



CSR COMMUNICATION
ON PROGRESS 2019



OUR PROMISE

Play is instinctively human. When we are children, play is how we have fun, learn, socialize, and are physically active. As we get older, it's really the same - play is key to a long and happy life.

Through our inventions, we have set new global standards for ways to play, seeking to create the world's best playground and sport & fitness solutions.

We do this because we have a passion to create healthier and happier communities by inspiring people across the world to play more. We do it the KOMPAN way, where product development is based on thorough research, extensive user involvement, and close collaboration with experts through the KOMPAN Play Institute and KOMPAN Sport & Fitness Institute.

We then tailor the right solutions to the specific user and customer requirements. This creates products that motivate people of all ages and abilities to play more, be more physically active, and learn and socialize more - while always having fun.

We never compromise on safety and our choice of the highest quality materials creates extremely durable solutions that stand the test of time and weather. We are also conscious that our designs should be beautiful - both in their own right and as a contribution to their architectural and natural surroundings.

Today, digital technologies change the way we live our lives. This includes why, how, and where we play and are physically active as individuals, families, and communities. We take responsibility for driving this change, as we have historically - to continuously lead the industry and reinvent play for everyone's benefit

Let's play!



KOMPAN COMMUNICATION ON PROGRESS FOR 2019 TO UNITED NATIONS GLOBAL COMPACT

Statement of continued support by the CEO

TO OUR STAKEHOLDERS:

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

In this annual Communication on Progress, we describe our actions to improve the integration of the Global Compact and its principles into our business strategy continuously, culture and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.

In 2019 our business ethics policy implementation, including the anti-bribery policy for the entire KOMPAN group of companies continued.

In addition, KOMPAN maintained its environmental profile as reported in earlier COPs and planning of new initiatives, which will be implemented in the coming years.

KOMPAN has maintained its female representation in its Supervisory Board in 2019. KOMPAN will also in the future strive to increase the percentage of the underrepresented gender on the supervisory board in accordance with the Danish Act on Public and Private Limited Companies

Sincerely yours,

Connie Astrup-Larsen
Chief Executive Officer

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ENVIRONMENT

For a brighter future, we never stop investigating ways to reduce our environmental footprint. In sourcing, every effort is made to use totally sustainable resources or raw materials generated through recycled waste. In manufacturing, what little waste we have is recycled. Being a global producer of playgrounds and fitness equipment the main risk related to the environment is the footprint caused by production and usage of raw material. In play, 100% safe products are the target and the number one priority.

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

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

KOMPAN's choice of materials are carefully considered. Robinia is amongst the most prolific of trees, it is strong and grows rapidly, the perfect partner for our wooden products. Our Robinia suppliers come from European plantations and from natural forests operating under responsible sustainable forest management. We also offer types of wood certified by FSC®.

Plastic is a part of KOMPAN's production materials, hence it is important to be aware of certain elements. A great playground interacts with children, and children touch, jump, slide, kick and might even kiss or lick the playground. That is why all surfaces need to be safe. We go beyond the required outdoor playground standards and comply with the toy standard EN 71-3 for Migration of Certain Elements.

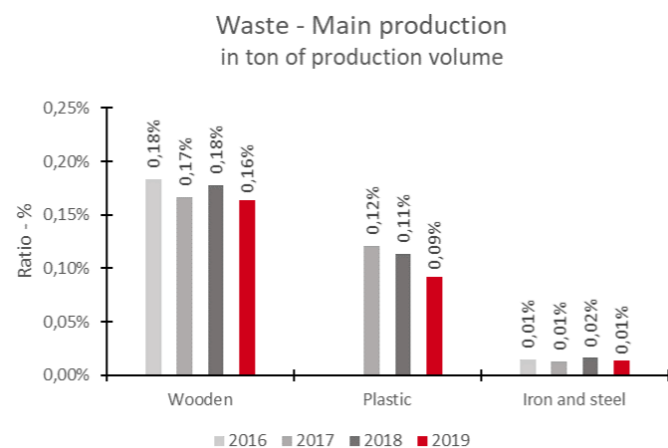
LOWER WASTE

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

One way to minimize waste is to focus on recycling. In the workshop, material usage is optimized, and the rest is recycled. For example, the cutting-out process of panels is computer generated in order to minimize residue. This, like every offcut of plastic, every speck of sawdust is gathered and recycled. The KOMPAN EcoCore™ panel, made of layers of HDPE, has many applications in playgrounds and outdoor fitness, such as sides, roofs and seats. It is a highly durable, eco-friendly panel, which is not only recyclable after use, but also consists of a core produced from 100% recycled, controlled material. Wood-plastic composite panels are used for our Multi Use Games Areas. These are made of recycled wood and HDPE. Besides its green profile, the panel has the same textural look as wood, is highly durable and never needs painting or treating with oil. The high durability also minimizes renewal of parts of the playgrounds and fitness solutions.

The development in output of wooden waste, plastic waste and iron and steel waste from the main production facility in Brno, Czech Republic, have been kept on an almost steady and in some years even decreasing low level. Majority of waste in the production are recycled in materials for new products or in other industries.

We will strive to reduce the waste output annually by at least 3% compared to the previous year. The ambition was met in 2019.



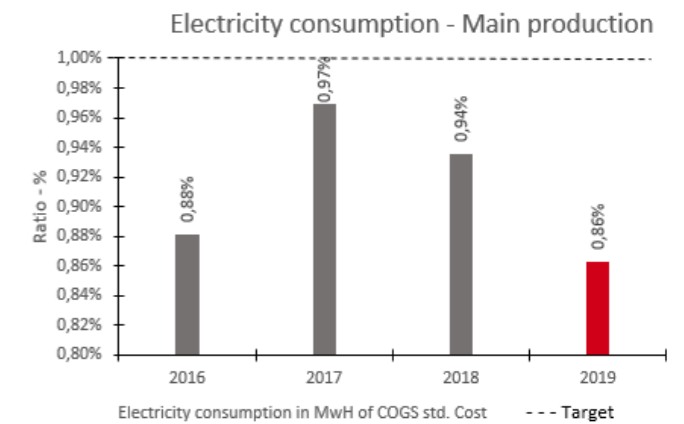
CLIMATE

In KOMPAN we have an overall strategy to minimize our impact on the climate and we constantly focus on continuing how to reduce our footprint on the climate. It is our ambition and part of our core value to show responsibility in all our actions. KOMPAN assess that our discharge of CO2 caused by travel, company cars and energy consumption have the main influence on the climate and to reduce this discharge, KOMPAN has strict policies within these areas.

It is KOMPAN policy for employees only to travel when it is strictly necessary, hence all travel needs approval by management. To minimize travel KOMPAN use conference rooms and technology to execute virtual meeting via video conference to the largest extent possible. In 2019 there has again been an increase in the use of video conferences, which reduced the number of flights at the KOMPAN headquarter with 14% compared to 2018.

KOMPAN has also included considerations about climate in our company car policy. Climate responsibility and awareness can be executed when leasing cars, therefore all leases must be cars with a maximum CO2 emission limit at 130 g/km. The policy also prescribes that SUV and 4x4 cars are not an option within KOMPAN.

At the main production site in the Czech Republic we constantly work with optimizing in all areas, not only in terms of waste and use of raw material, but also in terms of energy consumption in the production. This optimization is driven by various areas for example by new and modern production machinery, optimizing workflows and planning of production. In 2019 KOMPAN managed to lower its consumption of electricity, even though the production volume increased significantly. From 2018 to 2019 the consumption of electricity, relatively to the production volume, was reduced from 0,94% to 0,86%. In the future, we will strive to keep the optimization in focus and keep our electricity consumption relative to the production volume at less than 1%, a figure which is currently already met.





SOCIAL

As with human rights, KOMPAN's primary risks regarding the fundamental labor standards are at our suppliers. We strive to make sure that none of our cooperating parties are complicit in using, for example, child labor, forced labor or prohibiting the right to association and collective bargaining. You can read more about our work with ensuring our suppliers comply with our guidelines under the section Supplier Code of Conduct.

For KOMPAN's own activities, we aim to make sure that we provide our employees with a safe working environment, be that in the headquarters in Odense, Denmark, or in the factories in Germany, the Czech Republic and Poland as well as in our sales companies around the world. Occupational health and safety are an equivalent and integral part of all activities of KOMPAN and one of our permanent top priorities. Our Occupational Health

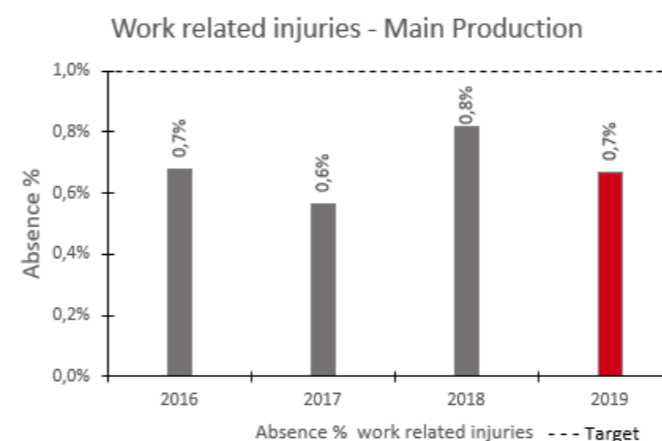
and Safety policy focuses on preventing injuries and illness, ensuring that we comply with all legal regulations and that we efficiently and actively involve our employees in the matter. As an important step in this direction, our largest factory located in Czech Republic is certified according to OHSAS 18001 - an occupational health and safety management system. This implies that the operating practices are up to date and in compliance with health and safety requirements. It further enables our organization to control and gain knowledge of all relevant risks and hazards, and consequently improves our performance. The latest surveillance audit for our Safety Management System was performed by Bureau Veritas in 2019 and passed without any non-conformity findings.

SAFE WORKING ENVIRONMENT

The amount of lost hours related to accidents (LTA: Lost Time Accidents) remained at a low level in 2019, despite the significant increase in new employees related to the growth in volume. LTA decreased to 4.168 hours in 2019 (4.576 hours in 2018), corresponding to 0,66% (0,82% in 2018) of the total production time. No serious injuries happened in the company in 2019.

To focus even more on safety, the 6 Safety standards (6S standards) has been implemented. The sustainability of 6S standards will be ensured through regular audits to identify possible risks. Our aim is to prevent accidents and production time loss in the entire plant.

We will continue a structured and managed approach to work actively for a safe and healthy working environment for our employees and strive to retain LTA below 1% in 2019. The focus on work safety will especially be in wood processing where the exposure to injuries is the highest.

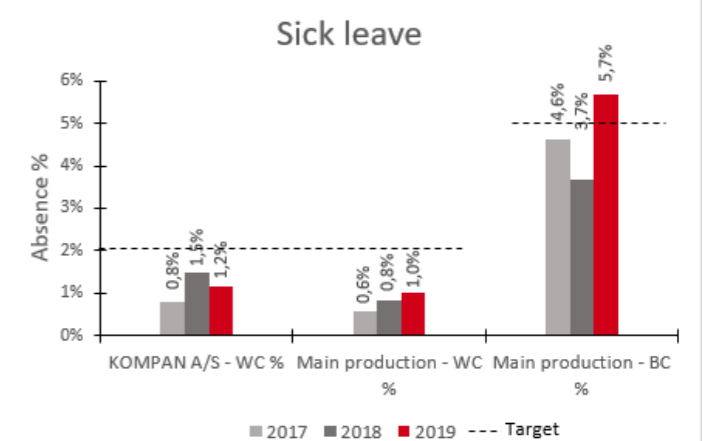


SICK LEAVE

KOMPAN is a workplace with a focus on the employees' physical and mental working environment conditions. A good example of this is the health insurance, which is offered to all our employees. The health insurance provides, among other things, the opportunity to receive treatment, physiotherapy, stress management etc.

We look with great interest at sick leave and strive to reduce short-term and long-term sick leave through prevention and close dialogue with sick leaved employees with a view to recovery and a quick return to work.

In 2019, sick leave in KOMPAN remained at a low level and below the target of 2% for white-collar employees. In KOMPAN A/S, the sick leave decreased to 1,2% (2018: 1,5%). In the main production unit, sick leave for white collars increased slightly to 1,0% (2018: 0,8%). For blue collars in the main production, the sick leave increased to 7,9% (2018: 3,6%) in 2019, with an ambition of maximum 5%. The increase during 2019 is explained by an increase in long-term sick leave which is expected to decrease below the targeted level in 2020.





HUMAN RIGHTS

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

it highly inclusive, supporting a wide variety of body positions: children and adults can sit, lie, or stand while spinning. The transparency of the Galaxy products and the varied ground-level access and activities also create centers of play across the play unit. This makes possible play interaction for all, everywhere in the structure. The open design ensures wheelchair accessibility.

So, when designers turn an original idea into a concept, there is one golden aim, that everyone takes something positive out of visit to a KOMPAN playground. Good health, like play, is for everyone.

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

Article 2 (definition): "Universal design" means the design of products, environments, programs and services to be usable by all people, to the greatest extent possible, without the need for adaptation or specialized design. (United Nations' Convention on the Rights of Persons with Disabilities)

Through our business activity, KOMPAN supports the UN's Convention on the Rights of the Child. On a daily basis, our products encourage and enable children to play and be active, and this has beneficial impact on their development in terms of motor coordination, intellect, and social skills. Our playgrounds also play an important role in the efforts against physical inactivity, overweight and obesity among children and teenagers. KOMPAN wishes to develop playgrounds, which will help improve the physique of the children in a safe and fun surrounding.

The World Health Organization has truly set its eyes on children's physical activity level and motor skills. Why? Research documents that physical activity is elementary for all other developmental areas of early childhood and that early year's development and learning investments give the best ROI for society. KOMPAN takes on the responsibility for motivating and scaffolding physical play and motor skills in children. For their well-being now and for the future of our societies.

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

In 2019, KOMPAN expanded its outdoor sport and fitness concept even further, which will have numerous positive effects on both children and adults.

KOMPAN's playgrounds and fitness sites must be for all. Inclusive play is at the very core of everything KOMPAN aims for. The result is universal designs that embrace the needs of all. In universal playgrounds, all children can play on their own together with peers or with their parents. There is no need for segregated areas, which might have a stigmatizing effect. For example, the top frame and spacious platform of the Tipi Carousel makes



GENDER DISTRIBUTION

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

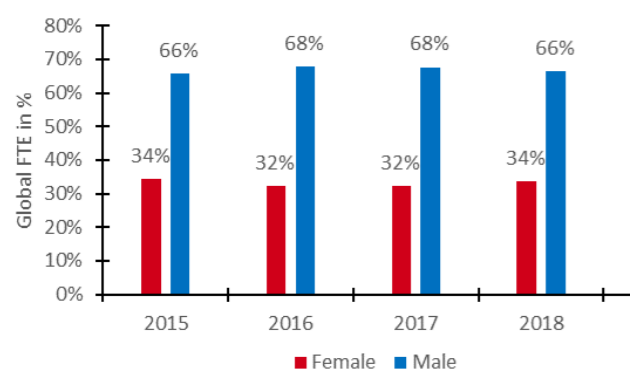
The management has decided to report on target numbers and policies for the underrepresented gender in the companies of the Group comprised by the rules, i.e. KOMPAN Holding A/S and KOMPAN A/S and its subsidiaries.

The global gender distribution by the end of 2019 was approximately 65% men (2018: 66%) and 35% women (2018: 34%). The proportion of women in group management constituted 33% (2018: 33%) and in the management of KOMPAN A/S and its subsidiaries with approximately 28% women (2018: 26%) and 72% men (2018: 74%).

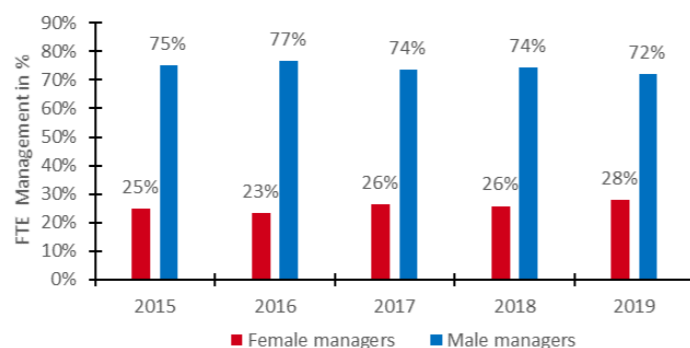
The Group will continually strive to increase the number of women in the global management and in the management of KOMPAN A/S and its subsidiaries by 2025. The management has a mutual responsibility of identifying and developing employees with an aspiration of a career within management and/or area responsibility and/or development of specialists within their field. In the selection process, management has focus on the overall responsibility of a well-balanced gender distribution in the future management level without compromising abilities, ambitions and talent.

With one woman appointed as member of the Board of Directors of KOMPAN Holding A/S and KOMPAN A/S, the goal of 25% representation of women on the Board of Directors by 2019 is met. Excluding the staff elected board members, the Board of Directors of both KOMPAN Holding A/S and KOMPAN A/S is represented by one woman and two men in both companies.

Global Gender Distribution



Gender Distribution in Management



ANTI-CORRUPTION

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

KOMPAN executes continuously training in our Business ethics policy, including an anti-bribery policy for all employees in the group. The policy concerns bribery, facilitation payments, gifts/entertainment, political contributions and charity contributions. Furthermore, the policy concerns conflicts of interest, treatment of confidential information and competition law compliance.

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

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



SUPPLIER CODE OF CONDUCT

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

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

When making new or renewing contracts the supplier must confirm and commit to complying with the code of conduct. If the supplier cannot or will not sign the code of

conduct, the engagement will not be made, or the existing agreement will be terminated.

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

In 2019, more than 99% our suppliers of raw materials or components have signed the code of conduct, meeting the target set of more than 95%.





**Visit KOMPAN's website for
more financial information**

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KOMPAN A/S

C.F. Tietgens Boulevard 32C

DK-5220 Odense SØ

Denmark

Tel.: +45 63 62 12 50

info@kompan.com

www.kompan.com

CVR. nr. 40 55 98 17