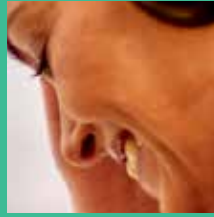


CSR Report

Communication on Progress / 2018



EGMONT

We bring stories to life

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Statement from CEO



In Egmont we believe that responsible behaviour and sustainable business practices are essential for being a strong and trusted media group. Our social engagement dates back to 1878 when Egmont was established. It is part of the company DNA and we continuously strive to explore and refine our commitment to be a responsible company that acts with integrity wherever we operate.

During 2018, Egmont has continued working towards setting standards of excellence to ensure that our DNA is reflected in the behaviour of our employees, business partners and suppliers across all divisions. We recognise that there is a growing demand for corporate responsibility and transparency and a heightened attention to environmental and social issues amongst the modern consumers and we believe that a prerequisite for maintaining our social license to operate is anchored in sustainable development and mitigation of potential negative impacts from our company operations.

Egmont has been a signatory to the UN Global Compact since 2013 and we use it as a formal framework for our Corporate Social Responsibility (CSR) initiatives and operations. The present report is the sixth of its kind. Egmont is fully committed to respect human rights and labour rights as set forth in the UN Guiding Principles, and our efforts are directed at both employees in Egmont and at our business partners and suppliers.

This report includes Egmont's mandatory CSR reporting 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

+30
countries



Egmont at a Glance

Egmont is a leading media group in the Nordics. It was founded in 1878 and is a commercial foundation. The strategy “Grow with the Modern Consumer” entails investments in digital growth and new tech-based businesses while applying technology to strong storytelling. The annual profit is invested in business development and in the charitable activities to support vulnerable children and young people as well as donations for film talents through Nordisk Film Fonden. Concurrently, Egmont is continuously evaluating the possibilities to improve and optimise sustainability within its commercial activities.

1.6bn
EUR revenue

Egmont

Commercial activities



Egmont Publishing



Nordisk Film



TV 2



Books



Funding and Grant
Administration

Charitable activities

CSR Highlights



The Sustainable Development Goals

Egmont has identified goal 4, 8 and 12 as its focus areas. Each goal has been identified based on the potential negative impact and the best opportunities that the Egmont Group may have to positively impact the goal.

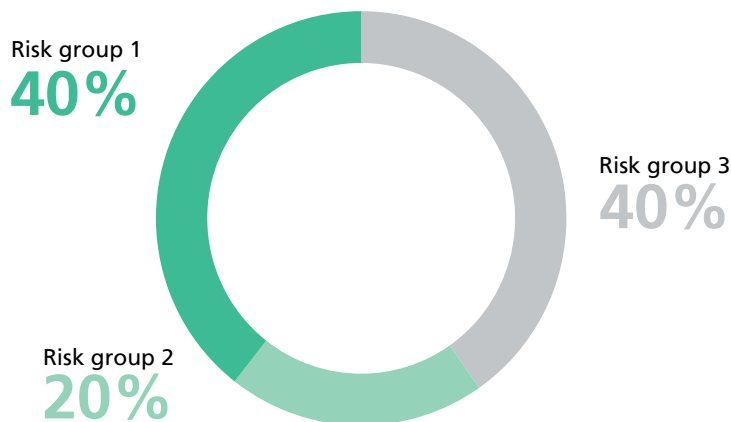
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product safety inspections

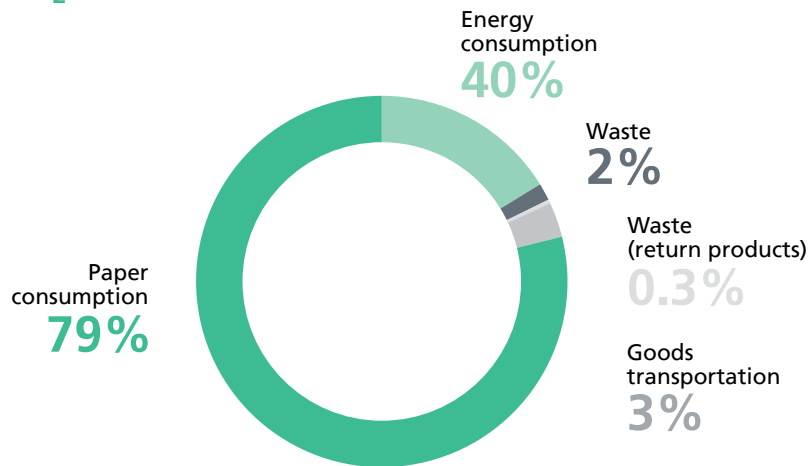
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zero tolerance incidents

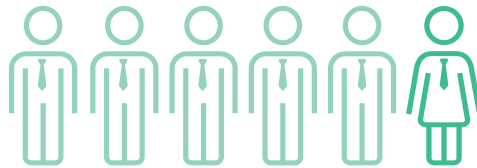
Active Manufacturers by Country Risk Group



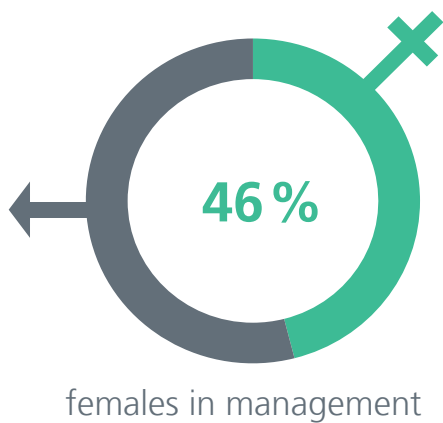
Egmont's CO₂ Emission by Category



At least 1 female board member by 2020*



*Elected by the annual meeting



12.8m EUR
for charitable activities



How Egmont Works with CSR

Egmont has worked with CSR for more than 100 years. In the commercial activities, Egmont's work with CSR was originally founded on compliance. The work is now guided by the key principles set out in Egmont's Code of Conduct (CoC) for all Egmont entities, suppliers and business partners. Egmont developed the responsible supply chain scheme "Egmont Social Compliance Programme" for suppliers and business partners in 2005 and committed to the UN Global Compact in 2013. The UN Global Compact principles and Egmont's CoC are aligned and Egmont continues to sustain its commitment to each element of the UN Guiding Principles on an ongoing basis. The CoC in its full length can be found at [Egmont.com](https://www.egmont.com).

In 2018, Egmont further initiated a range of new CSR efforts as described in the following.

Goals for 2019

- **Launch of the Egmont Business Ethics Policy**
- **Develop and launch training**
- **All relevant employees trained by end of 2019**

The Egmont Business Ethics Policy

In addition to Egmont's CoC primarily targeted at suppliers and business partners, Egmont is soon launching a new Business Ethics Policy (the "BE Policy") for employees across the Egmont Group divisions. This BE Policy sets out the minimum standards and ethical principles that apply to all employees and it is tailor-made to reflect the dilemmas and concerns that Egmont's employees may face during their daily business. The BE Policy includes a wide range of topics such as anti-bribery, conflict of interests, fraud, human rights, work environment and environment as well as special topics applicable to a media group such as marketing law, anti-piracy, data protection and social media. All employees will be trained regularly in the BE Policy. This training will replace the current training on anti-bribery and corruption.

The Sustainable Development Goals (SDG)

Egmont has identified goal 4, 8 and 12 as its focus areas. Each goal has been identified based on the potential negative impact and the best opportunities that the Egmont Group may have to positively impact the goal.

Goal 4, in particular target 4.6 “universal literacy and numeracy”, has strings into most of the divisions, but primarily relates to Publishing and Books, especially the educational books.

Furthermore, Egmont Fonden has for its charitable activities defined a strategic goal that by 2030 all young Danish people are able to complete an upper secondary education.

Goal 8 is tied to Egmont’s responsible supply chain programme, which is – for the time being – closely linked to Publishing and Books. Specifically target 8.7 and 8.8 “end modern slavery, trafficking and child labour” and “protect labour rights and promote safe working environment” are the cornerstones of Egmont’s CoC and the Social Compliance Programme.

Recently, Egmont has started working with goal 12, primarily focusing on target 12.2 and 12.5 “Sustainable management and use of natural resources” and “Substantially reduce waste generation”. These targets have been identified as the biggest risks for negative impacts by Egmont’s current business conduct. In 2019, Egmont will work with the relevant divisions to identify potential mitigating actions in order to balance its environmental footprints within these areas.

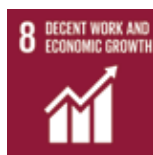
In 2018, Egmont joined a two-year project with the Confederation of Danish Industry on how to successfully push the SDG agenda. In 2019,

Egmont will continue to work with the relevant divisions in order to identify potential waste reduction projects with special focus on plastic.

The new initiatives will along with Egmont’s other CSR priorities shape the work with CSR for the coming years.

CSR Priorities 2019-2021

- **UN Global Compact**
- **Egmont Social Compliance Programme**
- **Environment – implementation of policy & setting of KPI’s**
- **In-depth work to support SDG 12**
- **Implementation of the new Egmont Business Ethics Policy for employees and development of new training**







People

- Egmont's Workforce
- Gender Balance
- Supervisory Boards
- Anti-corruption and Whistleblowing
- Social Compliance Programme
- Product Safety and Quality
- Egmont UK - Case



Egmont's Workforce

Egmont cares about the well-being of its people – short and longterm. Egmont believes that a good life at work for its employees is realised through a combination of a meaningful job, a great purpose, great co-operation with colleagues and opportunities to develop professionally.

People are the most important asset in Egmont and it is one of Egmont's strategic priorities to be people-driven. In an industry where the speed of change in technology and consumer behaviour is a precondition, Egmont needs to have the right competencies to stay relevant, and a culture where development and innovation is paramount.

Thus, Egmont wants to strengthen the learning culture across divisions, to eliminate the risk of a workforce gradually losing its ability to stay relevant in respect to external demands. This is done through a mix of professional skills development, acquisition of new competencies, and new ways of working.

Leadership Development and Employee Engagement

Egmont's leaders are vital to the well-being and development of its people and it is crucial for Egmont's continued success that its leaders understand how to guide their employees in the rapid changes in business models. Therefore, Egmont continues to invest in leadership training, which aims at unfolding Egmont's strategy in a set of key leadership principles. By the end of 2018, approx. 160 leaders have completed the 'Committed to Lead' programme, with an average satisfaction score of 4.4 (5-point scale). This corresponds to approx. 30% of the total leadership population, and the rate of completion increases with the pipeline of other leaders lined up for the programmes in 2019. Further, the leadership programme will be extended to encompass informal leaders, i.e. functional specialists who are expected to impact a wider population of employees, although they do not have formal responsibility for direct reports.

In addition to the leadership development, Egmont expects its leaders to focus and take action on the engagement of people in their teams. Egmont therefore conducts engagement surveys twice a year. Engagement is essential for short-term business performance and customer satisfaction, and for the longer-term sustainability of the company. Egmont's engagement remains at a high level, both in terms of the participation rate in surveys (86%) and the overall engagement level (7.6 on a 10-point scale), according to the latest survey as of November 2018.

Flexible Workforce

In 2018, Egmont has continued to adjust its workforce through a number of different approaches: Recruitment of new skills, acquisition of new companies and restructuring of businesses that are under market pressure. As for new competencies, Egmont continues to increase the number of digitally native employees, either through talent acquisition or through investments in new companies. In addition, Egmont is upskilling its current workforce in a selected few, critical skills areas (e.g. data analytics).



Gender Balance

Policy

- **Egmont does not discriminate based on gender, age, 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**

According to the Danish Business Authority, a 40/60 split is considered equal balance between genders. This makes Egmont aligned with the standards as Egmont's total workforce consists of 52% females and 48% males. The same goes for the total management pool with a gender split of 46% females and 54% males.

The table below shows variations across divisions, which 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 their competencies can be used the best way possible irrespective of gender and where both genders find that they have equal and fair opportunities for promotions.

Unit	Total workforce			Managers		
	Gender	Count	%	Gender	Count	%
Egmont total ¹	Female	1693	52	Female	307	46
	Male	1589	48	Male	360	54
Egmont International Holding	Female	66	47	Female	10	53
	Male	74	53	Male	9	47
Egmont Publishing	Female	767	64	Female	161	59
	Male	429	36	Male	114	41
Books	Female	149	68	Female	21	52
	Male	69	32	Male	19	48
Nordisk Film	Female	289	46	Female	60	36
	Male	333	54	Male	106	64
TV 2	Female	242	36	Female	35	36
	Male	428	64	Male	62	64
Joint Ventures*	Female	180	41	Female	20	29
	Male	256	59	Male	50	72

1) Number of employees included in the Egmont People Survey as of November 2018, representing 80% of the group's total work staff, paid by the month.

* Joint Ventures includes: Dogan Egmont, Outnorth, Fjellsport, Vimond, Sempro, Bageren och Kocken and Egmont Kustannus.



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.

Target

Egmont aims to have at least one female board member appointed by the annual meeting no later than 2020

According to the Charter of the Egmont Foundation, appointment to the Board of Trustees takes place when a member's appointment period expires and board members are appointed for a period of four years.



Egmont uses external help to identify candidates to the Board of Trustees of the Egmont Foundation. Both male and female candidates must be identified.

During 2018, the Board of Trustees has not appointed any new members. It had an aim to appoint one female member to the board no later than 2018 but that goal has not been accomplished. The Board of Trustees of the Egmont Foundation is appointed for up to three ordinary periods of four years and may be appointed for up to two further periods of two years. The Board believes that it is possible to identify the right female candidates for the Board. On that basis the Board has decided to continue to have a target of at least one female candidate appointed to the Board no later than 2020.



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 Fonden, 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 and Egmont Printing Service A/S now 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 Fonden, the target has not been met and no new members were elected in 2018. In Nordisk Film Biografer A/S the target was not met in 2018 but a woman was elected to the board in January 2019 which means that the target is now met. Finally, in Egmont Printing Service A/S, the target was not met in 2018 but a woman has been elected to the board in January 2019 and the target is therefore met now.

			Target met
Egmont Fonden / Egmont International Holding A/S	6	0	✗
Egmont Publishing A/S	2	1	✓
Lindhardt and Ringhof Forlag A/S	2	1	✓
Nordisk Film A/S	2	1	✓
Nordisk Film Distribution A/S	2	1	✓
Nordisk Film Biografer A/S	2	1*	✓
GoGift.com A/S	2	1	✓
Egmont Printing Service A/S	3	1*	✓

* Changes to the board were made in January 2019

Anti-corruption and Whistleblowing

Egmont continues to assess its risks in relation to corruption in the business areas and countries where it operates, and in relation to new partners. Egmont regularly reconsiders its corruption evaluation and continues to conclude that the overall risk of corruption in Egmont is low.

Egmont has a clear policy on anti-corruption. It does not tolerate any use of corruption, bribery or facilitation payments and it conducts its business without the use of any of these. Egmont also has a whistleblowing policy, which can be accessed online at [Egmont.com](https://www.egmont.com).

Actions

Egmont works with all its relevant business partners to ensure that they sign up to Egmont's CoC of Conduct (or has its own code with equivalent standards) that clearly states that no use of corruption, bribery or facilitation payments takes place or is tolerated. Egmont carries out audits and due diligence on the basis of the risk assessment made and it continues to work with manufacturers or other partners in countries with perceived high risk of corruption to ensure in particular that no manufacturers attempt to improperly influence the outcome of independent audits carried out. The new BE Policy, which includes anti-corruption as well as other compliance areas will be rolled out. The BE Policy incorporates a number of legal compliance policies and areas in Egmont such as anti-corruption, conflicts of interest, gifts and entertainment, competition law, and anti-fraud. Employees or stakeholders who encounter violations of Egmont's BE Policy can voice their concerns anonymously through the online whistleblowing system. For more information on anti-corruption and whistleblowing in Egmont please go to [Egmont.com](https://www.egmont.com).

Results

In 2018, Egmont aimed at training at least 90% of the relevant employees in the new BE Policy . However, the goal was not met as the launch of the BE Policy was postponed to the first quarter of 2019. In 2018, Egmont had its main focus on compliance in regard to GDPR and to ensure that all employees were trained in the new rules on personal data and that new routines were implemented. Therefore, communication of and training in the BE Policy was postponed to 2019.

In 2018, Egmont also had a goal of no corruption and/or bribery in Egmont or in the supply chain. This goal was met since Egmont has not detected any corruption or bribery or received any reports on this. One report was made into Egmont's whistleblowing system during 2018. The whistleblower alleged that meeting hours were handled inconsistently in one business unit. The matter has been dealt with through the division's HR department and has subsequently been closed.

Goals for 2019

- **Train all relevant employees in the Egmont Business Ethics Policy**
- **No corruption and/or bribery in Egmont or in the supply chain**

Social Compliance Programme

It is important to Egmont that the company respects human rights and provides decent working conditions and a safe working environment in all its operations and requires that all business partners and suppliers do the same. This is reflected in Egmont's CoC, which contains the most salient human and labour rights issues in connection to Egmont's business operation and it is aligned with the 10 principles in the UN Global Compact.

The Egmont Social Compliance Programme originated in a need for responsible supply chain management covering covermount suppliers. Covermounts are toys, stationery or handcrafts aimed at children and sold as presents wrapped with children's magazines. Most of Egmont's covermount manufacturers are located in Asia (primarily China) leading to an increased risk of violations of human rights and labour rights. In order to mitigate this risk, the Egmont Social Compliance Programme was implemented in 2005 to ensure that manufacturers comply with human rights and provide decent and safe working conditions, as well as ensuring that products are produced in a responsible manner and are safe to use. The Programme is global and rolled out to also include magazines, books, Egmont licensed products, games and activity products and promotional items.

Actions

The aim of the programme is to ensure that relevant suppliers comply with Egmont's CoC, licensor requirements and applicable laws.

The programme includes

- **Risk-based assessment and mapping of manufacturers**
- **Social audits at manufacturers against the Egmont Code of Conduct or review of third-party audit reports, covering human rights, labour rights, environment, and anti-corruption**
- **Product safety and quality tests and assessments**
- **Ensuring compliance with licensor/retailer requirements**
- **Remediation plans and following up**

As a minimum, the suppliers for Egmont products should meet Egmont's Zero Tolerances (ZTs)

- **No violation of local minimum wage regulations (equivalent to pay per standard work hour)**
- **No forced, bonded or compulsory labour**
- **No child labour**
- **No risk of losing life and/or limb**
- **No corruption and/or bribery**



Egmont has a global manufacturer pool, which increases the complexity of the risk assessment. In order to manage the supply chain most efficiently Egmont operates with three country risk profiles. Each country risk profile has a different social audit cycle depending on its risk level:

Group 1 high risk countries

**maximum audit
cycle of 12 months**

The country risk parameters are based on several acknowledged tools and analysis and also take Egmont's licensors' requirements into account. This ensures an aligned process for all manufacturers working with Egmont branded products. Egmont continuously strives to keep updated on the changing political, economical and social landscapes in the regions where Egmont and its business partners operate, and adjusts the relevant country risk profiles accordingly.

Based on the country risk assessment, the social compliance team ensures that all new manufacturers are enrolled in a production audit cycle.

Manufacturers in Group 1 and 2 are all required to undergo a pre-production audit or submit a valid social audit report before production can start. The pre-production audit helps Egmont to assess the manufacturer's social compliance level. Apart from the audits, Egmont expects that the manufacturers engage in continued remediation. Egmont acknowledges that audits are only a snapshot of the conditions at the manufacturers, and that audits have their limitations. However, audits remain the preferred tool to ensure social compliance for Egmont and its business partners. Egmont also requires manufacturers to ensure that subcontractors are aware of and comply with Egmont's CoC. For covermount manufactures located in China, Egmont visits the facility to review their quality management system, to understand their capabilities and competencies and to verify whether the facility can meet the compliance level before they are approved as an Egmont supplier.

Group 2 medium risk countries

**audit cycle ranging
from 12-24 months**

Group 3 low risk countries

**audits performed on
an ad hoc basis**

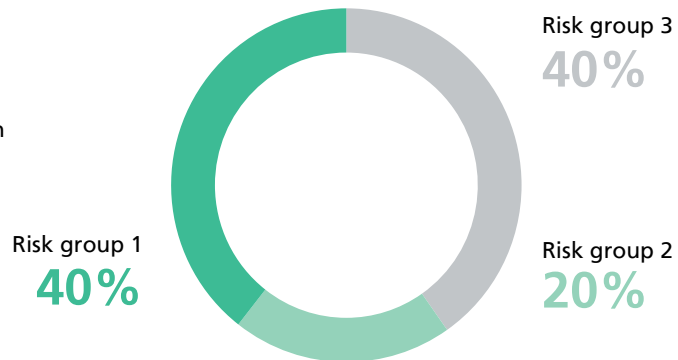
Egmont provides inspiration letters to the manufacturers in its supplier pool to further communicate and advice on good practices within human rights and labour rights. During 2018, the inspiration letter focused on excessive working hours as this is a reoccurring topic in the social audit findings. Egmont recognises that in general overtime hours occur frequently in the manufacturing industry, which is often welcomed or sometimes requested by the employees. However, Egmont finds it important to inform and educate its business partners about the downsides of unhealthy working practices to ensure the health and safety of the workers and a stable supply chain.

Almost 42% of the manufacturers in the manufacturer pool read the inspiration letter. This indicates that the inspiration letter is a valuable tool to communicate general issues and concerns to Egmont's suppliers. Egmont will continue to send out its inspiration letters during 2019. The different activities help to ensure that Egmont's products are manufactured in a responsible, safe and ethical manner. For more information about how Egmont works with its suppliers and the Egmont Social Compliance Programme please go to [Egmont.com](https://www.egmont.com)



Active Manufacturers by Country Risk Group

As of 31 December 2018, Egmont had a total of 487 active manufacturers in its manufacturer pool. 196 in Group 1, 99 in Group 2, and 192 in Group 3.



Results

In 2018, Egmont reviewed 228 social audit reports, in which, 34 social audits were carried out by Egmont based on Egmont CoC and national legislation. The remaining 194 audit reports were based on templates or standards such as SA8000, BSCI, ICTI, SMETA/SEDEX and licensor audits, which are equivalent to Egmont's CoC and audit requirements. The number of audits differs from year to year and depends on the size of the manufacturer pool, the country risk profiles of the manufacturers, and findings from previous years' audits.

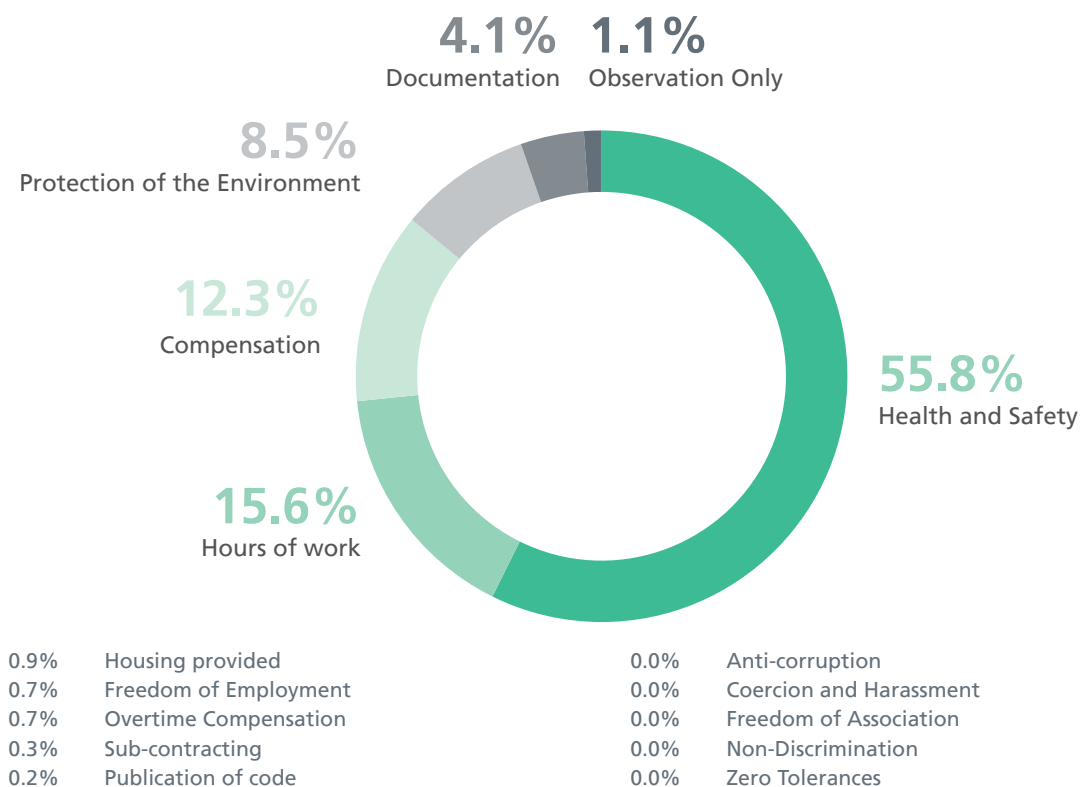
In 2018, Egmont did not experience or receive reports of any zero tolerance violations.

Social Audit Reports by Country





Findings from Social Audits in Country Risk Group 1



In 2018, Egmont's social compliance team evaluated 201 audit reports from manufacturers in Group 1. The figure above shows the distribution of findings across these manufacturers. In general, it was found that the prevailing findings occur in three main categories. The highest number of findings occurs in the category Health and Safety. This category has 42 subcategories, and the most common findings are related to: Inappropriate use of personal protective equipment (PPE), Work Environment (hazardous factor, noise etc.), and Health Check. Inappropriate use of PPE was also the most common finding in 2017, whereas work environment and health checks are new on the top three list.

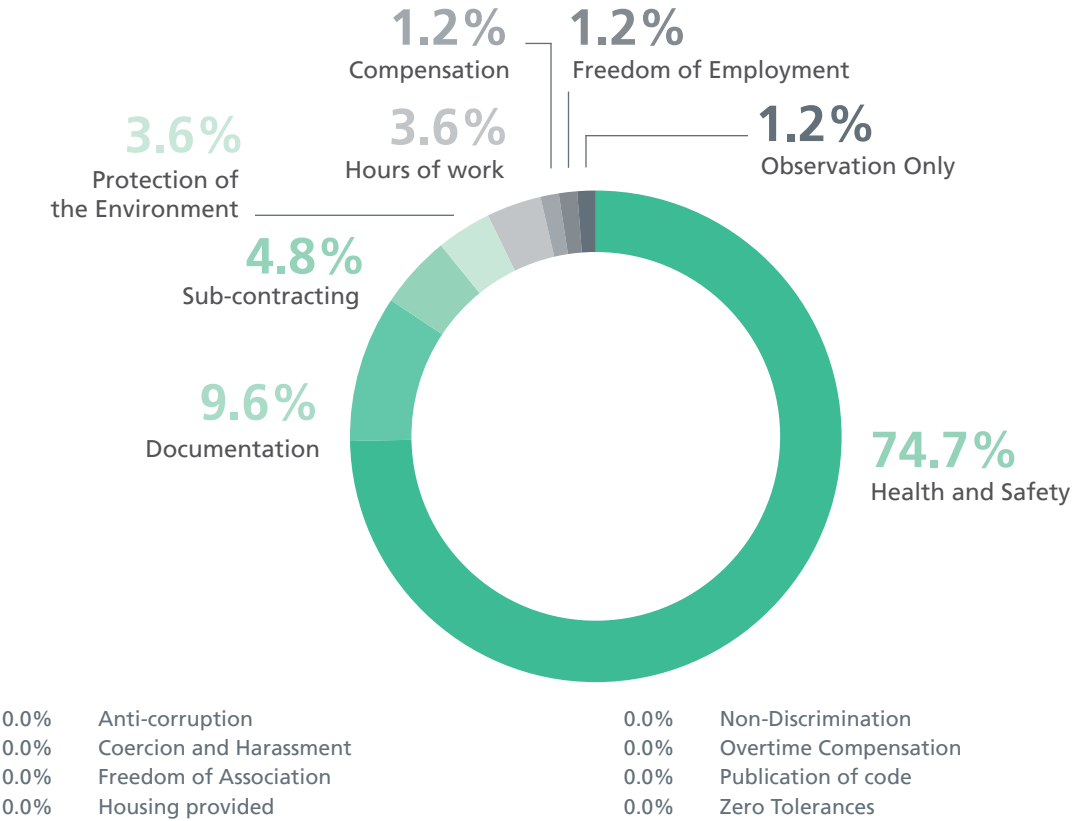
The second largest category is still Work Hours, which covers the total hours the workers work, if they have a sufficient number of rest days and sufficient rest between shifts. The most common finding is related

to excessive work hours, which covers overtime exceeding the national limit. This was also the case in 2017.

The third category is, like 2017, Compensation. Compensation covers insufficient social insurance, insufficient paid leave and other legally required benefits, which have not been provided to the workers. The findings in this category are mostly related to insufficient social insurance, which means workers often do not participate in the national social insurance scheme. This violation is most commonly seen among the Chinese suppliers due to difficulties for the employees to transfer their social insurance saving from one province to another. However, Egmont expects this violation to decrease significantly in 2019 as a new centralised social insurance scheme will apply in China from 2019.



Findings from Social Audits in Country Risk Group 2



In 2018, Egmont's social compliance team evaluated 27 audit reports from manufacturers in Group 2. The figure above shows the distribution of findings across these manufacturers. In general, it was found that the prevailing findings occur in one main category, being Health and Safety. The most common findings are related to: Material safety data sheet (MSDS) & labels for chemical substances, and PPE. These categories have both changed from 2017.



Describing the Audit Findings

In 2018, the Egmont social compliance team once again saw a rise per audit in violations of Egmont's CoC and national legislation in the manufacturer pool.

The number of findings for Group 1 and 2 manufacturers has changed from 1320 in 2017 with an average of 4.8 findings per audit to 1241 findings in 2018 with an average of 5.4 findings per audit. The average number of findings per audit conducted for Group 1 manufacturers increased to 5.8 in 2018 from 5.2 in 2017. The average number of findings per audit for Group 2 manufacturers increased to 3.1 in 2018 from 2.4 in 2017. For 34 of the audited factories more than one audit report was registered during the year. This was primarily due to the annual renewal of the audit reports for the newly introduced manufacturers, but a number of factories also had follow-up audits due to severe violations and one factory moved to a new location.

Egmont's supplier pool continuously changes as new market trends generate new product categories to the total product portfolio. This continuous change calls for an agile supply chain that can deliver different manufacturing capabilities upon request. In 2018, Egmont introduced 82 new manufacturers to the manufacturer pool. 52 of the new manufacturers were registered in Group 1, three were registered in Group 2, and 27 in Group 3. Some of these manufacturers were only used for one-time orders. However, 66 of the newly introduced manufacturers were still active as of 31 December 2018. 55 of these are located in countries included in Group 1 or 2. The new manufacturers were accountable for 369 of this year's findings with a total number of 64 audit reports and an average of 5.8 findings per audit. Egmont expects that this number will decline in 2019 when the suppliers have made the necessary remediations identified during their Egmont approval process. Egmont has not been able to identify the root cause for the overall increase in audit violations per audit but continues to improve its remediation process to better monitor deviations in the audit results.

Egmont's social compliance team works actively with the manufacturers to increase the compliance level at the facilities over time. However, Egmont recognises that the constant changes in the supply chain makes it difficult to impact and set long-term goals to improve the working conditions for the short-term suppliers. In case of serious findings Egmont always cooperates with the manufacturer to try to mitigate these findings. However, despite the remediation efforts if the serious findings continue at the factory, Egmont will terminate the relationship after careful consideration. During 2018 Egmont had two of such cases.

Goals for 2019

- **Continue to work with the supplier pool to remediate CoC violations and to work towards a declining incident curve**
- **Continue to work with newly acquired companies in terms of social compliance**
- **Draft implementation guideline for the Egmont Code of Conduct**





Product Safety and Quality

It is essential to Egmont that all products are fit for purpose and comply with all legal requirements, in order to ensure the safety of the consumers, the environment and prevent reputational risks for the company. Products must be safe both in the immediate usage situation and on a long-term basis; they cannot lead to negative health impact on the users. Product safety is especially crucial for products aimed at children – such as books, toys, and covermounts.

Actions

Egmont is a member of toy associations at both national and European level and is in close dialogue with major test institutes and experts involved in toy safety standardisation and regulation. These activities make it possible to remain updated with the most recent developments within safety requirements and legislation.

Product safety assessment and testing is done prior to production for all toys, including covermounts. Products are redesigned in cases where safety concerns are identified.

To ensure quality and product safety, Egmont is highly dependent on its manufacturers. In 2018, Egmont has conducted 1158 quality and safety inspections on toys distributed together with its magazines. A total of 1379 orders were inspected in 2017 and the decrease in 2018 relates to a decrease in the amount of orders. The focus on this area remains and the introduction in 2016 of a new concept where suppliers are requested to conduct self-inspection according to certain well-defined procedures has proven to be effective. Manufacturer capabilities are monitored via technical assessments and continuous follow-up visits to the factories that manufacture covermounts.

For more information about product safety and quality please go to [Egmont.com](https://egmont.com).

Results

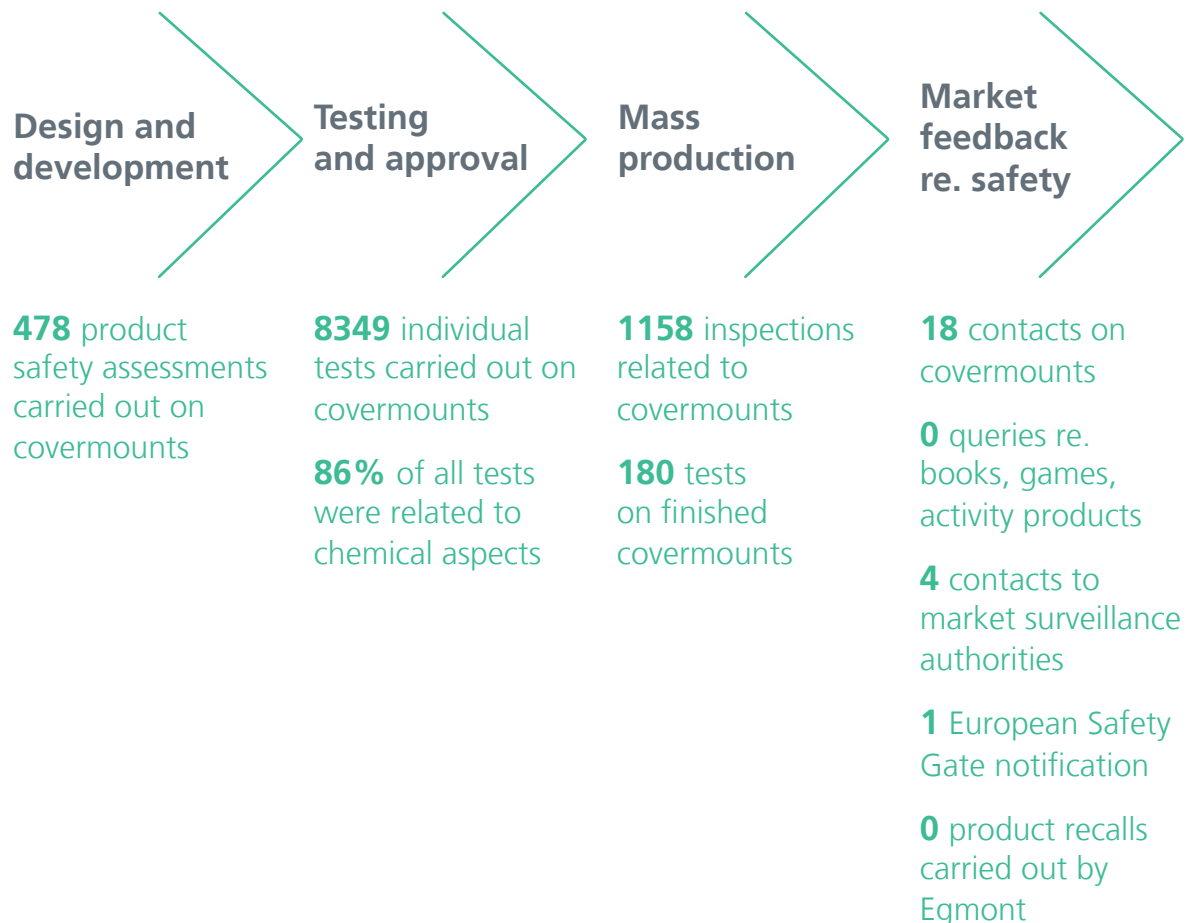
In 2018, national authorities approached Egmont in four cases as part of their market surveillance activities. Where requested, Egmont has been able to provide sufficient documentation, which resolved the issues. Egmont has taken advice from authorities in one case on a specific question on the understanding of the Toy Safety Directive.

One product was notified with the European Safety Gate system (formerly known as RAPEX) in 2018 due to a recall in the Netherlands. In 2015, Egmont originally placed the specific products on the market in compliance with all applicable laws and rules. A limited number of remaining products, which had been ordered scrapped, entered the market in 2018 without Egmont's knowledge or approval and were deemed non-compliant. The situation has been reviewed and internal measures have been taken to ensure that scrapping-processes are performed according to Egmont's standards.

During an internal review, we discovered a product with variations in the components causing a possibility that the dimensional requirements for such products were not met. Detailed investigations revealed that only a very limited number of products could potentially have a minor deviation from the dimensional requirements. Thus, the case was closed in dialogue with the authorities.

As part of their routine market surveillance activities, the authorities in Norway and Sweden have conducted an inspection at Egmont Publishing on procedures, documentation, qualifications, etc. in relation to product safety and compliance. The conclusion was that all documentation was in place and processes were sufficient.

A review of the chemicals used in Egmont's products has led to registration of two substances under the REACH Regulation. These substances are used in certain activity products.



Stakeholder Contact

Egmont sources more than 40 million covermounts per year and sells them as part of its products, typically magazines. In 2018, 18 consumers have contacted Egmont with product safety queries related to different covermounts. In most cases, Egmont was only contacted by one or a few consumers per product and the cases are accordingly considered as single incidents and not systematic defects.

Within the Nordic, Polish and UK markets, Egmont has not received customer queries regarding safety aspects connected with books and activity products. However, both for books and covermounts customers have asked for information about ingredients in toys and some consumers have questioned the use of certain preservatives used in liquid products. All consumer queries have been analysed and follow-up actions have been taken as relevant, including dialogue with our suppliers.



Egmont UK – Case

The Print Matters and Reading for Pleasure projects

Egmont UK's purpose is to make all children proud readers. According to the Organisation for Economic Cooperation & Development, reading for pleasure is the single biggest indicator of a child's future success, more than the school they attend, more than their parents' educational background or their parents' income. Egmont UK conducts regular research projects to help understand what encourages reading to identify the barriers, and to understand the changing needs of its readers – parents and children. In the UK, the proportion of children who read for pleasure is in long-term decline, as is the proportion of parents who read to their children. Egmont UK has particular concerns with the 3-4-year-old and the 8-10-year-old age group. In 2018, 56% of 3-4s were read to every day/nearly every day, down from 69% in 2013, and just 19% of 8-10s. Moreover, those parents that do read to their children tend to stop around the age of 8, mistakenly believing that once their child can read, they will choose to read themselves.

The UK projects have had an enormously positive impact on children's lives through improved parenting, teaching, educational attainment and, of course, reading for pleasure.

When children are read to, they feel love, security, a deep sense of well-being. Parents feel like great parents, family ties are reinforced, the shared experience becomes part of family life. The physical closeness through cuddling up, sharing a story, and the chats and ideas are all affirming for the child. Parents giving their time and attention and reading to their child is nothing less than a gift of love. And when children read for pleasure independently they feel strong self-esteem, pride, relaxation, achievement and pleasure.

In their current study Egmont UK are working with a school in an area of social deprivation. The simple idea behind this project is the question, 'If parents are not reading to their children, then what happens when the school fills the gap and reads to children every day, just for fun?'

In the UK, teaching is very much focused on measuring and testing children and it is known that this can put children off reading and make them think of it as a lesson to learn, not a pleasure. Egmont's work with the school, from September until Christmas 2018 explores the effect on children's attitudes, enthusiasm and motivations about reading when the teacher reads aloud to the class with no teaching agenda, simply story time for pleasure.

For more information on the UK project please visit the research and insight section on [Egmont.co.uk](https://egmont.co.uk).





The background of the entire slide is a dense, textured layer of fallen autumn leaves. The leaves are in various shades of brown, tan, and light orange, with some showing hints of red and yellow. They are scattered across the ground, creating a complex, organic pattern.

Planet

- Nordisk Film Cinemas - Case
- Environment and Climate



Nordisk Film Cinemas - Case

Four years ago, Nordisk Film cinemas allocated a green line budget in its operations to continuously reduce the energy consumption in its cinemas. Each year new investments are made to optimise Nordisk Film's total energy consumption, which would otherwise naturally increase over time. The first year light bulbs were changed to LED lights in all Nordisk Film's cinemas. This year's investment includes new routings for the heaters in Lyngby to decrease the energy consumption spent on waste heat cooling, a new Building Energy Management System (BEMS) in Randers to regulate and monitor the heating, ventilation and air conditioning in the cinema and thereby decreasing the total energy consumption with 10-15%, and other smaller and continuous improvements in all its cinemas.

Nordisk Film cinemas has initiated a project to explore alternatives to the various single use plastic products and packaging offered to the cinemagoers. This is done in collaboration with the industry. The project is ongoing, and the end goal is to convert the current plastic materials to biodegradable materials without compromising the customer experience.



Environment and Climate

Policy

Egmont has an impact on the environment and climate through its business activities. With the introduction of the Egmont Environmental Policy in 2016, Egmont committed to promoting greater environmental and climate responsibility. The policy covers five main categories, which have been chosen based on their importance to Egmont and the impact Egmont's businesses have on these areas.

The five areas in Egmont's environmental policy

- **Energy Consumption**
- **Packaging**
- **Waste Handling**
- **Chemicals**
- **Paper Sourcing**

The policy outlines Egmont's environmental goals to:

- reduce the energy consumption
- reduce packaging and use recyclable/recycled materials
- minimise waste
- reduce the use of chemicals
- reduce the use of paper at its office facilities

In addition to the policy, Egmont's new BE Policy for employees gives directions to support a precautionary approach to environmental challenges, to promote sustainable solutions and to consider the impact on the environment when making business decisions.

The full policy can be found at [Egmont.com](https://www.egmont.com)

Actions

During 2018, Egmont has continued the work of creating awareness of Egmont's Environmental Policy in the business as well as gathering knowledge of the various initiatives with regard to sustainability in the organisation. In order to successfully set KPI's that mitigate Egmont's negative impacts on the environment and climate, it is necessary to first perform a risk and impact analysis and Egmont has started the work of scoping the analysis and setting up assumptions.

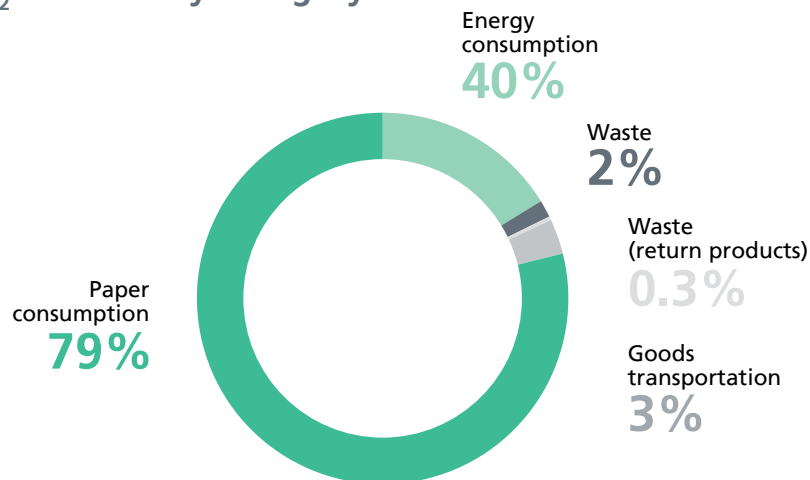
Furthermore, Egmont has taken steps to identify specific projects with positive effect or mitigating impact on the environment, specifically focusing on SDG target 12.2 and 12.5 "Sustainable management and use of natural resources" and "Substantially reduce waste generation". These projects include exploring alternatives to substitute or manage plastics better in the future in the relevant divisions.

Egmont started its environmental data collection for reporting under Art 99a of the Danish Financial Statements Act in 2017 and has followed the same data collection scope for 2018. The data collection focuses on the headquarters and business activities in Denmark, Norway, and Sweden as Egmont generates the vast majority of its turnover in these markets. Data for TV 2 is new for the 2018 reporting.



Results

Egmont's CO₂ Emission by Category



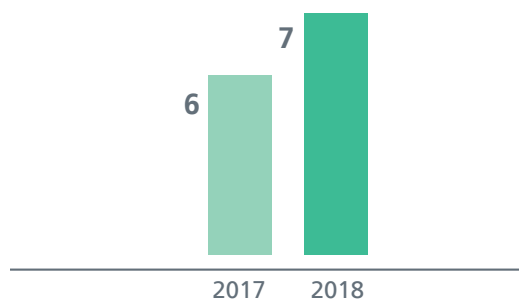
The figure above illustrates Egmont's CO₂ emissions by four of the five categories in Egmont's environmental policy. Chemicals are not included in this section as the chemical data is part of the REACH reporting to European Chemicals Agency (ECHA). Egmont's biggest CO₂ emission is due to the paper consumption within Books and Publishing. Second biggest CO₂ emission is caused by Egmont's energy consumption, which includes electricity and district heating from Egmont's offices and cinemas in Denmark, Norway and Sweden. The data received in 2018 does not give the full overview of the waste and transportation categories, see further below.

Paper

Paper consumption has two subcategories: One is the consumption of office paper for printing in the offices in Denmark, Sweden and Norway and the other subcategory is paper consumption for Publishing and Books, which is significantly bigger than the first one.

During 2018, several Egmont companies in Norway have been added to the corporate procurement agreement, which has enabled the corporate procurement function to track the exact consumption in this subcategory. Additionally, Egmont companies will be included in the procurement scheme over the coming years. Hence, with a centralised procurement effort, Egmont will not only be able to monitor the entire amount of office paper consumption in the Group, but also to track the effect of any plans to reduce the future consumption.

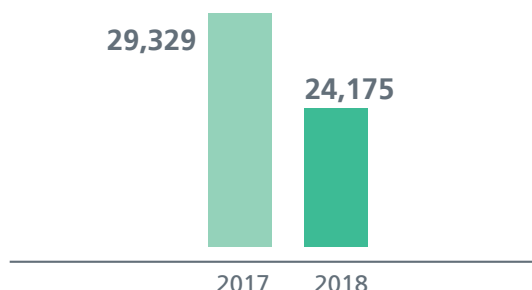
Paper for offices tCO₂e





Books and Publishing produce books and magazines, which are sold in a number of countries. This entails a significant paper consumption used for the various products. Egmont requires that its suppliers deliver only paper from sustainably managed forests. Most of the paper is sourced from European paper mills. During 2018, Egmont saw a decrease in the total paper consumption for products. This is mainly caused by an underlying decline in the sale of printed magazines.

Paper for products tCO₂e

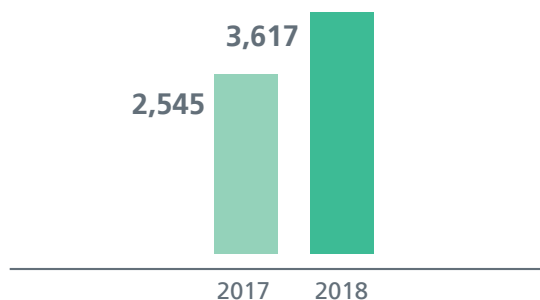


Energy Consumption

Energy consumption covers electricity and district heating from owned and rented buildings in Denmark, Sweden, and Norway.

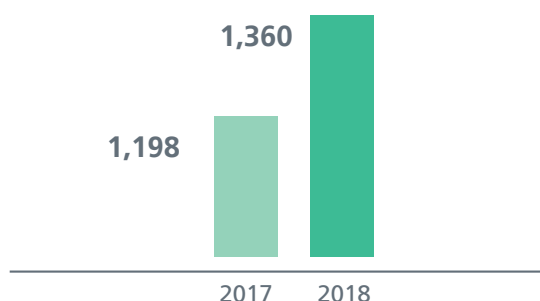
During 2018 Egmont has seen a 42% increase in the total electricity consumption reported for 2018 compared to 2017. This is primarily due to the addition of the two locations of TV 2, which have been included in the reporting scheme in 2018. Furthermore, an increased need for ventilation in the Danish Nordisk Film cinemas during the extraordinarily hot summer of 2018 has added to the total increase in CO₂ emission due to the related increase in electricity consumption.

Electricity tCO₂e



There is a 13.5% increase in use of district heating between 2017 and 2018. However, this is mainly caused by the addition of Norwegian cinemas (Nordisk Film), which have been added to the reporting scheme as of 2018. Thus, the two numbers cannot be directly compared. Most of the Egmont offices have reported an increase in district heating due to a cold winter of 2018. A minor increase in the total district heating consumption is due to a change in the calculation methods for heating from 2017 to 2018 for HQ in Denmark.

District heating tCO₂e



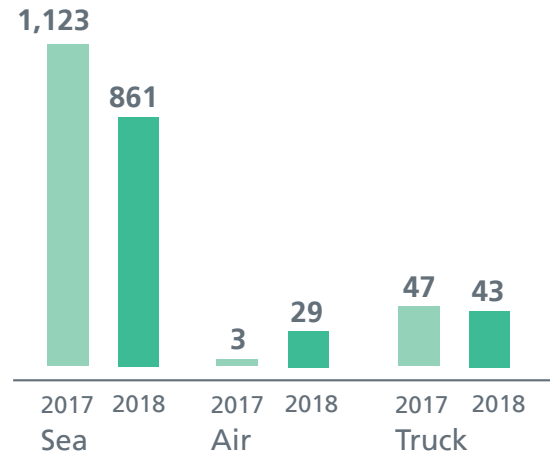


Goods Transportation

Transportation of books, games and activity products to Sweden and Norway.

Egmont has seen an increase in air transportation in 2018. Air transportation is never the preferred transportation for Egmont's products. Air transportation is only used for express delivery to accommodate customer requirements, when e.g. productions have been delayed. Both Sweden and Norway have had such incidents in 2018. Both truck and sea transportation have decreased in 2018. This change is due to a declining trend in purchasing orders due to the declining sale.

Goods Transportation tCO₂e



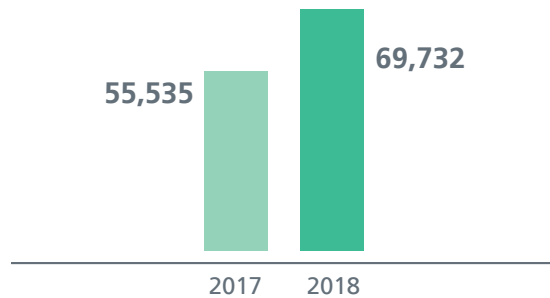
Packaging

Packaging in this report relates to the plastic foil wrapped around magazines, and popcorn and snack cups for Nordisk Film's cinemas in Denmark. CO₂ emissions are not calculated for this category as the reported metrics differ, and it has been difficult to retrieve a life-cycle analysis (LCA) of the foil, and snack cups.

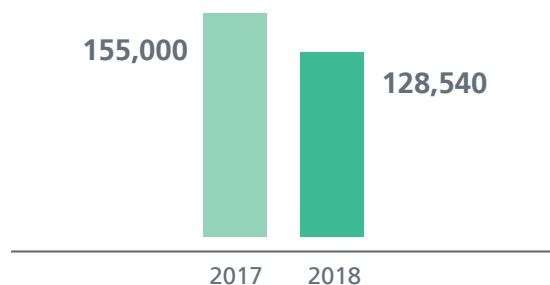
During 2018 Nordisk Film has seen an increase of purchased popcorn in the Danish cinemas causing an increase in the amount of popcorn cups sold to the consumers. The cinemas support a sustainable approach and will explore alternatives to the current plastic cups in order to mitigate their environmental footprint.

The decrease of 17% in the amount of foil, wrapping the magazines and covermounts, from 2017 to 2018, is due to the declining production of magazines. Egmont is looking into different alternatives to replace the use of plastic foil in the future.

Popcorn cups cinema DK kg



Foil kg



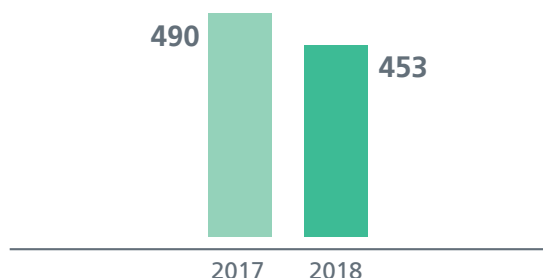


Waste

Waste contains two subcategories: The first one being household waste from the offices in Denmark and Sweden, TV 2's office in Bergen and waste from the cinemas in Denmark and Norway, and the second one being return products cf. below. TV 2 and Nordisk Film Norway both entered the waste reporting in 2018.

The total amount of reported household waste has decreased approximately 8% in 2018 compared to 2017. It is not possible to identify the reasons behind this decrease.

Office waste, incinerated tCO₂e



Waste (return products)

The second subcategory is return products, which are defined as the return products, primarily magazines, foil and covermounts, collected from retailers and disposed of by appointed external distributors.

Most of the paper from return magazines in Denmark are recycled into paper used for newspapers. The leftovers from the magazines, e.g. covermounts and foil, are used as heating for the paper processes at the papermills. The rest of the leftover magazines are used at fairs and for different marketing purposes. The decrease of more than 66% in the amount of return products in 2018 compared to 2017 is not entirely a reflection of an actual decrease in Egmont return products but is due to the different reporting method from Bladcentralen (an external distributor appointed by Egmont) in Norway. In 2017 Egmont received the total number of return products in Norway from Bladcentralen, including non-Egmont products. In 2018, Bladcentralen has managed to provide only the number of return products, which Egmont is accountable for. The different reporting scope is reflected in the huge difference of recycled paper, which accounts for 6.600.000kg. However, the declining trend in the sale of paper magazines is also impacting the production sizes, which is reflected in a decrease of return products.

Goals for 2019

- To perform a risk and impact analysis of Egmont's environmental and climate impacts as well as collecting and analysing data across the Group
- To create a baseline and set environmental KPI's across the Group
- Identify specific projects with positive effect or mitigating impact on the environment and climate

Table of specific CO₂ emissions by category

Scope 2 Emissions

Energy consumption in tCO ₂ e	2017	2018
Electricity	2,545	3,617
District heating	1,198	1,360
Total	3,743	4,977

Scope 3 Emissions

Goods transportation in tCO ₂ e	2017	2018
Truck	47	43
Air	3.30	28.92
Sea	1,123	861
Total	1,173	933

Paper consumption in tCO ₂ e	2017	2018
Paper for products	29,329	24,175
Paper for offices	6	7
Total	29,335	24,182

Waste in tCO ₂ e	2017	2018
Waste (incinerated)	490	453
Paper (recycled)	5.60	4.65
Glass (recycled)	NA	NA
Metal (recycled)	0.10	0.30
Organic (recycled)	1.90	2.12
Plastic (recycled)	NA	NA
Hazardous waste (recycled)	0.40	0.23
Hazardous waste (incinerated)	0.40	0.58
Total	498	460

Waste (return products) in tCO ₂ e	2017	2018
Paper (recycled)	314	103
Plastic (recycled)	0.70	0.14
Metal (recycled)	0.10	0.00
Organic (recycled)	2.30	0.00
Waste (mix)	1.00	0.00
Total	318	103

Packaging	2017	2018
Cardboard (kg)	24,845	NA
Foil (kg)	155,000	128,540
Popcorn cups cinemas DK (kg)	55,535	69,732
Popcorn and snack cups cinemas NO (pieces)	764,978	NA

NA = Data not available
For accounting method please refer to end pages





A close-up, profile shot of a man with wavy, grey hair looking down and slightly to the left. He is wearing a dark blue sweater. The background is out of focus, showing colorful bunting flags and a poster with various small images.

Profit

• Charitable Activities 2018



Charitable Activities 2018

Egmont Fonden's charitable activities (hereafter referred to as Egmont Fonden) are based on social indignation and empathy. It was founded in 1920 with the aim to alleviate the consequences for children and families living in poverty. Today, our aim is to safeguard young people against "modern poverty" – the lack of learning and life skills. We focus on the app. 15% who are at risk of not completing an upper secondary education. Egmont Fonden is working to ensure that by 2030 all young people are able to complete an upper secondary education, and the foundation thereby also contributes to UN sustainable development goal number 4 on quality education.

Child and youth participation is a vital part of Egmont Fonden's DNA as children and young people can contribute with important knowledge. Egmont Fonden strives to involve the child's perspective in all grants. In 2018, Egmont Fonden established a children's panel to advise on the theme of the year - dyslexia. Furthermore, the foundation held a children's summit, where the participants formulated recommendations to decision makers on how to strengthen support for dyslexic children and young people.

Egmont Fonden works through different types of initiatives: A Helping Hand, donations, partnerships, incubator grants and big bets. In previous years, the foundation's big bets have been targeted at young children, children and young people placed in care or affected by divorce and, most recently, children with dyslexia. In 2018, Egmont Fonden donated a total of DKK 95.1m to support efforts aimed at children and young people's learning and life skills.

Dyslexic Children and Young People

In 2018, Egmont Fonden's annual theme has been dyslexia. It is estimated that approx. 7% of all children and young people in elementary school are dyslexic. The Egmont Report 2018 introduces new data showing dyslexia as a significant barrier to completing an upper secondary education. 31% of dyslexics do not complete an upper secondary education; they get lower grades in all subjects; and young people with a vulnerable social background as well as dyslexia are double challenged.

Egmont Fonden has earmarked DKK 20m for initiatives that focus on dyslexia and seek broad cooperation with other partners in order to achieve three goals:

- All dyslexic children must be identified as early as possible
- The disparity in grades in elementary school between dyslexic children and other children must be minimised
- The significance of social background on dyslexic children's likelihood to complete an upper secondary education must be minimised.

One of the first grants in relation to dyslexia has been given to the municipality of Esbjerg. The grant of DKK 5.7m will accelerate the municipality's activities to help dyslexic children and young people.

A Helping Hand

Egmont Fonden provides individual support through partnerships in Denmark and Norway with organisations that are directly in contact with children and young people at risk. In 2018, Egmont Fonden distributed a total amount of DKK 10.2m via A Helping Hand.

The Pledge to Support Young Children

15% of the 4.5-year-olds currently have a linguistic level equivalent to an average 3-year-old. As a result, Egmont Fonden and the think tank DEA launched “Småbørnsloftet” (the pledge to support young children) in 2018, which has two ambitious goals:

- All children must have a good life, and they must get the opportunity to develop the necessary skills – personal, social, and academic – to get a good schooling
- The first 1,000 days of all children’s lives must be characterised by a secure upbringing and stimulation, so that they get versatile opportunities from birth to learn and develop.

In 2018, 120 organisations signed the pledge and private as well as public investment in the area of early childhood has increased very much. Egmont Fonden has earmarked a total sum of DKK 75m for “Småbørnsloftet”. As an example, a grant of DKK 6.4m has been donated to Save the Children’s initiative Early Childhood Clubs, which, in collaboration with volunteers and professionals, aims to provide parents with tools to support their children’s well-being and positive development.

Norway

Egmont Fonden also wishes to take on a social responsibility in Norway, where Egmont has many commercial activities. The development and challenges of Norwegian children and young people are similar to those of children and young people in Denmark, and, consequently, Egmont Fonden’s strategy is the same in Norway and Denmark. In 2018, the foundation distributed a total of DKK 8.2m to Norwegian Women’s Public Health Association, The Crown Prince Haakon and Crown Princess Mette-Marit’s Foundation, and the Norwegian Red Cross for activities targeted at children and young people.



Accounting Method for Climate and Environment Reporting 2018

Egmont has calculated its 2018 CO₂ emissions based on last year's numbers, which were calculated based on the international standard "A Corporate Accounting and Reporting Standards" developed by the Greenhouse Gas Protocol. Consequently, the reported tCO₂ in Scope 2 and 3 are dependent on the chosen variable defined in 2017.

Energy consumption covers the following locations:

Denmark: Vognmagergade (Egmont HQ and Books), Publishing, Nordisk Film Valby, and Nordisk Film cinemas.

Sweden: The offices in Malmö and Stockholm as well as the warehouse in Malmö.

Norway: The cinemas in Norway and TV 2 offices in Bergen and Oslo. District heating is not reported for the TV2 locations. The cinemas in Norway did not report on district heating in 2017.

Waste (household waste) covers the following locations:

Denmark: Vognmagergade (Egmont HQ and Books), Publishing, Nordisk Film Valby, and Nordisk Film cinemas.

Sweden: The offices in Malmö and Stockholm as well as the warehouse in Malmö.

Norway: The cinemas in Norway. TV 2 Norway's office in Bergen was added in 2018.

The Waste, incinerated variable contains numbers from Vognmagergade (Egmont HQ and Books), the offices in Malmö and Stockholm as well as the warehouse in Malmö, Nordisk Film cinemas in Denmark, Publishing Denmark, and Nordisk Film cinemas in Norway.

The Paper, recycled variable contains numbers from Vognmagergade (Egmont HQ and Books), the offices in Malmö and Stockholm as well as the warehouse in Malmö, Nordisk Film cinemas in Denmark, Publishing Denmark, Nordisk Film cinemas in Norway, and TV 2 Norway's office in Bergen. TV 2 Norway was added in 2018.

The Glass, recycled variable contains numbers from Vognmagergade (Egmont HQ and Books), the offices in Malmö and Stockholm as well as the warehouse in Malmö, Nordisk Film cinemas in Denmark, Publishing Denmark, Nordisk Film cinemas in Norway, and TV2 Norway's office in Bergen. Nordisk Film cinemas in Norway and TV 2 Norway were added in 2018.

The Metal, recycled variable contains numbers from Vognmagergade (Egmont HQ and Books), the offices in Malmö and Stockholm as well as the warehouse in Malmö, and Nordisk Film cinemas in Norway. Nordisk Film cinemas in Norway were added in 2018.

The Organic, recycled variable contains numbers from Publishing Denmark, Nordisk Film in Valby, Nordisk Film cinemas in Norway, and TV 2 Norway's office in Bergen. Nordisk Film cinemas in Norway and TV 2 Norway were added in 2018.

The Plastic, recycled variable contains numbers from Vognmagergade (Egmont HQ and Books), the offices in Malmö and Stockholm as well as the warehouse in Malmö, and Nordisk Film cinemas in Norway. Nordisk Film cinemas in Norway were added in 2018.

The Hazardous waste, recycled variable contains numbers from Vognmagergade (Egmont HQ and Books), and the office in Stockholm.

The Hazardous waste, incinerated variable contains numbers from Vognmagergade (Egmont HQ and Books), and TV 2 Norway's office in Bergen. TV 2 Norway's office in Bergen was added in 2018.

Waste (return products) covers:

The paper, recycled variable covers return numbers from UBD (Denmark), Bladcentralen (Norway), and Tidssam (Sweden).

The plastic, recycled variable covers numbers from 2017 for Tidssam and Bladcentralen. The numbers from Tidssam covers plastic foil for 50% of the childrens' magazines and for Bladcentralen it covers Publishing. Bladcentralen did not report on plastic in 2018.

The metal, recycled variable covers numbers from Bladcentralen from the Publishing and Kids division.

The organic (recycled) variable covers numbers from Bladcentralen from the Publishing and Kids division.

The waste (recycled) variable covers numbers from Bladcentralen from the Publishing and Kids division. This is not included in the 2018 reporting.

Goods transportation covers:

The numbers are obtained through DSV in Sweden and Norway and cover the books, games, and activity products transportation to both countries. For Sweden, the 2017 numbers are estimated based on 83% because Egmont received numbers for January-October 2017, and the 2018 numbers are estimated based on 75% as numbers from January-September 2018 were given.

Paper covers:

For products cover numbers from Publishing (Egmont Printing Service) and Books.

The numbers from EPS cover magazines and books for Denmark, Sweden, Norway, UK, Poland and Germany. It was not possible to get data solely for Denmark, Sweden and Norway as the rest of the categories.

Furthermore, the total is an estimate based on 80% of the production. EPS estimates that the ratio between magazines and books is 65%/35% for 2018. For 2017 the ratio was 60%/40%. Lastly, the number is the amount of paper bought by EPS and not the amount of paper used for production.

For Books the number includes books produced by L&R and Carlsen, but does not include co-productions with other publishers. The number therefore covers 93% of the total production. The number reported by the books division is kg (weight) present at the warehouse and not paper bought, as above.

The number for paper for offices is collected through Lyreco and cover office facilities in Denmark, Sweden and Norway and is the amount bought in 2018. In 2017, less locations in Norway were part of the reporting.

Packaging covers:

Covers the amount of foil bought by EPS for products sold in Denmark, Sweden, Norway, Poland, Germany and UK. For 2017, the cardboard packaging covers cardboard bought by Publishing Sweden for all products including BGA products. The cardboard was not reported in 2018.

The number of popcorn cups is the total volume (kg) of cups bought for the Danish cinemas. The amount from the Norwegian cinemas covers the pieces (popcorn and snack cups) bought for the Norwegian cinemas in 2017. However, no data has been reported on from the Norwegian cinemas in 2018. The cups are made of cardboard.

EGMONT

We bring stories to life



COMMUNICATION ON
PROGRESS

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.

Questions or comments related to this report, please contact Egmont Social Compliance at CSR@egmont.com

Photos: Phillip Ørneborg