in the Royal Copenhagen Thailand Employee Handbook that will be finalized and implemented in 2015.

Implementation

All Royal Copenhagen employees have been trained in the Fiskars Code of Conduct, which includes anti-corruption policies and scenarios.

At Royal Copenhagen headquarters in Denmark, we 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 products that are sent out must be registered to the employee, and the reason for each piece. Keeping records of how our pieces are used ensures accountability and prevents misuse of Royal Copenhagen's products.

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

Royal Copenhagen donates porcelain on a case-by-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 those who are in challenging life circumstances.

Danner House

Danner is a Danish NGO working to promote respect, equality and equal opportunity 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 donated 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."



In 2014, we have continued to donate porcelain to Danner House.

“Julemærkefonden” (Christmas Seal Foundation)

“Julemærkefonden” is a private organization that for over 100 years has driven the four homes in Denmark that help children from ages 7-14. The focus of the Foundation has changed throughout its history to meet the needs of society, and now helps children who are unhappy because of bullying, loneliness, social isolation, and in many cases, obesity. The four “Julemærkefonden” homes help 750 children achieve a happier and healthier life each year, through a 10-week stay that includes a healthy diet, plenty of exercise, and a community that provides space for friendships and supports personal successes.

The “Julemærkefonden” homes are entirely dependent on donations from individuals, foundations and companies. The Foundation receives government support of approximately 6% of the total budget

Royal Copenhagen Christmas tables in the flagship store was in 2014 set under the heading “A charitable Christmas”, by the Christmas Seal ambassadors. The Cooperation between Royal Copenhagen “julemærkefonden” was a collaboration between two Danish Christmas traditions, both with a long history. In connection with the Christmas tables set by the Christmas Seal ambassadors, a post office was set up in the flagship store at Amagertorv, where Christmas Seals and cards were sold.

As part of the cooperation in 2014, Royal Copenhagen donated new porcelain to the four “Julemærkefonden” homes. The homes focus on healthy eating, using an aesthetically pleasing table setting to foster community around mealtimes. Therefore, it makes sense for Royal Copenhagen to donate porcelain for this cause.