

## KOMPAN Communication on Progress for 2015 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 2015 has been the continued implementation of our business ethics policy, including the anti-bribery policy for the entire KOMPAN group of companies.

Furthermore, in 2015 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 2015 KOMPAN has maintained its female representation in its Supervisory Board. KOMPAN will also in the future strive to increase 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 2015, KOMPAN launched its new outdoor fitness concept, which will have multiple positive effects on both children and adults.

### **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, the Czech Republic and Poland 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 recertification audit was performed in 2015. This audit was passed without any non-conformity.

The amount of lost hours related to accidents (LTA: Lost Time Accidents) has increased to 1560 hours (608 in 2014), corresponding to only 0.52% of the total production time. One serious - permanent injury happened in carpentry in 2015 (3 fingers of the left hand partially cut). We will continue a structured and managed approach to work actively for a safe and healthy working environment for our employees in 2016. We will focus especially of work safety in wood processing where the exposure to injuries is extremely high. In 2016 we are going to implement 6S standards (the sixth "S" means SAFETY) and we will perform regular audits also in the new wood plant to identify possible risks. Our aim is to prevent accidents and production time loss in the entire plant.

### **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 2015 was approximately 66 % men (2014: 66%) and 34 % women (2014: 34%). The proportion of women in global management constituted approximately 25 %

(2014: 26%). With one woman appointed member of the supervisory board, the board still meets the goal of 25% representation of women on the supervisory board within 2020.

## **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.

## **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 2015 KOMPAN has continued the implementation of our 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 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 2015 more than 99% of our suppliers of raw materials or components have signed the code of conduct.