

# UN Global Compact

Communication on Progress / 2016 Report



# Content

---

1. Statement from the CEO	3
2. Group Overview	4
3. How Egmont Works with CSR	5

## 4. People

4.1. Human Rights and Statement for the UK Modern Slavery Act	6
4.2. Egmont Social Compliance Programme	7
4.2.1. <i>Responsible Supply Chain Management</i>	7
4.2.2. <i>Scope of the Social Compliance Programme</i>	7
4.2.3. <i>Country Risk Analysis</i>	8
4.2.4. <i>Audits</i>	8
4.2.5. <i>Findings from Audits in Group 1 and Group 2</i>	9
4.2.6. <i>Zero Tolerances Cases in 2016</i>	9
4.3. Inspiration Letter	10
4.4. CASE PAGE - Partner Day in China	11
4.5. Product Safety	12
4.5.1. <i>Inspections</i>	12
4.5.2. <i>Stakeholder Contact</i>	13
4.6. Goals for 2017	13
4.7. CSR priorities 2017-2020	14
4.8. Egmont's Workforce – Selected Areas	15
4.8.1. <i>Excellent Leadership</i>	15
4.8.1.1. <i>Capability Adjustment</i>	15
4.8.2. <i>Gender Diversity</i>	16
4.8.2.1. <i>General Management Levels</i>	16
4.9. The Board of Trustees/Supervisory Boards	17

## 5. Planet

5.1. Environmental Policy	18
5.2. Climate Impact: Energy Consumption	18
5.2.1. <i>Decrease in CO<sub>2</sub> Emissions</i>	19
5.3. CASE PAGE – Environmental Initiatives	20

## 6. Profit

6.1. Anti-corruption and Whistleblowing	21
---	----

## 7. Other

7.1. The Egmont Foundation – Charitable Activities	22
7.2. Safe Internet	25

# 1. Statement from the CEO

---



**Egmont supports the UN Global Compact principles. Responsible behaviour is essential in being a strong and trusted media group.**

In 2013, Egmont signed up to the UN Global Compact, and the present report is the fourth of its kind. The UN Global Compact is the formal framework within which Egmont expresses its fundamental position and conduct in relation to Corporate Social Responsibility. However, the commitment to being a responsible and socially engaged business dates back to 1878 when Egmont was established.

During 2016, Egmont continued to set standards of excellence in its business throughout the world to demonstrate responsible conduct in our operations. Egmont is fully committed to respecting human rights and labour rights as set forth in the UN Guiding Principles and its efforts are directed at both employees in Egmont and at manufacturers.

This report includes Egmont's mandatory CSR report in accordance with article 99a, and Egmont's report on targets and policy with respect to the underrepresented gender in accordance with article 99b, of the Danish Financial Statements Act (Årsregnskabsloven).

***Steffen Kragh***  
*President & CEO of Egmont*

## 2. Group Overview

Founded in 1878, Egmont is a leading media group in the Nordic countries with activities in more than 30 countries and 6,200 employees.<sup>1</sup> Egmont's media world spans four divisions: Nordisk Film, TV 2 Norway, Egmont Publishing and Egmont Books.

**Nordisk Film** develops, produces and markets films and TV dramas across the Nordic region and with an increased focus on international collaborations. The company operates the leading cinema chain in Denmark and Norway, and also engages in new businesses, for instance gift cards, ticketing services, computer games development and e-sports. In addition, Nordisk Film distributes and markets PlayStation in the Nordic and Baltic countries.

**TV 2** is a privately owned public service broadcaster in Norway. TV 2 offers news, sports and entertainment content on seven TV channels and Norway's fastest growing commercial news site for web and mobile apps. TV 2 also runs Norway's leading streaming service TV 2 Sumo.

**Egmont Publishing** is a leading publisher in the Nordic region and holds market-leading positions in a number of its 30 markets. Egmont Publishing is behind more than 700 weekly and monthly magazine titles as well as hundreds of children's books and digital services. Egmont Publishing also invests in e-commerce and marketing services with the ambition of establishing sustainable business areas alongside the publishing core.

**Egmont Books** comprises Norway's leading publishing house, Cappelen Damm, and Lindhardt og Ringhof, Denmark's second largest publisher. Cappelen Damm publishes more than 1,500 titles annually, and Lindhardt og Ringhof publishes more than 600 titles annually. The activities include general literature, education, book clubs and e-commerce.

**Egmont** is a commercial foundation that in 2016 generated revenue amounting to EUR 1,560m. Egmont donated EUR 12m to help improve the lives of children and young people.

The present report covers the entire Group and portrays initiatives from several divisions.



<sup>1</sup>) Number of employees in fully owned and partly owned companies.

### 3. How Egmont Works with CSR

---

Egmont began working with Corporate Social Responsibility (CSR) more than 100 years ago. Each year, the Egmont Foundation supports institutions and organisations working with and for children and young people. Many children and young people in need have benefited from donations from the Egmont Foundation - since 1920 the Foundation has distributed EUR 370m. In 2016, The Egmont Foundation distributed more than EUR 12m.

The triple bottom line framework: People, Planet and Profit set the overall strategic direction for Egmont's work with CSR and compliance. The focus areas are as follows for 2013-2016:

#### **Egmont Social Compliance Programme**

#### **UN Global Compact**

#### **Anti-corruption and Anti-bribery**

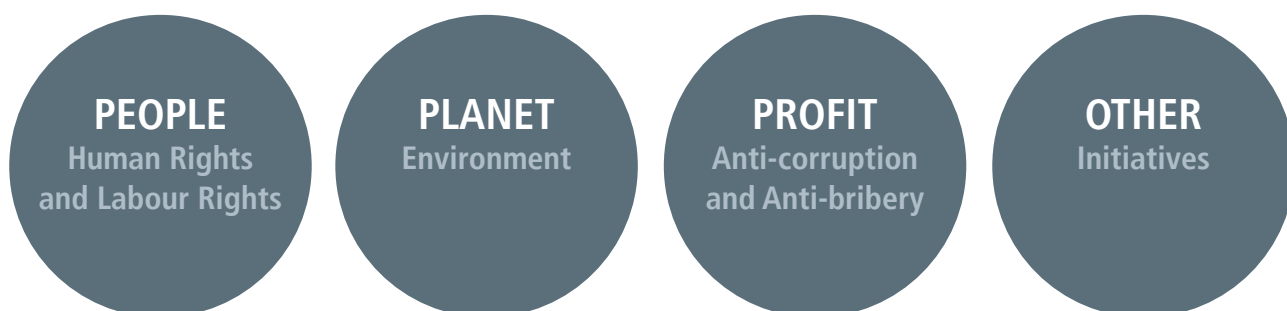
#### **Environment incl. PREPS**

#### **Safe Internet**

These five areas have been chosen based on their importance for sustaining Egmont's business and its long-term success.

Egmont's work with CSR in the operational part of the business is founded on compliance. This means that the work is guided by compliance with Egmont's Code of Conduct (CoC). The CoC sets requirements that both the Egmont business and external manufacturers must comply with. The UN Global Compact principles and Egmont's CoC are aligned and, as a consequence of Egmont's commitment to the UN Global Compact principles, Egmont seeks to sustain its commitment to each principle on an ongoing basis.

In the following chapters, Egmont's commitment to respecting human rights and labour rights, the approach to safeguarding the environment, and complying with anti-corruption and anti-bribery laws will be described. The last chapter of the report presents the initiatives that go beyond the UN Global Compact principles.



## 4. UN Global Compact Principles 1-6

### HUMAN RIGHTS AND LABOUR RIGHTS

<b>Principle 1</b>	Businesses should support and respect the protection of internationally proclaimed human rights
<b>Principle 2</b>	Make sure that they are not complicit in human rights abuses
<b>Principle 3</b>	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
<b>Principle 4</b>	The elimination of all forms of forced and compulsory labour
<b>Principle 5</b>	The effective abolition of child labour
<b>Principle 6</b>	The elimination of discrimination in respect of employment and occupation

Egmont is fully committed to respecting human rights and labour rights and Egmont's efforts are directed at both employees in Egmont and at manufacturers.

#### 4.1. Human Rights and Statement for the UK Modern Slavery Act

Egmont has commercial activities in the UK and an annual net turnover of more than GBP 36m and is thus obliged to prepare a statement for the UK Modern Slavery Act.

The respect for human rights and labour rights is embedded in the Egmont CoC as well as in applicable policies and Egmont does not accept any form of modern slavery in Egmont nor in the supply chain. Human rights and labour rights are very important components of the Egmont Social Compliance Programme and will continue to be so. Egmont has a strong focus on human rights and labour rights in its audit template and in the audit templates and standards Egmont accepts. Egmont continues to require social audits at first-tier/core manufacturers around the world and only accepts third party social audits that are on par with the Egmont Social Compliance Programme.

Egmont has procedures in place if it experiences or are made aware of instances of forced/bonded labour, slavery or human trafficking, and will engage immediately and take appropriate action. Egmont's risk analyses of modern slavery in the supply chain are based on several acknowledged, international tools and analyses, and Egmont seeks to evaluate these on an ongoing basis.



---

## 4.2. The Egmont Social Compliance Programme

### 4.2.1. Responsible Supply Chain Management

Since 2005, Egmont has established and implemented policies and programmes to support human and labour rights at third party, first-tier/core manufacturers via Egmont's Social Compliance Programme.<sup>2</sup> The programme has a dual focus on social compliance at manufacturing facilities and product safety and quality. The aim of the programme is to ensure that manufacturers comply with Egmont's CoC. Based on the CoC, the Egmont Social Compliance Programme states five zero tolerance issues that are not allowed at manufacturers:

**No child labour**

**No forced labour**

**No severe health and safety findings  
with the risk of losing life or limb**

**Compliance with legal, minimum salary  
(equivalent to pay per standard work hour)**

**No corruption and/or bribery**



### 4.2.2. Scope of the Social Compliance Programme

In 2015, the printers of Egmont's magazines and weeklies were added to the Social Compliance Programme, and in 2016 the scope has remained the same. The focus on manufacturers of physical products is chosen because Egmont can perform the most leverage on these manufacturers and engage in dialogue to develop manufacturers' understanding of the focus areas.

As at 31 December 2016, Egmont had a total of 483 active manufacturers in its supplier pool that is part of the Social Compliance Programme.

*2) Hereafter referred to as manufacturers.*

---

### 4.2.3. Country Risk Analysis

The manufacturers are located all over the world, and depending on the risk profiles Egmont works with different audit cycles. Egmont operates with three country risk profiles:

**Group 1 (high risk): maximum audit cycle of 12 months**

**Group 2 (medium risk): audit cycle ranging from 12-24 months**

**Group 3 (low risk): audits performed on an ad hoc basis**

Egmont tries to keep updated on the changing political, economic and social landscapes in the regions where Egmont operates, and adjust the country risk profiles accordingly.

The country risk parameters are based on several acknowledged tools and analyses and also take into account licensors' requirements. This is to ensure an aligned process for manufacturers working with Egmont. Consequently, Egmont has updated the country risk analysis this year and moved one country from Group 2 to Group 3.

### EGMONT'S SOCIAL COMPLIANCE PROGRAMME

- Mapping of manufacturers based on Egmont's risk evaluation
- Social auditing of manufacturers against the Egmont Code of Conduct or evaluation of third party audit reports, including human rights, labour rights, environment and anti-corruption
- Product safety and quality tests and assessments
- Ensuring compliance with licensor/retailer requirements on social compliance
- If required, remediation plans implemented at manufacturers

### 4.2.4. Audits

All manufacturers in Group 1 and Group 2 are required to undergo a pre-production audit or submit a valid social audit report prior to commencing production. Requiring a pre-production audit helps to assess the social compliance level at the manufacturer. Egmont acknowledges that audits are only a snapshot of the conditions at the manufacturer, and that audits have their limitations. However, audits remain the preferred tool to ensure social compliance for Egmont and its licensors. It is important to state that Egmont requires that the manufacturers also require their subcontractors to comply with Egmont's CoC.

In 2016, Egmont carried out 76 social audits at manufacturers based on the Egmont CoC and national legislation. In addition, Egmont also reviewed more than 173 audits based on templates and standards such as SA8000, BSCI, ICTI, SMETA/SEDEX and licensor audits, which are equivalent to Egmont's CoC. The number of audits differs from year to year and depends on the country risk profiles of the manufacturers, the size of the manufacturer pool, and findings from previous years' auditing, which is why fewer audits were reviewed in 2016 compared to 2015.

#### 4.2.5. Findings from Audits in Group 1 and Group 2

In 2016, Egmont's social compliance team evaluated more than 249 audit reports. From the two pie charts (Figure 1 and 2) the distribution of all findings across risk Group 1 and 2 are shown.<sup>3</sup>

In general, it was found that the prevailing findings occur in four main categories. The highest number of findings occurs in the category *Health and Safety*. This category has 32 subcategories and across the two risk groups the majority of findings are related to: Fire and evacuation drills, fire safety, use of personal protective equipment, goods storage, and machinery safety.

The second largest category is *Hours of Work*, which covers how many hours the workers work, rest days and the rest between shifts. Across the two risk groups the majority of findings in this category are related to hours of work and rest days.

The third and fourth largest categories are Compensation and Documentation. Compensation covers insufficient social insurance, paid leave and other legally required benefits, and across the two risk groups the majority of the findings are related to insufficient social insurance. Documentation covers time/wage records, pay slips, inconsistencies, and missing business licenses and across the two risk groups the majority of the findings are related to time/wage records and missing business licenses.

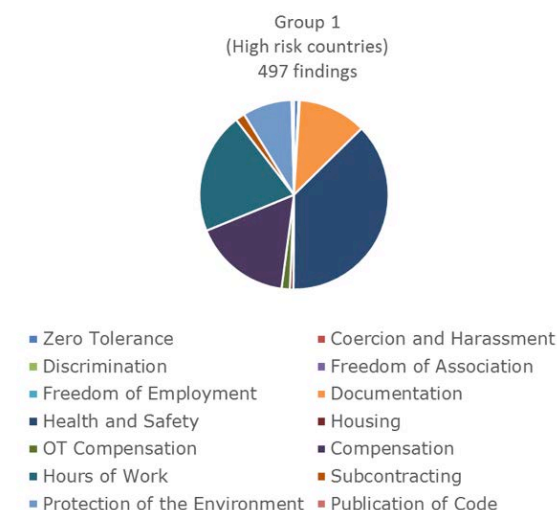


Figure 1

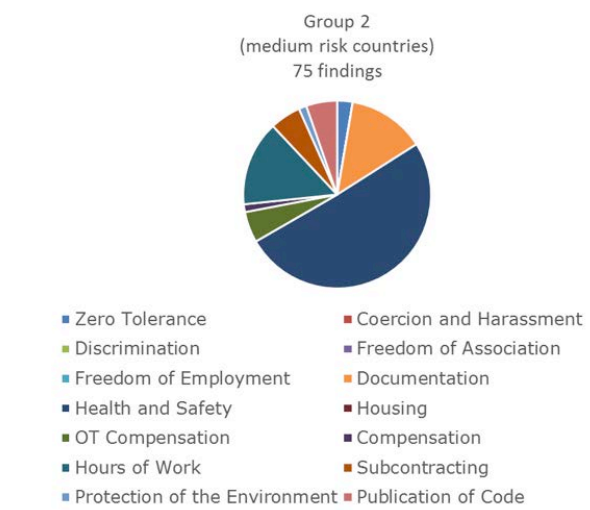


Figure 2

#### 4.2.6. Zero Tolerance Cases in 2016

As can be seen from the pie charts, Egmont has encountered some zero tolerance incidents in 2016. When a zero tolerance is found during an Egmont on-site audit or reported in an audit report, Egmont immediately engages with the facility to solve the issue(s). Following identification of the incident, the manufacturer is under surveillance and is required to document remediation and undergo follow-up audits prior to potentially (re-)commence production.

The audit results for the manufacturer pool shows that Egmont has experienced six violations of Egmont's zero tolerances in 2016:

- Four cases of not complying with national minimum wage (equivalent to pay per standard work hour)
- Two incidents of attempted bribes by suppliers

Two out of four of the non-compliances with national minimum salary were discovered during the introduction process for two new manufacturers to the Social Compliance Programme. The remaining two are related to repeat manufacturers. The two incidents of attempted bribery are presented in more detail in the chapter on anti-corruption and whistleblowing.

3) A finding generally constitutes a violation of national law

---

For each incident, Egmont engaged in dialogue with the manufacturer(s) to ensure that the issue(s) were remedied. In five of the cases Egmont experienced that the manufacturer complied with the demand(s). One case is still in process and will be concluded in 2017. In some cases a ban on production was put in place for a certain time period.

The ongoing focus with Egmont's Social Compliance Programme is to ensure transparency and reduce the number of suppliers to minimise risk – and this is done in close cooperation with the operating business. However, it is a delicate balance as the reduction in the number of manufacturers could lead to increased dependency on the part of the manufacturers and thereby potential improper influence of auditors.

### 4.3. Inspiration Letter

In an effort to improve social compliance at manufacturers, Egmont publishes inspiration letters on an ongoing basis. By tracking the findings from the social audits, Egmont gains an overview of the challenges the manufacturers face, and each inspiration letter has a theme that is related to recurring findings. In 2016, the inspiration letters have focused on Egmont's Social Compliance Programme in general as well as applicable licensor requirements, and health and safety. Each letter outlines Egmont's and its licensors' requirements and provides guidance on compliance. With this initiative, Egmont aims to make the manufacturers aware of the pitfalls and thereby reduce the number of non-compliances and consequently limit the need for follow-up audits.



#### 4.4. CASE PAGE – Partner Day in China

*For the third year in a row, Egmont held training for its key covermount manufacturers in China.*

The training took place in Shenzhen on September 12th 2016. The purpose was to ensure ongoing and sustainable compliance and, at the same time, present Egmont in more detail to this group of manufacturers and outline the common benefits, when working together as partners both within product innovation and compliance issues.

This year 46 representatives from 16 of Egmont's key partners joined and the overall agenda was as follows:

- **Update on the Egmont business**
- **Status of Egmont social compliance**
- **Disney ILS (International Labor Standards)**
- **Quality & Product Safety overview**
- **SGS**
- **Projects and sale**
- **Logistics**

The Egmont presentation on social compliance started out with a general status. During the existence (+10 years) of the Egmont Social Compliance Programme, Egmont has seen improved social compliance levels at the manufacturing facilities thanks to the attention paid to this area by Egmont's partners. However, there is still a need for sustainable solutions primarily within health and safety.

In addition to Egmont's own team doing presentations, representatives from Disney also participated. The representatives from Disney ILS (International Labor Standards) gave a presentation to ensure understanding of Disney's social compliance requirements. Having Disney present also presented the possibility of dialogue between Disney and the covermount manufacturers.

SGS, which is a key partner within product safety was also invited. SGS gave a presentation on the numerous legal requirements within product safety and invited the representatives from the covermount manufacturers to comment along the way.

Egmont also provided specific training on anti-corruption and anti-bribery - specifically Egmont's policy and approach in case of non-compliance, but Chinese legislation was included as well.

Egmont values the partner days because they provide an opportunity for capacity building, dialogue and training, while increasing awareness of compliance issues. The representatives from the manufacturers also show a high rate of satisfaction with the annual event, and Egmont aims to repeat the event in 2017.



#### Training day ratings:

Excellent  
**35%**

Very Good  
**41%**

Good  
**6%**

Satisfied  
**18%**

---

## 4.5. Product Safety

Egmont focuses on product safety on an ongoing basis to ensure that all Egmont products are safe to use. This is especially crucial for products aimed at children – such as books, toys (covermounts) and other products distributed together with our magazines.

Egmont is member of toy associations at both national and European level and is in dialogue with major test institutes and experts within toy safety standardisation. Similarly, Egmont is in frequent contact with national and European authorities. These elements make it possible to remain updated with the most recent developments within safety requirements and regulation.

Product safety assessment and testing is done for all toys and covermounts prior to production. The products will be amended if safety concerns are identified.

National authorities have approached Egmont in relation to 13 products as part of their market surveillance activities and Egmont has taken advice from authorities in one case. In all cases, Egmont has been able to provide the requested documentation, which in most cases resolved the issues. However, in two cases products have been listed in the European RAPEX notification system. Both cases were related to products first placed on the market in 2013, and both products were not compliant with limits on certain chemical substances. These cases have resulted in review and improvement of internal processes.

Egmont has voluntarily withdrawn two products from the market although they were in compliance with the safety requirements. One product was withdrawn because internal tests indicated a potential risk of breakage, which could lead to unsafe conditions for the users. The other product was withdrawn due to an incident where the product was used by a child outside the age group. These cases have led to improved test conditions or product redesign.

### 4.5.1. Inspections

To ensure quality and product safety, Egmont is highly dependent on its suppliers. In 2016, Egmont has conducted 898 quality and safety inspections on toys distributed together with its magazines. This is an increase compared to 2015 where 667 orders were inspected, because a concept where all orders are inspected was introduced in 2016. Supplier capabilities are monitored via technical assessments and continuous follow-up visits to the factories that manufacture covermounts.



#### 4.5.2. Stakeholder Contact

Egmont sources approx. 100 million covermounts a year. In 2016, 25 consumers have contacted Egmont with product safety queries related to 18 different covermounts. In relation to 14 of the covermounts Egmont was only contacted by one consumer per product. Within the Nordic and UK markets, Egmont has received one consumer query regarding safety aspects connected with books and activity products and six consumers have asked for information regarding ingrediencies in toys. All queries have been analysed and follow-up actions have been taken, including dialogue with our suppliers.

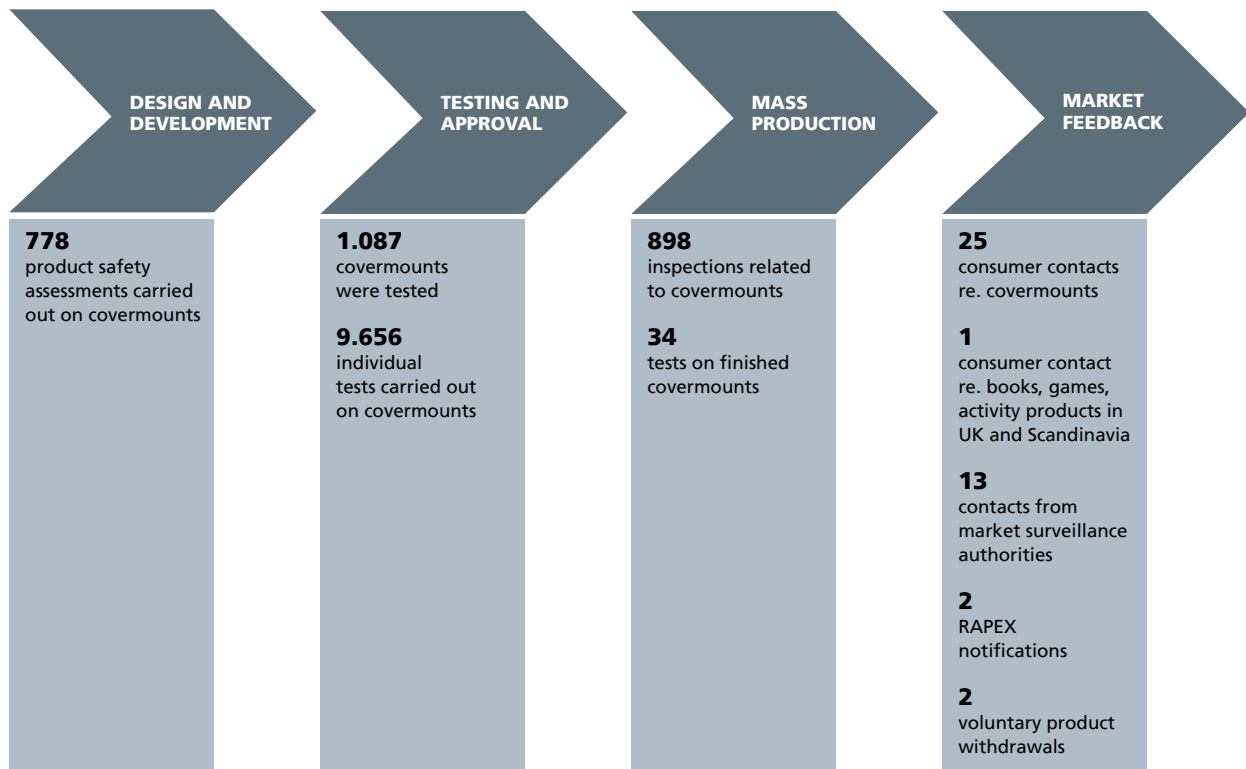


Figure 3

#### 4.6. Goals for 2017

In 2017, Egmont will continue to strengthen the Egmont Social Compliance Programme. The goal is to maintain the high standard of social compliance and engage in dialogue with key manufacturers. In 2017, Egmont will strive to meet these goals:

**Aim for no zero tolerance incidents in the existing supplier pool**

**Implement remediation visits at covermount facilities in China to aim for sustainable solutions to audit findings, specifically within health and safety**

**No serious product safety incidents, no non-compliance incidents or recalls due to safety aspects of products specifically aimed at children.**

---

#### 4.7. CSR priorities 2017-2020

Egmont's five CSR focus areas for 2013-2016 are still relevant to the business and long-term success. On that basis Egmont's CSR priorities for the period 2017-2020 will be:

##### **UN Global Compact – People, Planet and Profit**

##### **Egmont Social Compliance Programme – Product safety and quality and responsible supply chain management**

##### **Environment – Implementation of policy & setting of KPIs**

##### **Anti-corruption and anti-bribery**

In addition, Egmont will evaluate the relevance of the Sustainable Development Goals (SDGs) with the Egmont business and consider how Egmont can support the implementation of the global goals.



---

## 4.8. Egmont's Workforce - Selected Areas

Egmont launched a new strategy in 2016, Growing with the Modern Consumer, specifying the ambitions for growth and value creation towards 2020. A number of HR strategic priorities have been identified to support the execution of the overall strategy, and to ensure that Egmont continues to have an agile and fast-moving organisation with the right competencies and mindsets. A few of these priorities are briefly described below.

### 4.8.1. Excellent Leadership

Egmont's yearly engagement survey has, over the years, shown an increasing employee satisfaction with leaders, reflecting the fact that in 2016, 51% of the leaders in Egmont were segmented 'Sterling Managers' (vis-à-vis an external benchmark of 26%). Nevertheless, Egmont continues to ensure that its leaders – more than 600 in total - have the capabilities to work in the current and future disruptive environment of the Media and Entertainment industry.

#### 4.8.1.1. Capability Adjustment

Egmont's growth strategy entails a combination of continuously optimising and restructuring selected areas of our core businesses, and re-allocating these savings to build new capabilities within and as a supplement to the core businesses. During 2016, all divisions have continued to re-structure. In addition, expansion and capability building in new areas (through acquisitions and organic growth) has continued.



## 4.8.2. Gender Diversity

### 4.8.2.1. General Management Levels

In 2016, Egmont's workforce has not changed significantly. From an overall gender perspective Egmont's workforce continues to be fairly diverse, cf. Table 1.<sup>4</sup>

SHARE OF MALE AND FEMALE EMPLOYEES AND MANAGERS						
Unit	TOTAL			MANAGERS		
	Gender	count	% of gender	Gender	count	% of Gender
<b>Egmont</b>	<b>Male</b>	<b>1368</b>	<b>46%</b>	<b>Male</b>	<b>281</b>	<b>50%</b>
	<b>Female</b>	<b>1608</b>	<b>54%</b>	<b>Female</b>	<b>296</b>	<b>50%</b>
Egmont Publishing	Male	498	35%	Male	125	40%
Egmont Publishing	Female	906	65%	Female	184	60%
Egmont International Holding A/S	Male	65	57%	Male	7	44%
Egmont International Holding A/S	Female	50	43%	Female	9	56%
Lindhardt og Ringhof Forlag A/S	Male	61	32%	Male	12	50%
Lindhardt og Ringhof Forlag A/S	Female	132	68%	Female	12	50%
Nordisk Film	Male	297	55%	Male	80	61%
Nordisk Film	Female	237	45%	Female	51	39%
TV 2 Norge	Male	448	61%	Male	52	67%
TV 2 Norge	Female	282	39%	Female	26	33%

Table 1

The gender split of the workforce is close to balance with 46%/54% (male/female – total workforce), and 50%/50% (male/female – manager population). From a gender diversity perspective, these numbers are very satisfactory, with an equal split of male and female managers.

There are variations across divisions and these are believed to be fairly reflective of the available talent pool.

Egmont aims at being an attractive workplace for both female and male managers where both genders find that they have equal and fair opportunities for promotions, and where their competencies can be used the best way possible irrespective of gender.

#### EGMONT'S POLICY ON GENDER COMPOSITION IN MANAGEMENT

- Egmont does not discriminate based on gender, age and handicap, ethnic or religious background
- Egmont wants to always employ the best-qualified person, irrespective of gender
- Egmont aims to have a diverse set of competencies. Diversity is not a matter of gender only but can also include educational background, functional experience, age, cultural background, etc.
- When recruiting or promoting people Egmont demands that both male and female candidates are identified.

<sup>4</sup>) The data is generated from Egmont's yearly engagement survey 2016, which had a response rate of 89%. The data covers permanent employees in Egmont controlled companies and joint ventures.

## 4.9 The Board of Trustees / Supervisory Boards

The Board of Trustees believes that its members should be chosen for their overall competencies but also recognises the benefits of a diverse Board in terms of experience, cultural and educational background and gender. The Board of Trustees has on that basis set the following target for the underrepresented gender on the Board:

- **According to the Charter of the Egmont Foundation, election to the Board of Trustees takes place when a member's election period expires.**
- **Egmont uses external help to identify candidates to the Board of Trustees of the Egmont Foundation. Both male and female candidates are identified and evaluated against specific qualification criteria.**
- **Based on an optimal candidate competence fit, Egmont aims to have one female member elected to the Board of Trustees no later than 2018.**

The members of the Board of Trustees of the Egmont Foundation elected on the basis of the Charter are currently all men, and the target has therefore not yet been met. During 2016, the Board of Trustees has not elected any new members on the basis of the Charter. The Board of Trustees of the Egmont Foundation is elected for up to three ordinary periods of four years and may be elected for up to two further periods of two years.

The target for the underrepresented gender on the board applies to all Egmont's Danish companies that are required under Danish law to set such target. The companies are: Egmont International Holding A/S, Egmont Publishing A/S, Egmont Printing Service A/S, Lindhardt and Ringhof Forlag A/S, Nordisk Film A/S, Nordisk Film Distribution A/S, Nordisk Film Biografer A/S and GoGift.com A/S. All these companies, except Egmont International Holding A/S, Nordisk Film Biografer A/S, and Egmont Printing Service A/S have equal representation on the Supervisory Board, as one out of three board members elected by the general meeting is a woman. In Egmont International Holding A/S, which has a Board that consists of the same members as the Egmont Foundation, the target has not been met and no new members were elected to the Board in 2016. In Nordisk Film Biografer A/S, all three board members elected by the general meeting are men and therefore the target is not currently met. Finally, in Egmont Printing Service A/S, all four board members are men and therefore the target is not currently met.

	TARGET MET	EQUAL REPRESENTATION
<b>Egmont International Holding A/S</b>	<b>X</b>	<b>X</b>
<b>Egmont Publishing A/S</b>	<b>✓</b>	<b>✓</b>
<b>Lindhardt og Ringhof Forlag A/S</b>	<b>✓</b>	<b>✓</b>
<b>Nordisk Film A/S</b>	<b>✓</b>	<b>✓</b>
<b>Nordisk Film Distribution A/S</b>	<b>✓</b>	<b>✓</b>
<b>Nordisk Film Biografer A/S</b>	<b>X</b>	<b>X</b>
<b>GoGift.com A/S</b>	<b>✓</b>	<b>✓</b>
<b>Egmont Printing Service A/S</b>	<b>X</b>	<b>X</b>

Table 2

## 5. UN Global Compact Principles 7-9:

### ENVIRONMENT

<b>Principle 7</b>	Businesses should support a precautionary approach to environmental challenges
<b>Principle 8</b>	Undertake initiatives to promote greater environmental responsibility
<b>Principle 9</b>	Encourage the development and diffusion of environmentally friendly technologies

Pursuant to article 99a in the Danish Financial Statements Act, Egmont describes the efforts to reduce its impact on the environment and climate.

### 5.1. Environmental Policy

At the end of 2016, Egmont's Environmental Policy was approved by Group Management. Egmont's geographical reach and business activities are widespread and highly diversified. Due to the diverse nature of the Group, each division faces different environmental challenges. The focus areas of the policy have been decided together with representatives from each of the business divisions, and have been chosen based on their relevance for the Group:

- **Energy Consumption**
- **Packaging**
- **Waste Management**
- **Chemicals**
- **Sourcing of Paper**

Due to the decentralised nature of Egmont's business, each division is responsible for choosing the areas where they have the largest impact and/or where the division can contribute positively. Egmont will commence the work to disseminate and implement the policy in the business in 2017. The policy can be found in its full length [here](#).

### 5.2. Climate Impact: Energy Consumption

In 2016, Egmont engaged in the preliminaries to start the work with evaluating its impact on the climate from its Danish office facilities and cinemas. 2016 is the first year Egmont engages in collective efforts and Egmont will begin with reporting on electricity consumption and emissions of CO<sub>2</sub>. Egmont is not able to present a full dataset for 2016 due to the lease setup.

	Nordisk Film Cinemas		Gutenberghus		Nordisk Film Valby	
	2016	2015	2016	2015	2016	2015
KwH consumption in total	<b>7,991,427</b>	<b>6,737,539</b>	<b>3,651,068</b>	<b>3,634,114</b>	<b>1,362,062</b>	<b>1,343,575</b>
Increase in electricity consumption	<b>+18,6%</b>		<b>+0,5 %</b>		<b>+1,4 %</b>	
Ton CO <sub>2</sub> in total	<b>1,534</b>	<b>1,940</b>	<b>701</b>	<b>1,047</b>	<b>262</b>	<b>387</b>

Table 3

---

Overall, Egmont has seen an increase of 11 % in electricity consumption in 2016.<sup>5</sup>

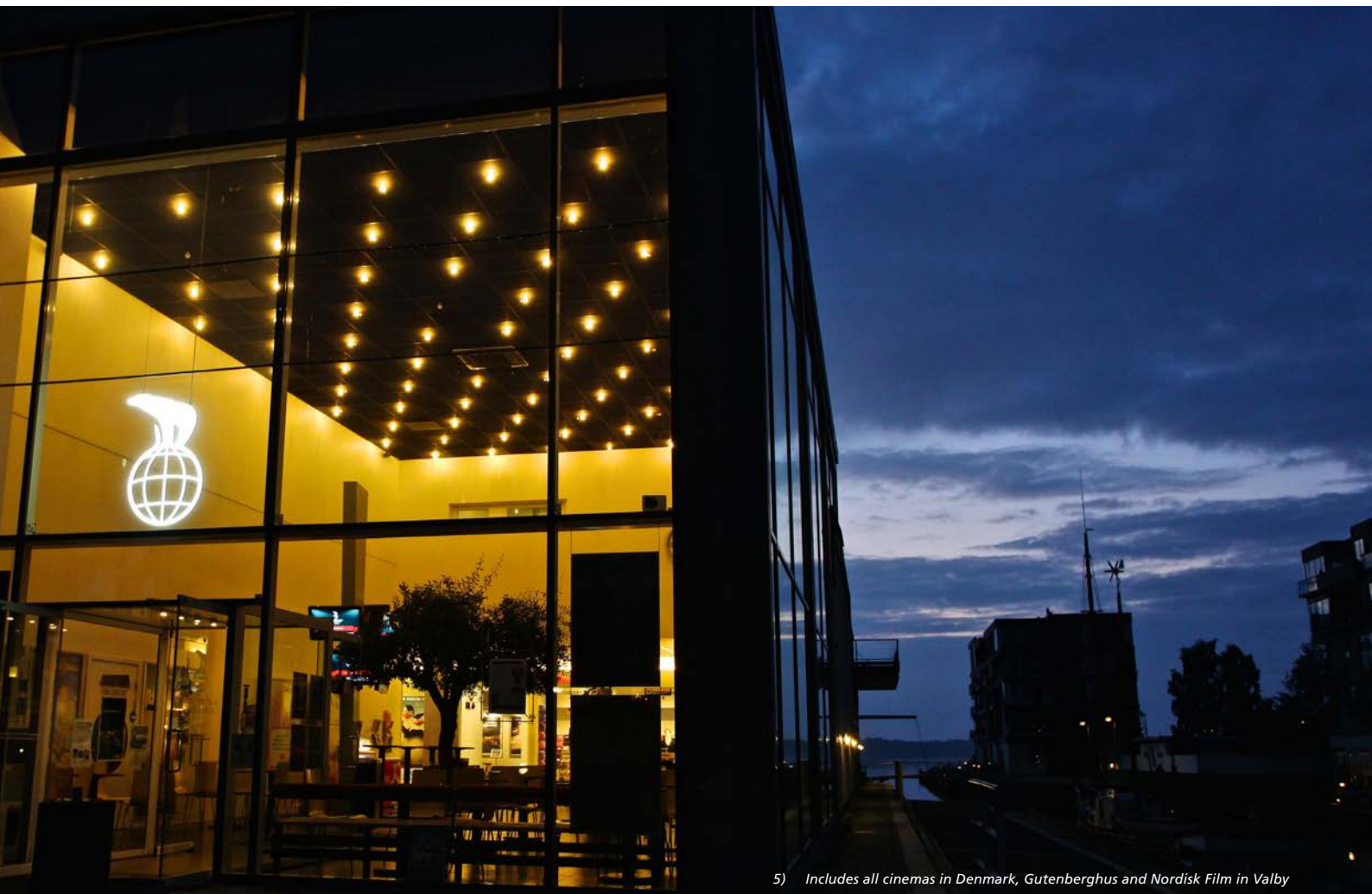
At Gutenberghus, light sources in the basement parking and the stairways have been replaced with LED lighting, and this has led to a substantial saving in terms of electricity consumption. Due to this saving, electricity consumption at Gutenberghus remains stable even though an additional section of the building of 4,200m<sup>2</sup> has been subleased to new tenants in 2016.

Nordisk Film Cinemas shows an 18,6 % increase in electricity consumption from 2015 to 2016, which is mainly due to the introduction of three new cinemas. In addition, the operation of the cinemas involves more monitors as well as access points for the cinema games, which have an impact on the energy consumption. To control energy consumption more efficiently CTS is installed in every cinema and supports the reduction of energy in general.

The numbers in Table 3 will serve as the baseline for Egmont's future reporting on this matter.

### 5.2.1. Decrease in CO<sub>2</sub> Emissions

Despite the increase in electricity consumption, Egmont has seen a reduction in CO<sub>2</sub> emissions in 2016 compared to 2015. The decrease is a result of the available electricity in the national grid, where an increasing amount of electricity has been supplied by wind power, solar cells, and hydropower. Based on available information on green energy from Egmont's energy distributor, all things being equal, Egmont expects to see a reduction in CO<sub>2</sub> emissions again in 2017.



5) Includes all cinemas in Denmark, Gutenberghus and Nordisk Film in Valby

### 5.3. CASE PAGE: Environmental Initiatives

*In 2016, several environmental initiatives across the Group have been taken.*

## Sustainable Packing Materials in Sweden

The publishing business in Malmö, Sweden, has in the past year launched a couple of projects that aim at using packaging that lives up to the FSC standard. As a result, Egmont Publishing Malmö has produced wooden colour pencils of FSC certified wood and the packaging is FSC certified as well.

In addition, a test project of minimising packaging materials has also been launched, and Egmont will follow-up on the results in 2017.



## Green Roof at Corporate Headquarters

In 2016, at the corporate headquarters an additional green roof has been installed. The green roofs can absorb up to 50% of the rain water and consequently support the sewers during cloudbursts.

## Egmont Publishing – Waste Project

In the COP report from 2015 a project on waste management was briefly introduced. The project was part of an overall strategy process, where the results were to be realised in 2016.

In 2016, subsidiaries in the following countries have taken part in the project: Sweden, Germany, UK, Poland, and Norway. The initial idea behind the project was to save money, but a positive side effect has been that the number of magazine and covermount returns has been minimised both by producing fewer magazines and by reusing the leftover covermounts.

The five countries that took part in the project accounted for 62 million printed magazines in 2016, and through the project they managed to reduce the number of printed magazines by 5.5 million magazines in 2016. In addition, the bundling of printed magazines that can be reused as part of new products has brought down the number of copies being scrapped and wasted. Overall the project led to a reduction in the percentage of returns. The return and savings project will continue in 2017 as well, and the ambition is to achieve a similar impact as in 2016.



## 6. UN Global Compact Principle 10:

### ANTI-CORRUPTION

**Principle 10** Businesses should work against corruption in all its forms, including extortion and bribery

#### 6.1. Anti-corruption and Whistleblowing

In 2016, one report was made into Egmont's whistleblowing system. The report was made by an external association that complained about Egmont's Funding and Grant Administration and the way it had organised a seminar for stakeholders on one of its focus areas. The case was thoroughly investigated internally, and it was concluded that the Funding and Grant Administration had acted in full compliance with relevant law and Egmont's CoC.

Egmont continues to run an online e-learning programme on anti-corruption, which is mandatory for all new employees and Egmont also conducts additional targeted training for certain employees on the basis of a risk assessment.

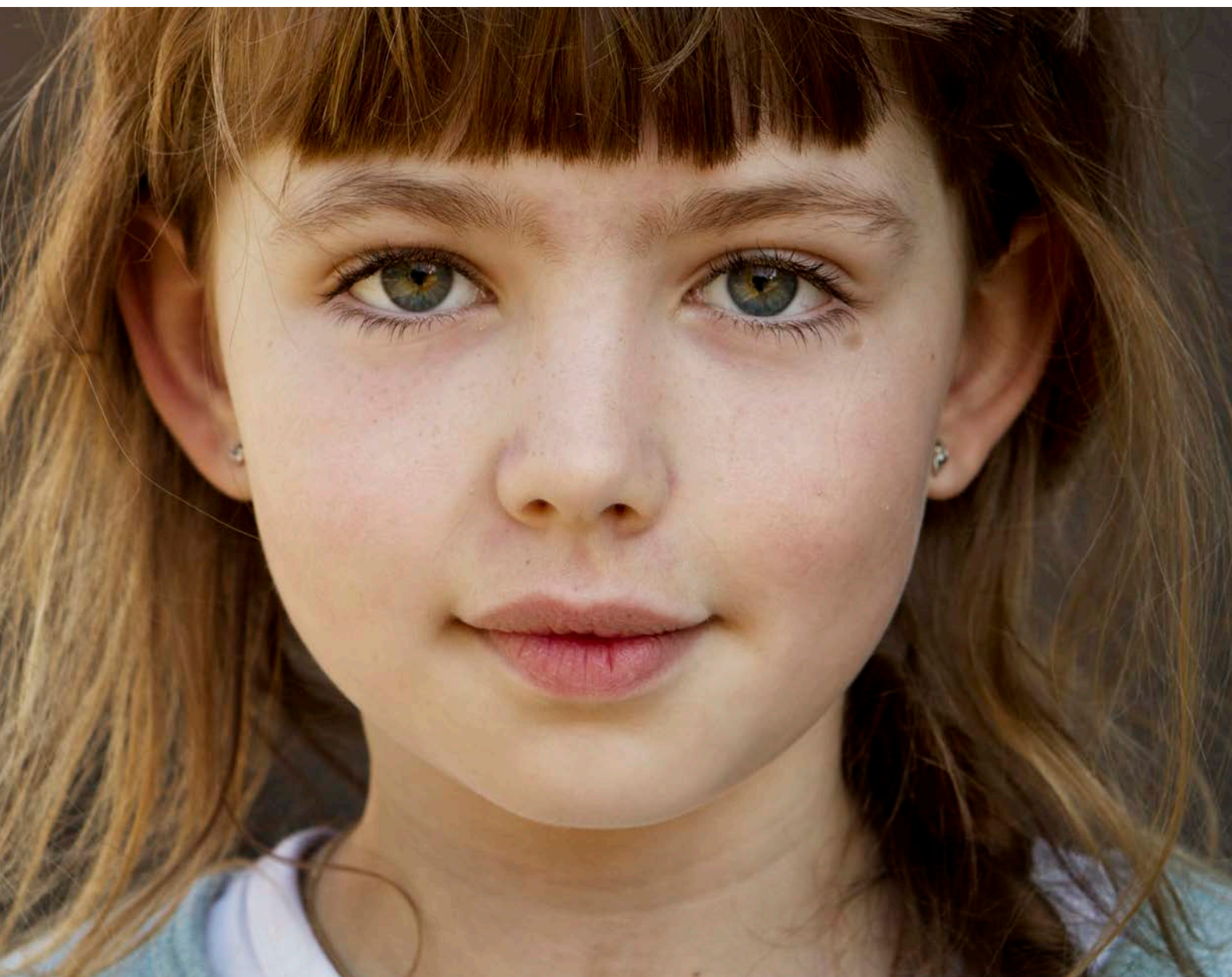
During 2016, Egmont experienced two zero tolerance incidents where Chinese manufacturers producing for Egmont attempted to improperly influence external auditors, who conducted on site compliance audits, by offering money to the auditors. These incidents were immediately reported to Egmont by the auditor in the first case and via a third party licensor in the second.

Egmont has in both cases carried out risk assessments and in each case decided to ban further orders from the facilities in question for a minimum of three months. Any reinstatement of the facility will be subject to the facility complying with an individual action plan and undertaking a new compliance audit with no serious findings. The main third party licensors whose branded products were produced at the facilities were in both cases informed and have agreed with Egmont's approach, one licensor however placing a 12 months' ban on new orders on the basis of their internal guidelines. Egmont works on a continuous basis to assess if any further action needs to be taken to mitigate the risk of corruption in this area.



## 7. Other

---



### 7.1. The Egmont Foundation – Charitable Activities

*The Egmont Foundation works to fight “modern poverty” – i.e. today many young people leave lower secondary school without being able to master reading, writing or math. We do this by focusing on targeted efforts to support the learning and life skills of children and young people in need, thereby reducing the impact of negative social inheritance.*

The majority of donations are made in Denmark. However, support is also provided in Norway in areas where the Egmont Foundation is able to create synergy between activities in the two countries.

In 2016, the Egmont Foundation donated EUR 12m for initiatives aimed at vulnerable children and young people.

## HIGHLIGHTS 2016

### EARLY INTERVENTION

In 2016, the Egmont Foundation, in cooperation with the Danish think tank "DEA", launched the initiative "Småbørnsalliancen" (The Danish Alliance on Support for Young Children), which brings together key players working with the age group 0-6. A lot of research shows that early intervention is necessary, if we wish to break the negative social inheritance. And we are not good enough at achieving that today. The goal with the alliance is to create a strong and ambitious community, which can contribute to new knowledge and solutions and thereby ensure that we, in Denmark, become better at supporting the learning and life skills of young children.

### DIVORCE

In 2014, the Egmont Foundation established a partnership with "Børns Vilkår" (Children's Welfare), which works to improve the well-being of children affected by divorce. In 2016, the partnership and the launch of the report "My parents are getting a divorce. As far as I understand." and the campaign "#skiltmedbørn" (#divorcedwithchildren) created great public attention and debate on how to help the child when the parents are divorcing. The partnership's efforts meant, among other things, that the political parties supporting the so-called "rate adjustment pool agreement", which is used to support e.g. social initiatives, this year agreed to grant funds to ensure that children affected by high-conflict divorce can get their own "attorney" in the form of an independent "child advocate" – an initiative which the Danish State Administration, "Børns Vilkår (Children's Welfare) and the Egmont Foundation have tested during the past two years.

### PARTNERSHIP WITH "KRONSPRINSPARETS FOND" IN NORWAY

In 2016, the Egmont Foundation formed a partnership with "Kronprinsparets Fond" (The Crown Prince and Crown Princess' Foundation) in Norway. The goal of the partnership is to increase the well-being and learning of young people in Norway by motivating and helping more young people to complete an upper secondary education. One of the initiatives supported by the Egmont Foundation through the partnership is called "UngInvest", and it is an alternative offer targeted at young people aged 16-19 who drop out of traditional schools. With a more practical and down-to-earth approach, "UngInvest" is able to motivate up to 80% of their students to return to the education system. The partnership will also help disseminate good methodology and ideas across national borders, and work to ensure that more people will be inspired to take action. The agreement runs for four years with a total funding framework of EUR 1.36m. participation; skills – for children the skills to participate, for adults the skills to ensure participation and channels to support participation. Furthermore, the Foundation will exclusively support initiatives that take into account the participation of vulnerable children and young people and always ensure participation of children and young people in the Foundation's own initiatives.



## HIGHLIGHTS 2016

### REFUGEE ACTION PLAN

In 2016, the Egmont Foundation allocated DKK 30m for a special initiative over the next two years targeted at newly arrived refugee children. The funds will be used for efforts and initiatives to ensure that the children get the best possible start in life in Denmark and Norway. With this initiative the Egmont Foundation wishes to take on part of the responsibility for finding solutions to a number of the key problems that refugee children experience. At the same time the Foundation wishes to promote broad cooperation across sectors, academic disciplines and public administrative bodies to ensure the best possible efforts for and with the newly arrived refugee children. The Foundation supports initiatives both in Denmark and in Norway.



### A HELPING HAND

In 2016, the Egmont Foundation distributed approx. EUR 1.38m to children who are vulnerable in relation to economic, social or health issues. The grants were distributed through five partners: the Danish Red Cross, Mødrehjælpen (The National Association for the Unmarried Mother and Her Child), Landsorganisationen af kvindekrisecentre (National Organisation of Women's Shelters in Denmark), Børnehjælpsdagen (The Children's Aid Foundation) and Norske Kvinners Sanitetsforening (Norwegian Women's Sanitary Association). The grants from the Egmont Foundation not only cover the families' urgent needs, but are followed by development aid such as counselling or network groups.

---

## 7.2. Safe Internet

In 2016, Egmont created a special digital guide on online safety. This digital special issue was created in conjunction with “Børneulykkesfonden” (Child Accident Prevention Foundation of Denmark) and reproduced Donald Duck, under a license from Disney, to appeal to the intended audience. The guide was presented as part of the stories, riddles and assignments included in the existing Donald Duck magazine which is published by Egmont. It was tailored for parents and children to discuss online safety specifically. For example, it enabled families to discuss issues such as who is able to view the pictures you post online? What is proper online behaviour? Can you trust that people are who they say they are? All these subjects, as well as additional assignments developed by Educas, can be solved by the children online.<sup>6</sup>

Egmont chose to do a special issue about Donald Duck and online safety because we want to take part in educating children about online safety. Egmont knows that Donald Duck is a popular character amongst parents and children, and instead of presenting scare stories, Egmont thinks it is much more fun and engaging when it is Donald Duck, who guides us when identifying good and bad online behaviour and etiquette.



6) Online portal where school teachers can find digital materials for the use of teaching

# EGMONT

*We bring stories to life*

**Egmont International Holding A/S**

Vognmagergade 11  
DK-1148 Copenhagen K  
Denmark  
Tel +45 33 30 55 50



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

*For more information on Egmont and our performance, please visit [www.egmont.com](http://www.egmont.com).*

*Questions or comments related to this report, please contact Social Compliance Director Charlotte Damgaard at [damgaard@egmont.com](mailto:damgaard@egmont.com)*

Photos: Martin Bubandt, Anne Prytz Schaldemose, KK Li, and Jan Lau