



ROSENDAHL
DESIGN GROUP

UN GLOBAL COMPACT COMMUNICATION ON PROGRESS 2019

ROSENDAHL DESIGN GROUP A/S
BUSINESS REG. NO.: 52 84 31 11
SLOTSMARKEN 1, DK-2970 HØRSHOLM

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FOREWORD



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.



At Rosendahl Design Group A/S, we know we run a better business if we behave in a fundamentally more decent manner than is necessary. In other words, we wish to take responsibility for the people and the environment our business affects in a way that supports sustainable development. Our corporate values, objectives, and ambitions form the framework for how we understand and manage that responsibility.

Since our commitment to the UN Global Compact (UNGC) in 2018, we have continuously supported the 10 principles of the UNGC which cover human rights, employee rights, the environment, and anti-corruption. Last year was no exception, as we took steps to support the UN Sustainable Development Goals

(SDGs) and to increase supplier compliance to our Code of Conduct and sustainability in sourcing raw materials, among many others.

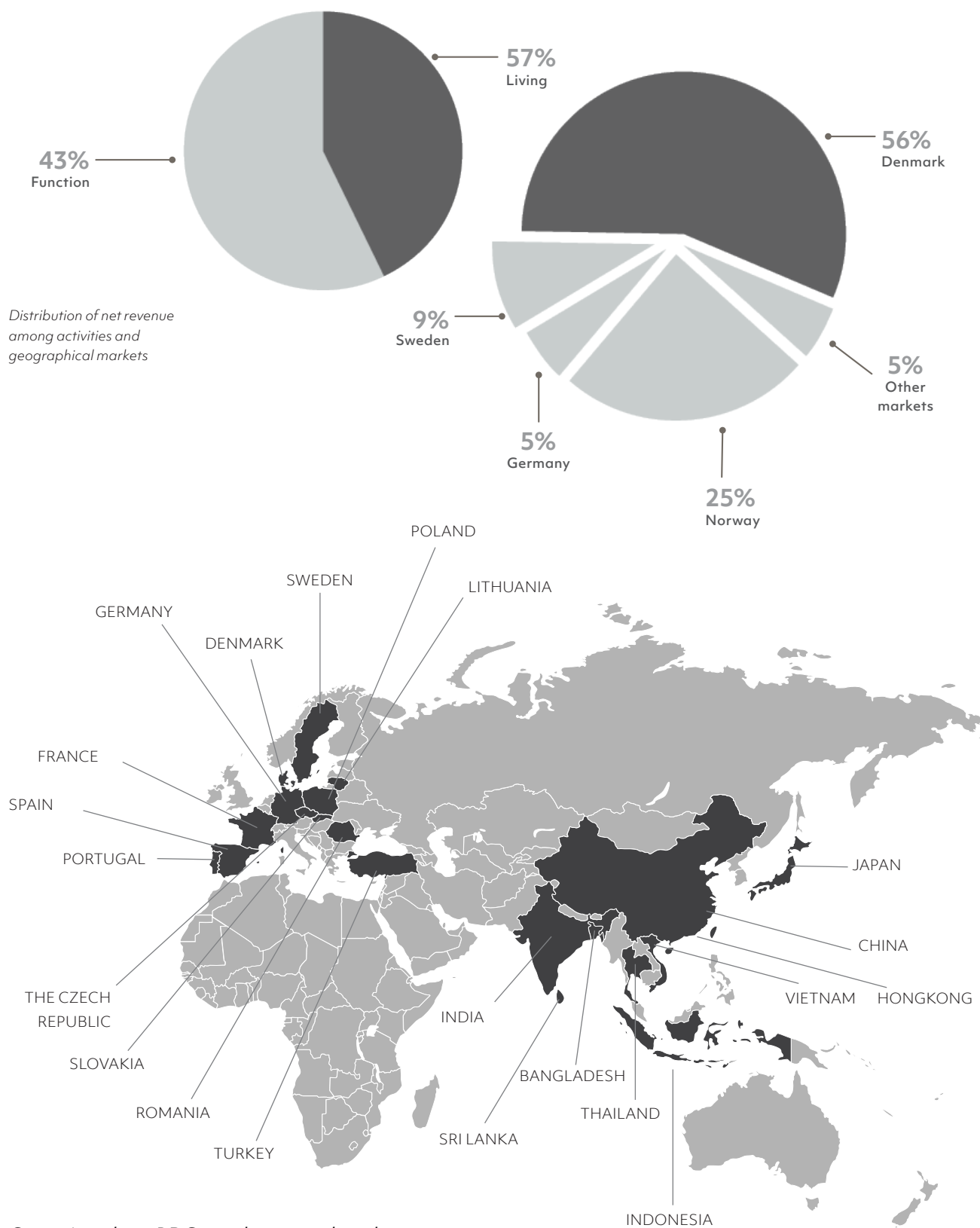
This report comprises RDG's "Communication on Progress" (COP) for the UNGC, in which we document the progress of our sustainability and responsibility initiatives. The report can be read independently or as a supplement to the Annual Report 2019.

Happy reading

A stylized signature of Henrik Rosendahl, consisting of a large 'H' and 'R' intertwined.

Henrik Rosendahl
Chairman of the board and owner,
Rosendahl Design Group A/S

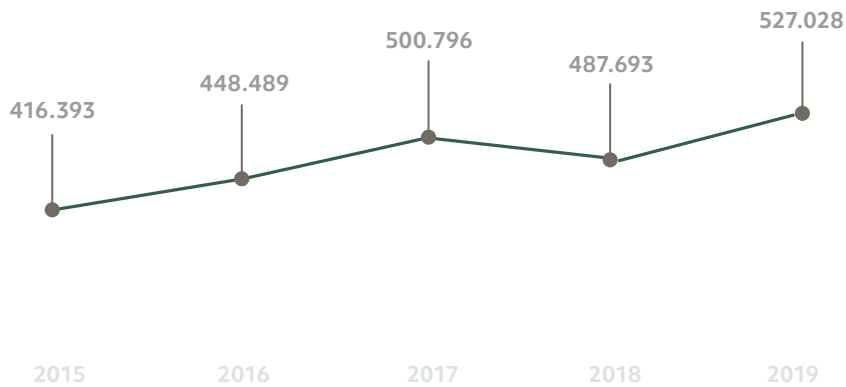
OUR BUSINESS



FACTS & FIGURES

DEVELOPMENT IN NET REVENUE

Rosendahl Design Group A/S
2015-2019 (TDKK)



NUMBER OF NEW PRODUCTS LAUNCHED

2019

+ 290

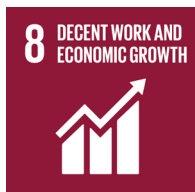
ITEM NUMBERS

Spanning all brands

+ 4000

UN SUSTAINABLE DEVELOPMENT GOALS (SDG)

As an international design company, workplace, and business partner with suppliers around the world we work actively to take responsibility for the impacts we have on the environment and the climate as well as the people involved in our business. In 2019 we identified the 17 UN Sustainable Development Goals (SDGs) we want to focus on and we work eagerly to implement these goals in all relevant parts of our business:





DENMARK'S LEADING DESIGN HOUSE

RDG is Denmark's leading multi-brand design house located in five countries and with an annual revenue of over DKK 530m. As a value-based design company dating back two generations, our mission is to design new products and rediscover Danish design classics for home décor and kitchen, to be sold to customers in Scandinavia and in carefully selected export markets.

Our designs are created, and our iconic sketches are revived, by our designers and external talents. They are then

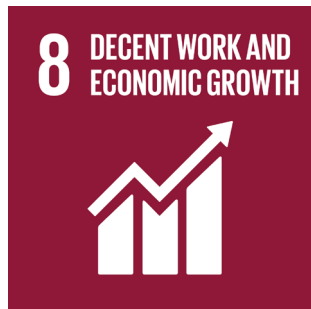
subsequently sold through wholesale distributors and retail stores to thousands of customers.

The RDG range features nine brands: Rosendahl, Holmegaard, Kay Bojesen, GLOBAL, Bjørn Wiinblad, Arne Jacobsen Clocks, JUNA, Lyngby Porcelæn, and Kähler.

RDG Property is our subsidiary that is responsible for facility management services at our headquarters in Hørsholm, located north of Copenhagen.

OUR COMMITMENT TO THE UN SUSTAINABLE DEVELOPMENT GOALS (SDG)

In our work with the UN Sustainable Development Goals (SDGs) we have chosen to actively contribute to the following 3 goals and continuously strive to implement the SDGs everywhere applicable in the organization and the supply chain.



NO. 8 DECENT WORK AND ECONOMIC GROWTH

RDG is a member of amfori BSCI and use the amfori BSCI Code of Conduct (amfori BSCI CoC) in our supplier relationships and contracts. Find more information regarding our work with amfori BSCI in the PEOPLE part of this report.



NO. 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

RDG is involved with nationwide organizations and networks where sustainable production is a main focus. More information regarding this is to be found on page 10 in the section "CSR at RDG". For more information on our work with new and more sustainable materials and certifications, please refer to pages 29-32. Our work with product safety and chemical control is described on page 37.



NO. 15 LIFE ON LAND

RDG is a member of the amfori Business Environmental Performance Initiative (amfori BEPI). Through this engagement we want to emphasize the importance of environmental work at supplier sites to reduce the negative impact environment and ecosystems. Read more about our amfori BEPI engagement on page 27-28. RDG also work with FSC™ and GOTS certified products to ensure sustainably managed forests and halt biodiversity loss. Read more on pages 29 and 30, respectively.

SUPPLY CHAIN AND RISKS

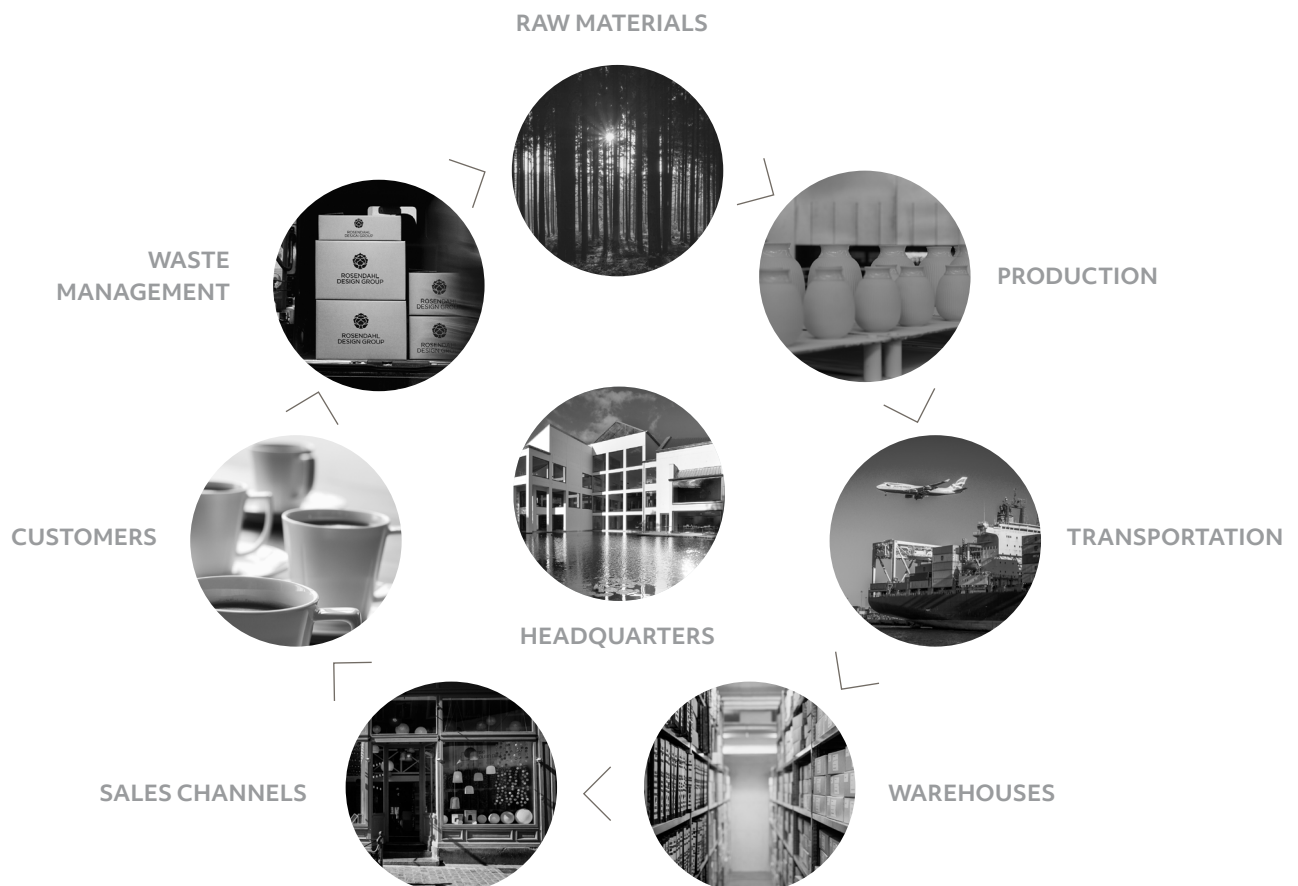
A core aspect of our sustainability and corporate social responsibility (CSR) work is mapping human and environmental risks associated with our activities.

The journey from raw materials to finished products is long and often involves many processes and a range of suppliers across the globe. As these processes potentially involve risks to humans and the environment, we do our best to continuously improve transparency.

In 2019, we continued our dedicated effort toward mapping potential risks in our supply chain. Our aim is both preventive and forward-looking. We want to identify potential areas of improvement, such as production, the use of raw materials,

and waste management. The figure below, as well as the following page, outline the most important risks in our business model and where to read more about them in the COP report.

The global corona pandemic that hit the world in Q1 of 2020 has had a substantial impact on our business. Sudden, all-encompassing global crises carry considerable business risks that extend beyond the risks that are described in the section below. More information about our response to navigate the corona crisis can be found in the Annual report for 2019.



RAW MATERIALS P. 27, 28, 29, 30, 31

Many raw materials are used to produce our products. We use textiles, wood, glass, and metal. Obtaining raw materials, such as wood and cotton, can be associated with the risk of breaching human rights and environmental risks could arise if the raw materials are not grown or sourced sustainably.

PRODUCTION P. 22, 23, 25, 27, 28

Our suppliers are based in different countries and use a variety of materials and manufacturing processes to manufacture our products. Potential risks may relate to human rights, employee rights, environmental issues, climate footprint, and various forms of corruption.

TRANSPORTATION P. 22, 24, 33

Our products are often transported over long distances—from production facility to warehouse, and from warehouse to customers. Regardless of where our carriers are based, there is a potential risk of breaching human rights and environmental risks associated with transportation.

WAREHOUSES P. 36

The main and most visible risk associated with our warehouse is the environmental impact of the waste generated from the packaging that is needed to transport our products.

SALES CHANNELS P. 25, 34

We sell our products in intensely competitive markets and channels. This exposes us to the risk of anti-competitive agreements, such as pricing agreements, and agreements about the division of market shares, or of supply chains and suppliers. This area is also associated with environmental risks due to waste generated from primary packaging and the packaging needed to transport goods to the channels.

CUSTOMERS P. 37

With thousands of products under nine brands, there is a potential risk of faulty products and exposure to harmful ingredients. We must also consider the legislative requirements for new materials as well as amendments to existing legal requirements.

WASTE MANAGEMENT P. 34

Generally, RDG's products are durable and are designed for use over many years. Many of our products are subsequently sold via resale outlets and also passed down through generations. Products may eventually break, requiring disposal, and incorrect disposal may harm the environment.

HEADQUARTERS P. 24, 25

RDG's work is based on knowledge and creativity and we therefore depend on the extensive expertise and ideas of highly skilled people. Thus, we focus on attracting and retaining the right employees with the appropriate skills and dedication.

CSR AT RDG

RDG's corporate social responsibility (CSR) department reports to the Production and Supply Chain Vice President. Our CSR Manager is responsible for developing and implementing CSR initiatives, which cover people, environment, and climate change mitigation. Together with the Executive Management Team, our CSR Manager carefully monitors progress in these areas. The CSR area is always on the agenda in discussions of the Executive Management Team, as well as in board meetings. During the development of the new business strategy (read more about this in the Annual Report for 2019), CSR was discussed in relation to new initiatives, such as sponsorships or certifications for several of the brands in the portfolio. Likewise, CSR is an integrated part of our daily business routine.

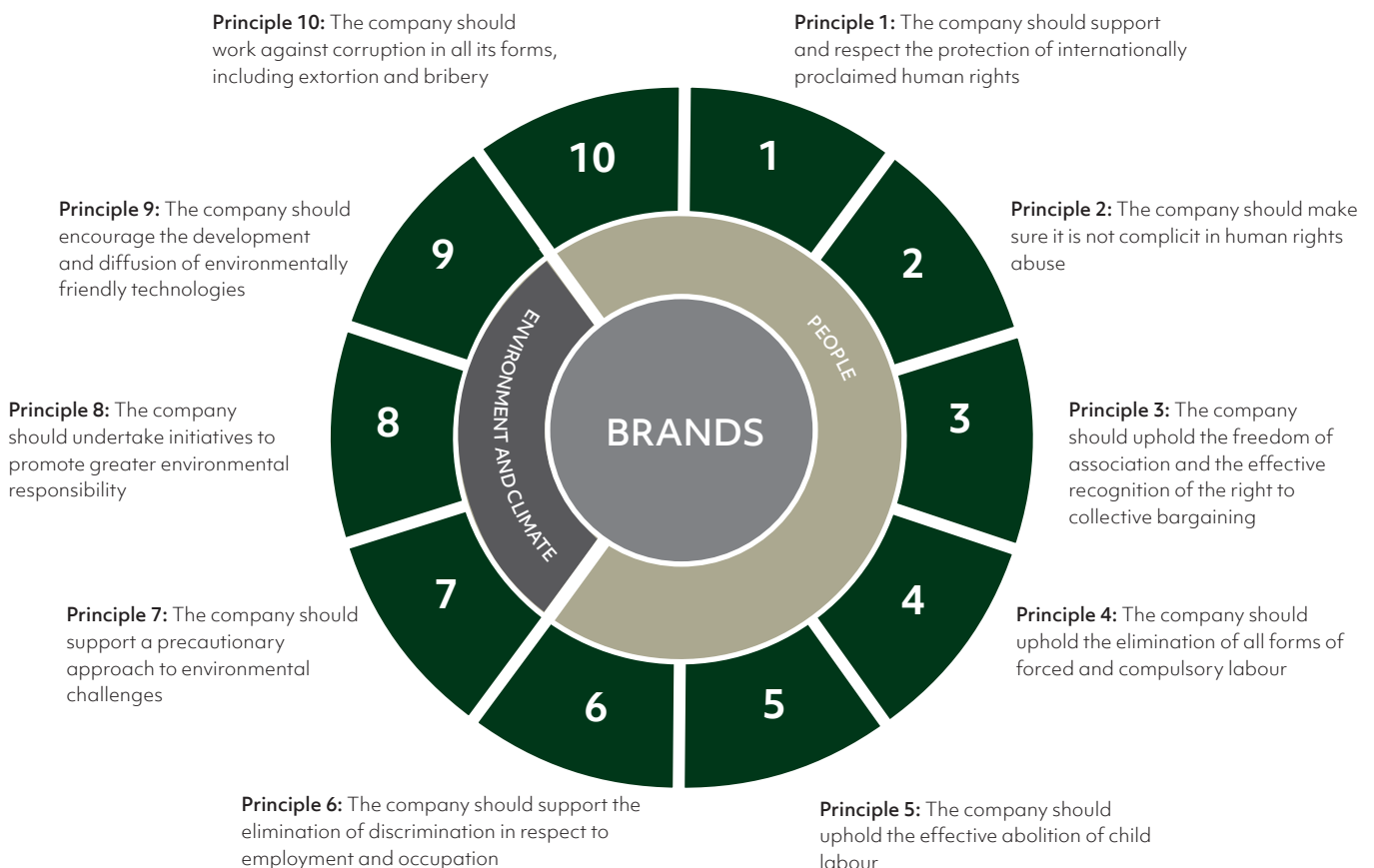
We are members of the UN Global Compact, the Danish Chamber of Commerce, the Forest Stewardship Council™ (FSC™), FSC™ Denmark, OEKO-TEX, amfori (BSCI and BEPI), and the Danish Ethical Trading Initiative (DIEH).

We joined DIEH in the beginning of 2019 and have benefited from several inspiring workshops and seminars at which colleagues from different parts of the organization have participated (CSR, Compliance, Design and Product Development).

All the above-mentioned memberships and partnerships contribute to keeping us updated on new developments and provide inspiration, as well as generating discussions on the sustainability.

In 2020, we will be an active partner and contribute to the agenda at the members' meetings in some of the above-mentioned organizations to encourage companies to adopt sustainable practices and to integrate sustainability information into their reporting cycles (SDG 12.6).

In the remainder of the COP report for 2019, we describe our policies, actions, and ambitions regarding brands, people, and the environment and climate. The figure below summarizes the UNGC principles associated with each relevant area.



BRANDS

Our nine brands, and the many products they encompass, are the backbone of our business. When our brands grow, our business grows, and with it our opportunities for

shouldering our responsibility as an international design company. In this section we describe each of our brands and our expectations for them in 2020.





KAY BOJESEN

You never outgrow the Kay Bojesen universe, it simply grows with you. The aesthetic and materials last for generations. The Monkey and other figurines are especially talented at winning our hearts—like only a brand with a personality can. The product portfolio includes more than 25 figurines of various sizes and models, and new animals from Kay Bojesen's comprehensive design archive are constantly joining the portfolio.

In 2018, we also joined the Forest Stewardship Council (FSC™) and continued to increase our commitment to certifying Kay Bojesen products, with 62 products certified by the end of 2019. The FSC™ is an international certification for wood and paper.

The FSC™ certification means that products have been sourced in ways that respect both nature and the local social communities in the forests where the wood originate.

We launched 25 new products under the Kay Bojesen brand in 2019, including a special FSC™ certified Panda in support of the Danish branch of WWF. Read more about this sponsorship in the relevant section of the COP report on page 19.

In 2020, we expect continued sales of the panda and the Monkey, which year-on-year is the best-selling product. We also have great expectations for our new Kay Bojesen Babies concept.





ROSENDAHL

Since 1984, Rosendahl has made everyday moments more beautiful with consistently functional designs and a crystal-clear style. Rosendahl is a young brand fuelled by the courage and in-depth appreciation of how people live – here and now. With products spanning classic kitchen equipment to exquisite table decorations, functional and accessible designs are hallmarks of Rosendahl, one of Scandinavia's most popular lifestyle brands.

In 2019, we sent a total of 99 new Rosendahl products on the market. However, the Rosendahl classic – the Grand Cru tumbler – was still the top-selling product in 2019.

We launched several new concepts to supplement the classic series, including the new stoneware line Grand Cru Sense and the festive tableware Grand Cru Moments. Both lines are elegant updates to the classic Grand Cru line.

In 2020, we will continue to focus on the new lines Grand Cru Sense and Grand Cru Moments, which will be supplemented by Grand Cru Take - a robust line of products which are easy to bring along, and more suitable for outdoor use. We also have great expectations for a new and very different Rosendahl lighting concept.

BJØRN WIINBLAD

For more than 50 years, Bjørn Wiinblad was one of Denmark's most productive artists. He was loved for his exquisite, humoristic designs, maximalist style, and an amazing palette of colours. Since 2014, Rosendahl Design Group has owned the rights to his extensive design archive encompassing textiles, pottery, glass, porcelain, and everything in between.

New launches and various Christmas products contributed to increasing sales in 2019, with two new products in the Eva series topping the list as the best-selling products for the year.

In the years ahead, we will launch products that accentuate Bjørn Wiinblad's original works more closely. We expect this internationally acclaimed artist to continue to boost revenue and penetrate markets outside Denmark and Norway.





KÄHLER

Since 1839, when Herman A. Kähler founded his pottery workshop in Næstved, Kähler has become synonymous with top-class Danish ceramic designs. Kähler's designs have taken the world by storm – with a signature respect for history, focus on the craft, and in modern times, stamping the classic “HAK” logo on the base of each piece. Rosendahl Design Group welcomed Kähler into its family in 2018, making this distinguished ceramic company the newest addition to our brand portfolio.

In 2019, we worked hard to integrate the new brand into our design house. This was also the year in which we celebrated Kähler's 180th anniversary with a range of special anniversary products and an exceptional exhibition of new and classic designs at Den Frie, Centre of Contemporary Art in Copenhagen.

For nearly two centuries, Kähler has been at the forefront of Danish, democratic ceramic arts. The brand draws on a tradition of innovative glazings, creative design, and notable artist collaborations. In the fall of 2019, Kähler continued to make design history, this time in collaboration with ceramist Turi Heisselberg Pedersen. With Kontur, the renowned ceramist put her matt glaze work and architectural shapes to a series of vases in five styles which fit with different floral moods – from the simplistic, exotic stem to big and rich bouquets.

We launched 66 new Kähler products in 2019 and the list of best-selling products show that the Hammershøi tableware is growing in popularity among customers. We have great expectations for Kähler in 2020, in which the popular Christmas tableware will be supplemented by, among other things, an Easter version of the same series.



HOLMEGAARD

Holmegaard shines as brightly as a beacon of contemporary design today as it did when the Holmegaard Glassworks opened its doors in Næstved, Denmark, in 1825. Aesthetic, relevant, and playful, this functional and decorative brand exudes an organic style. This style highlights quality craftsmanship and respect for the brand's proud heritage. The product portfolio spans everything from vases and glasses to lanterns to Christmas decorations.

Rosendahl Design Group welcomed Holmegaard in 2008. Since, RDG has teamed up with both recent and established designers to develop innovative products as well as to reinterpret classics from a design archive dating back more than 190 years.

We launched a total of 47 Holmegaard new products in 2019, including the new Flow series that is designed by Marion Fortat, who is Holmegaard's Design Brand Manager. The Flow design is based on water movement and ripples that, according to Marion Fortat, have similar characteristics as glowing glass.

At the top of the list of the best-selling products in 2019, we find the modern wineglass series, Cabernet and Perfection, along with the small Design with Light lantern designed by Maria Berntsen. We expect continued growth in these series in 2020 and look forward to more colourful products in the Flow series.



GLOBAL

Since 1983, Komin Yamada's GLOBAL knives have combined modern designs with traditional Japanese crafts, as well as quality and cutting-edge ergonomics. The GLOBAL product portfolio, which in Denmark includes more than 45 knives and a wide range of kitchen utensils, reflects a passion for unique steel, a special sharpening process, and production without joints making the knives more hygienic. Rosendahl Design Group has owned the rights to distribute GLOBAL knives in Denmark, Norway, and Finland since 1991.

In 2019, we launched 7 new products with the classic chef's knife G-2 and the bread knife G-9 as some of the most popular GLOBAL products.

In the years ahead, we will continue our efforts to re-brand GLOBAL. The rebranding process began in 2018 and has already had a visible effect on both our social media and our webshop. We expect continued growth in the GLOBAL brand in 2020, especially propelled by the Norwegian market and a series of accessory products, which are designed in-house and are being produced on a license.

LYNGBY PORCELÆN

The Danish porcelain brand, Lyngby Porcelæn, has sound historical roots with more than 80 years of experience creating handcrafted designs. Since 1936, Lyngby Porcelæn has pioneered elegant and innovative design characterized by stunning simplicity and clean functional lines. Added to RDG's brand portfolio in 2016, this classic porcelain brand has made a lasting impact on Danish porcelain production.

Since then, we have launched many new Lyngby Porcelæn items and expanded, among others, the Rhombe series which is designed with inspiration from an old rediscovered set from the archive at the Danish porcelain factory in Lyngby, Denmark. Sales of the Rhombe series gained a solid footing in 2019 and continued to generate attention to the series by launching new additions to the tableware as well as the first in a row of stunning, richly coloured decorative eggs for Easter and decoration. It is our continued aim to further develop the series and expand distribution significantly.

One of the most popular products in 2019 were the classic, white Lyngby vase and the dinner plate in the Rhombe line.





JUNA

JUNA is a Nordic textile brand with strong roots in Denmark, drawing inspiration from the Danish landscape. For more than 45 years, JUNA has delivered high-quality textiles to chain stores and customers. The RÅ apron was the bestselling product for the JUNA brand in 2019.

We believe JUNA has a promising future. By highlighting the brand's sustainable and eco-friendly materials, we will do our best to promote JUNA to customers who prefer high-quality textiles with a sustainable image. To align with JUNA's sustainable identity, we are determined to develop a series with more than a season-specific appeal to encourage less season-specific consumption. The Picnic blanket in the RÅ line is a good example of a new, sustainable product as it is made from approximately 120 recycled plastic bottles.

ARNE JACOBSEN CLOCKS

For more than 80 years, Arne Jacobsen's timeless architecture and designs have won critical acclaim world-wide. Since 2008, Rosendahl Design Group has had the global rights to produce and distribute Arne Jacobsen's iconic wall and table clocks. The clocks, which are marketed in both Northern Europe and Japan, are based on Arne Jacobsen's three original wall clocks: ROMAN inspired by Aarhus City Hall (1942), CITY HALL inspired by Rødovre City Hall (1956), and BANKERS for Danmarks Nationalbank, the central bank of Denmark (1971). All the clocks are still produced in full compliance with the master architect's original designs.

The bestselling Arne Jacobsen Clocks product remains the classic white Bankers wall clock in the 29-cm version. In 2020 we expect to grow the brand through a series of table clocks in new colours which will be launched during the spring of 2020.



DONATIONS AND SPONSORSHIPS



KAY BOJESEN DENMARK AND THE PANDAS AT THE ZOO

In 1952 Kay Bojesen created the charming Bear with inspiration from Copenhagen ZOO where a bear cub called Ursula was left by her mother and thus grew up with the manager of the zoo. Kay Bojesen loved Copenhagen ZOO and frequently visited the park and particularly the monkeys.

In 2019, more than 65 years later, Kay Bojesen Denmark once again drew inspiration from the zoo as the park opened the doors to a spectacular, new Panda house designed by the world-renowned architects Bjarke Ingels Group (BIG). We are convinced that had Kay Bojesen still been alive, he would have created a panda for the occasion. Consequently, that is precisely what we did - in close cooperation with the Kay Bojesen family. The irresistible playful shape of the Panda is designed based on the well-known Bear and dressed in a black and white for an original design with lots of the beloved Kay Bojesen charm.

For RDG, the panda represents the relationship between nature, sustainability and modern design. Our panda is also made to support the world's endangered species in collaboration with WWF Denmark. For each panda sold in Denmark we donate an amount to WWF Denmark and their work with forests and protection of wildlife. By buying a product like the panda, Danish customers can support wildlife around the world and take part in a very current agenda. Doing good and at the same time buying a piece of sustainable Danish design has proven meaningful to many.

Like the majority of our wooden products, the panda is made from FSC™-certified wood.



BJØRN WIINBLAD AND "THE BLUE HOUSE"

Bjørn Wiinblad owned many residences in Denmark and throughout Europe, but his heart belonged to The Blue House in Kongens Lyngby. The Blue House was both his home and his workshop until he died in 2006.

One of Bjørn Wiinblad's dearest wishes was to transform The Blue House into a working museum for young artists. However, the house required some tender loving care before this dream could be realised. So, for each Bjørn Wiinblad product sold, a percentage is donated towards renovating and maintaining The Blue House in the hope that it will one day be possible to make the multi-talented artist's wish come true.

THE ROYAL DANISH THEATRE

As a sponsor for the Royal Danish Theatre, we supply Grand Cru tableware to the restaurants and bars within the Opera House, the Old Stage and the Royal Danish Playhouse. Through the Rosendahl brand, we wish to strengthen culture in societies and foster settings that help it thrive.

Therefore, we are particularly proud that this sponsorship is helping to put Danish design on the menu.



KAREN BLIXEN MUSEUM RUNGSTEDLUND

With the Karen Blixen's Christmas series, the Rosendahl brand has had the honour of officially sponsoring the Karen Blixen Museum at Rungstedlund, just north of Copenhagen, since 2007. We are pleased to help preserve and pass on the legacy of this courageous and world-famous authoress. For every Christmas decoration sold from the collection, a percentage of the price goes towards funding new exhibitions, special exhibitions, and events such as readings and literary discussions.

PEOPLE

Our corporate social responsibility encompasses both people working at RDG and those linked to our business via our global supply chain. We want to be a workplace where employees are happy and develop personally and professionally. We want to promote respectful relationships and excellent cooperation with our business partners – regardless of where they are in the world.



HUMAN AND EMPLOYEE RIGHTS

RDG cooperates with suppliers in many different countries. We wish to collaborate with suppliers who meet their country's requirements for employee working conditions, enforce international rules, and engage in continuous human rights improvements. We require that our suppliers' production should never take place under conditions which violate human rights.

As a member of the UNGC, we support the principles for human and employee rights, including principles 1, 2, 3, 4, 5 and 6:

- **Principle 1:** The company should support and respect the protection of internationally proclaimed human rights
- **Principle 2:** The company should make sure it is not complicit in human rights abuse
- **Principle 3:** The company should uphold the freedom of association and the effective recognition of the right to collective bargaining
- **Principle 4:** The company should uphold the elimination of all forms of forced and compulsory labour
- **Principle 5:** The company should uphold the effective abolition of child labour
- **Principle 6:** The company should support the elimination of discrimination in respect to employment and occupation





Member of amfori, the leading business
association for open and sustainable trade.
We take part in amfori BSCI.
For more information visit www.amfori.org

As well as complying with the UNGC's principles, we are a member of the amfori Business Social Compliance Initiative (BSCI). The amfori BSCI is a business association for companies and interbranch organisations that base their work in the supply chain on the 'amfori BSCI Code of Conduct' (amfori BSCI CoC).

AMFORI BSCI COC

The amfori BSCI CoC consists of 11 principles covering the prohibition of child labour, forced labour, and corruption and discrimination, among others. The amfori BSCI CoC also stipulates requirements that safeguard labour conditions, employee rights to freedom of association, and reasonable working hours and pay. Amfori BSCI is a recognised framework applied by more than 2,000 companies in more than 40 countries. This helps us raise the standards of our business partners and promote constructive cooperation in target areas (SDG 8.8).

As part of their contract with RDG, our suppliers must sign the amfori BSCI CoC. During 2019 we have made sure that this applies to all our suppliers in high-risk countries and all have now signed the amfori BSCI CoC.

- During 2020, we will broaden our focus to also include suppliers in countries classified as low-risk, to raise compliance to and awareness about the amfori BSCI CoC among these. For all new suppliers, the amfori BSCI CoC is a compulsory part of their contract with RDG. We will train our staff located in Portugal in the amfori BSCI CoC to support the work with European suppliers.

AMFORI BSCI AUDIT

In addition to the amfori BSCI CoC, RDG initiates 3rd party amfori BSCI Supplier Audits. These audits help us continuously improve the transparency of the processes in our global supply chain. With our amfori BSCI membership, we are the responsible party for initiating amfori BSCI audits for our suppliers and following up on remediation plans.

Amfori BSCI audits result in scores from A-E, where E is 'Unacceptable'. We, therefore, accept levels A-D after an audit is completed. However, we urge suppliers to achieve at least a C. RDG generally emphasises close cooperation with our suppliers and supports continuous improvements. We achieve this through dialogue and following up on the

remediation plans developed with suppliers to ensure the relevant problems are addressed.

SUPPLIER SEGMENTATION¹

To create an overview and prioritise initiatives in our supply chain, we systematically divide our suppliers into segments based on amfori BSCI's global mapping of risk countries. We have come far in the work of mapping the suppliers that have not conducted third party audits in our supply chain. Most of our suppliers are now third party audited and we only miss a few; 50% of our suppliers are high-risk classified countries and of this 88% are third-party audited (according to amfori BSCI or corresponding standards). These third-party audited suppliers represent 95% of the purchase value from risk-classified countries. All new suppliers in 2019 identified as high-risk countries were third-party audited.

- The goal in 2020 is to achieve a 100% rate for third party audited suppliers in high-risk classified countries.

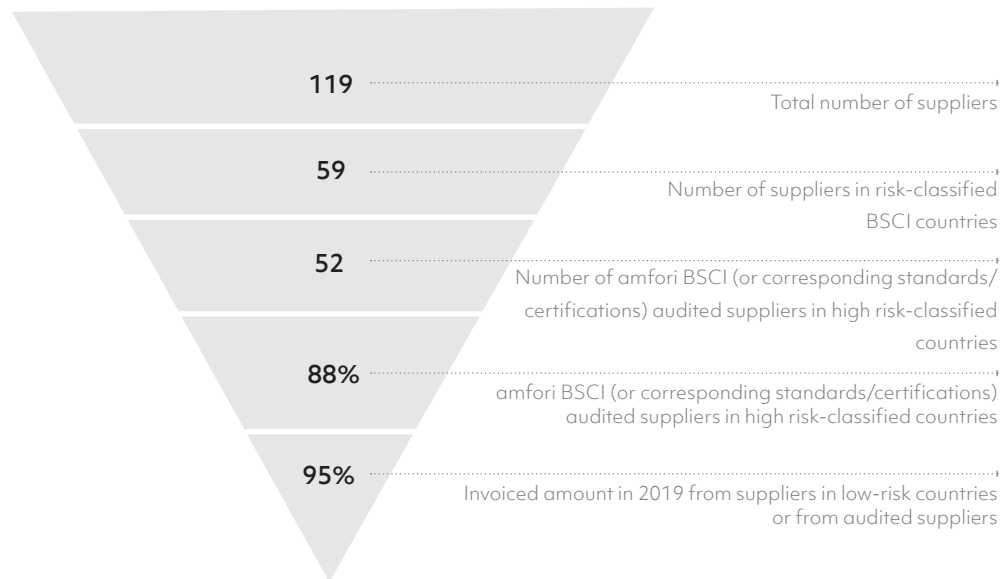
Suppliers are prioritised for amfori BSCI audits based on the following criteria:

1. RDG volume of purchases
2. Special factors (e.g. location, importance for supply or special risks)

Suppliers who fall into the above categories are the backbone of our production. Thus, we are particularly interested in carefully monitoring these and solving any challenges through close cooperation. Our initiatives cover first-tier suppliers in our supply chain and agents' first link suppliers in their supply chain. In other words, partners with whom we have a direct relationship and whom it is easier for us to influence.

During 2020 we will have a risk-based approach to our second- and third-tier suppliers. Our aim is to map the risks of the related processes in the supply chain and identify actions. We aim to map our supply chain in third and second tiers and for full transparency of the supply chain in 2023. The approach will be risk-based and initially we will focus on high-risk processes.

¹RDG suppliers covered by this policy are suppliers of physical products including product-related Point of Sale (e.g., cardboard, paper, plastic), but not suppliers of furniture, lights, equipment, etc. for displays and trade fairs.



RDG suppliers as of 31/12/2019

CARRIERS

We also focus on human and employee rights at RDG's carriers. We, therefore, ask all our primary carriers transporting goods to and from warehouses to sign the amfori BSCI CoC. During 2019 all our carriers have reviewed and signed the CoC, which is an integral part of the contract when onboarding a new carrier.

PSYCHOSOCIAL ENVIRONMENT

As a creative design house, our dedicated, enthusiastic, and passionate employees are our most important resources. Our ambition is to create a workplace that focuses on improving job satisfaction and developing individual talents. It is vital that our psychosocial and physical conditions enable this, as well as helping to attract and retain the best employees. We offer our employees benefits including a canteen scheme with organic, healthy, and varied food, a fitness centre, and a running club. Through supplementary training and courses, we focus continuously on professional and personal development.

In 2019, we followed up on our organisation-wide job satisfaction survey conducted in 2018, with a pulse survey and action plans going forward. The survey keeps track on our overall job satisfaction and development objectives which constitute the following:

- Annual management development with a score in the top 10% of comparable businesses measured with the same survey (conducted by external supplier)
- Annual job satisfaction with a score in the top 10% of comparable businesses measured with the same survey (conducted by external supplier)
- Development plans and programmes for all employees

	2018	2019
Number of employees	141	151
Average seniority	4.5	5.5
Average age	43	43
Composition	99 women 42 men	111 women 40 men
	12 women and 8 men in management	20 women and 12 men in management
	4 women and 2 men in the Executive Management	4 women and 1 man in the Executive Management
Sickness absence	2.37%	2.24%

Employee composition at RDG

ANTI-CORRUPTION

As a member of the UNGC, we also support the anti-corruption principle:

- **Principle 10:** The company should work against corruption in all its forms, including extortion and bribery

As such, RDG condemns all forms of corruption and bribery.

ANTI-BRIBERY POLICY

RDG's anti-bribery policy is simple. RDG has zero-tolerance for all forms of direct and indirect bribery. Employees at RDG may not offer or receive illegal or unauthorised gifts of money or other forms of payment or incentives to obtain business or private benefits. RDG's attitude is the same regarding our business partners, who also may not receive, give or in other ways be associated with bribery.

GIFTS AND ENTERTAINMENT

In RDG's opinion, employees may receive and give gifts to suppliers and customers, provided this does not generate any doubt about the employees' loyalty to RDG. We also believe participation in some kinds of events can reinforce and/or maintain relationships and are in RDG's interests. RDG's gift policy specifies rules for when and under which circumstances employees may offer gifts and entertainment, as well as when and under which circumstances, gifts, and entertainment may be received from customers and suppliers.

CONTINUOUS INITIATIVES TO PREVENT COMPETITION AGREEMENTS

At RDG, we endorse free competition and under no circumstances accept illegal price agreements or other anti-competitive clauses. Our approach includes, but is not limited to, price agreements, division of supply sources and suppliers, and agreements on potential supplementary services for inclusion in a contract.

At all times, in compliance with competition legislation, dealers themselves, and market trends will determine how, where, and at what prices RDG's goods are sold.

RDG exclusively issues recommended retail prices and we train our sales force in compliance with competition legislation in force at any time.

Once again, no reports of corruption or bribery at RDG were filed in 2019, and in 2020 we will continue to focus on maintaining our current policies and initiatives.

ENVIRONMENT AND CLIMATE

Through our UNGC membership, we have complied with the following environmental and climate principles:

- **Principle 7:** The company should support a precautionary approach to environmental challenges
- **Principle 8:** The company should undertake initiatives to promote greater environmental responsibility
- **Principle 9:** The company should encourage the development and diffusion of environmentally friendly technologies



ENVIRONMENT AND CLIMATE AT RDG

We run a value-based, international design company with focus on responsibility and sustainability. This means, for example, that we are working to ensure that our production processes do not harm the environment or lead to unnecessary environmental damage in areas where production takes place. The many products in RDG's catalogue are produced from many different materials and our supply chain spans large parts of the world. We strive to continuously improve the transparency in our supply chain and among our suppliers. Thus, we have the following ambitions:

- Membership of and engagement in the UNGC, with comprehensive COP reports that reflect our initiatives.
- Reporting on CO₂ emissions (according to Greenhouse Gas Protocol) for SCOPE 1 and 2 to be included in the Annual Report for 2020.
- Active members of amfori BEPI to monitor and initiate improvements in environmental practice within our supply chain where needed.

The processes involved in our products' journey from raw materials to finished products must support a sustainable environment for local areas, as well as the people who live and work in them. RDG will not contribute to an adverse impact, directly or indirectly, on the environment above permitted limits.

Our initiatives on this topic involve all parts of the value chain throughout our products' lifecycle (see the figure on page 8) – from sourcing the raw materials, to production, to transportation, to warehouses, sales, use, disposal, and recycling.

In 2019, we have focused on reducing our negative impact on environment and climate. We have initiated our work with amfori BEPI and several suppliers have been onboarded and informed about the planned BEPI roll-out over the coming years. Identification and monitoring of improvement areas of our carbon footprint in terms of transportation and packaging are still focal areas, as is waste management. We have intensified our work with different certifications of our products. The FSC™ certification has had high priority during 2019 and more products are certified every month (for more information on FSC™ see page 29). More products and materials will be included in the work with certifications during 2020 (SDG 12 and 15).





Member of amfori, the leading business
association for open and sustainable trade.
We take part in amfori BEPI.
For more information visit www.amfori.org

SUPPLIERS

Across the RDG global value chain, we strive to help raise standards among our suppliers to minimise the environmental footprint. In principle, we would rather engage in constructive dialogue with our agents and suppliers about problematic issues, rather than immediately terminating the collaboration.

However, we terminate collaborations with suppliers who do not wish to improve conditions or repeatedly fail to respect agreement with RDG on such matters.

In particularly serious cases of conscious environmental damage, we would immediately terminate the relevant collaboration, even if the violation does not necessarily conflict with the legislation of the country in question.

AMFORI BEPI

The amfori BEPI is a tool devised to promote improvement in the supply chain within 11 environmental areas. These areas span everything from energy consumption to green-house gases to managing chemicals. The amfori BEPI tool helps specify the most important environmental focus areas and promotes a more targeted approach to implementing specific environmental improvements.

The most important amfori BEPI tool is the Self-Assessment Questionnaire (SAQ), that is used to assess suppliers' environmental standards. Amfori BEPI is a recognised system for assessing, following up, and resolving issues within

environmental areas. In 2019, a few suppliers were onboarded and the SAQ was completed by one supplier. We will continue to work with the result of the SAQ in order to identify focus areas and initiate improvements.

When choosing which suppliers to onboard in the initial stage of the work with amfori BEPI, we will focus on our predominant materials to identify the areas where each supply chain creates the largest impact.

Our ambition for 2020 is to:

- Conduct amfori BEPI SAQ with a minimum of three RDG suppliers.
- Initiate and follow up on the next step for the already onboarded supplier with a completed SAQ.

The selection of the next three suppliers will not be limited to production facilities in an amfori BSCI risk country but will include all our suppliers.

FOREST STEWARDSHIP COUNCIL™ (FSC™)

219

WOODEN PRODUCTS
OFFERED IN 2019

62

CERTIFIED WOODEN
PRODUCTS OFFERED
IN 2019

28%

OF WOODEN
PRODUCTS OFFERED
IN 2019 WERE FSC
CERTIFIED

100% FSC™ Policy

At RDG we want to support sustainable forestry. The majority of the wooden products we sell are made from FSC™ certified wood and our goal is to phase out non-certified wood products and offer our customers only certified wood products in the future. This goal also includes paper. At RDG, we will only use FSC™ certified paper for the production of paper-based products and for internal use in the company.

At the end of 2019, one of our biggest suppliers of gift boxes has become FSC™ certified. This means that a big part of our gift boxes will be changed to FSC™ certified paper during 2020. The certification was a priority for us to be able to fulfil our target of using only FSC™ certified paper, paperboard, and cardboard in our primary packaging. In 2020, we will expand this target to include secondary packaging:

- All paper, paperboard, and cardboard used for our secondary packaging (brown boxes) must be continuously enhanced to meet FSC certification and/or originate from responsible and sustainable sources.^{2,3}

- All paper-based printed material will be ordered in FSC certified paper from 2020 and onwards. This includes pricelists, fair decorations, posters, and logo notebooks.

At the beginning of 2020, one more supplier of wooden products will go through an FSC™ audit and become certified. This means that at re-ordering, even more of the wood products range can be offered as FSC™ certified. And we will be closer to fulfilling our target of 100% FSC™ certified wood in our products by the end of 2020 (SDG 15).

KAY BOJESEN AND FSC™

88

WOOD
PRODUCTS
OFFERED
IN 2019

57

WOOD
PRODUCTS
FSC CERTIFIED

65%

FSC™
CERTIFIED

²We also accept Programme for The Endorsement of Forest Certification™ (PEFC™) in cases where it is not possible to purchase FSC™ certified wood of the right quality.

³FSC™ 100 %, FSC™ MIX and FSC™ RECYCLED

GLOBAL ORGANIC TEXTILE STANDARD (GOTS)

We plan to become GOTS certified in 2020. We estimate the certification process will be finished in Q1 making us able to offer GOTS certified products to our customers for the AW20 season. Our aim is that most organic cotton products offered by JUNA and Kay Bojesen for AW20 are GOTS certified.

The GOTS certification and logo tell customers that the organic product is produced in a controlled supply chain where the cotton is monitored, and the flow of cotton is documented via transaction certificates.

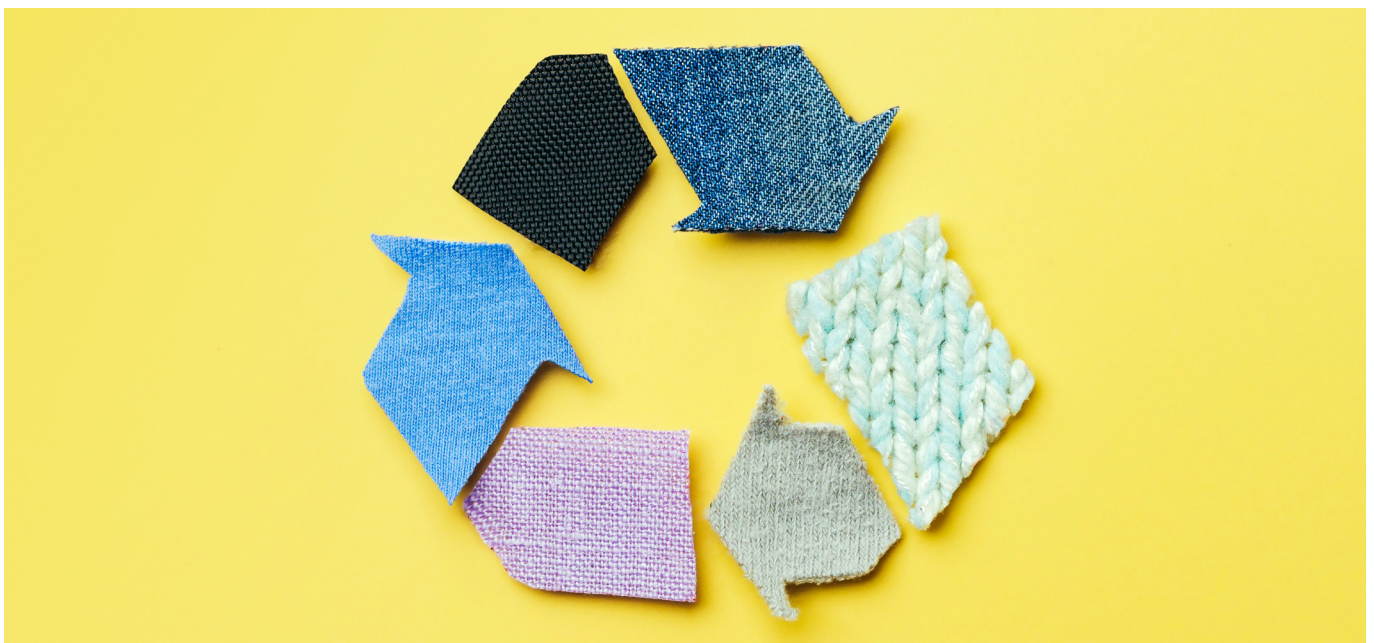
The GOTS logo on our organic products will make it easier for customers to make sustainable choices. It will mainly be used for JUNA and Kay Bojesen products but we plan to roll out GOTS for all brands (where applicable) in the coming years (SDG 15).

GLOBAL RECYCLE STANDARD (GRS)

In 2020, RDG also plans to become GRS certified. We estimate the certification process will be finished in Q1. Initially, the GRS will cover textiles but it can be used for all our materials where applicable. We are working with recycled materials within several of our product categories and plan for the GRS certification to be used for many products and material types in the future. It will (similar to the GOTS logo) make it easier for our customers to make sustainable choices.

CASE: GOTS AND GRS CERTIFICATION SUPPORT

At RDG we value supplier relations highly and we urge our suppliers toward sustainable development wherever possible. Deciding on becoming GRS and GOTS certified and to offer certified products to our customers, requires that we ensure that all our suppliers are certified accordingly. When one of our long-term suppliers was willing to become certified in 2019 but did not have the resources to complete a certification on their own, RDG decided to provide the necessary financial support. The supplier will go through the audit process in Q1 of 2020. After gaining the certifications the supplier will be able to offer certified products, not only to RDG but to other partners and customers. We are happy to support and take part in this development.



CASE: THE FSC™ MONKEY FAMILY

Entering 2019, only a small part of our famous monkey family designed by Kay Bojesen was FSC™ certified. During 2019, as new orders were placed at our FSC™ certified suppliers, all monkeys were transferred into FSC™ certified wood. By the end of 2019, all monkeys in the family are now FSC™ certified – mini, small, medium and large.

The monkey family, among other Kay Bojesen products, in the department store Åhléns in Sweden have the label “bra val” (meaning ‘good choice’) – which signals to consumers that the product is sustainable.



SUSTAINABLE MATERIALS

RDG is constantly searching for new and sustainable materials. In the course of 2019, research was conducted for new production methods for glass, plastics, and porcelain. We will continue to explore in 2020 and we plan to develop products in recycled glass and recycled plastic for the AW20 collection.

In 2019, we decided to change the paint on all thermoses (where applicable) from oil-based to water-based, as this reduces the use of chemicals used in the production process. As previously stated, we also focus on the packaging used for products and are changing our gift boxes to FSC™ certified paper as we move forward.

When it comes to gift boxes, we have explored different solutions. From removing them entirely for some products to changing to a more recyclable paper for others. The challenge with most of our products is that they are fragile in transportation, making it difficult to remove the packaging while still keeping fragile products undamaged. In the cases below, we describe some of our ongoing efforts to include more sustainable packing materials.

Rosendahl Grand Cru Sense - a new line produced for the Rosendahl brand was released with the AW19 collection. This line is only wrapped with a sleeve and the traditional gift box has been removed. This will save a substantial amount of packing, while also creating new challenges keeping the fragile products undamaged. Therefore, to protect the products during shipping from supplier to RDG and onwards to customers, a simple, non-printed, brown box with a sticker will be used to avoid breakage during transportation. The brown box is more applicable for recycling or reuse than the traditional gift box.

In 2020, Kähler will launch two or more product series presented and sent in a similar way. Either with paper sleeves

or with stickers and a simple, non-printed, brown box for protection during transportation. This way, the packaging material can be re-used or recycled in the best possible way.

In 2019, JUNA changed the packaging for Bed linen from plastic to paper-based FSC™ certified packaging from the AW19 collection. Moving forward, only the tablecloths will have plastic packaging. In 2020, these will be changed from plastic to primarily FSC™ certified paper boxes to reduce use of plastics. We will phase out all plastic used in the primary packaging for the JUNA brand during 2020. This will be a pilot project for implementing more non-plastic packaging for other brands in the portfolio and reducing our material use in packaging in general.



CASE: JUNA PICNIC BLANKET MADE FROM PET

In 2019, the JUNA brand developed a picnic blanket made from 120 recycled 1L plastic bottles. The bottles were cut into smaller pieces and melted to plastic granulates, and then made into a thread that can be used to weave textiles. By using bottles instead of raw oil to develop the synthetic thread, less CO₂ is created and bottles which would otherwise have been burnt or disposed of in other non-ideal ways are now used in a new way.

This product received a warm welcomed by the market and more JUNA products made of recycled fibres will be found in the SS20 and AW20 collections.



TRANSPORTATION

TRANSPORTING GOODS

Often our goods are transported long distances by ship, plane, truck, and train. The primary transportation modes for our products are ship and truck. All our agreements about transporting goods from production by air must be approved before an order is placed.

By year-end 2019 we have, for the first time, collected a full view of our CO₂ emissions concerning inbound and outbound transport of goods (including samples, production, and sales). It comes as no surprise that even though the number of air shipments is low, air shipments were the biggest contributors to our total CO₂ emissions. During 2020, we will investigate options for reducing air freight as this is what will have the biggest effect on reducing the CO₂ emissions from the transport of goods. The total CO₂ emissions from the transportation of goods were 971 tons

CO₂e for 2019. Airfreight stands for 39% of the total. The major part of the road transportation is outbound goods from our warehouse to customers.

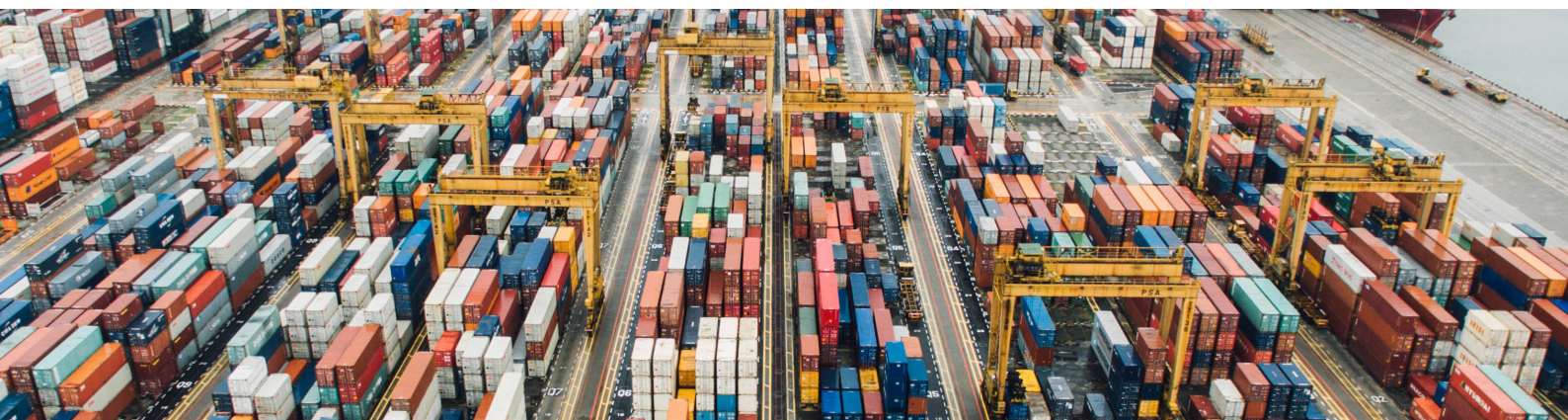
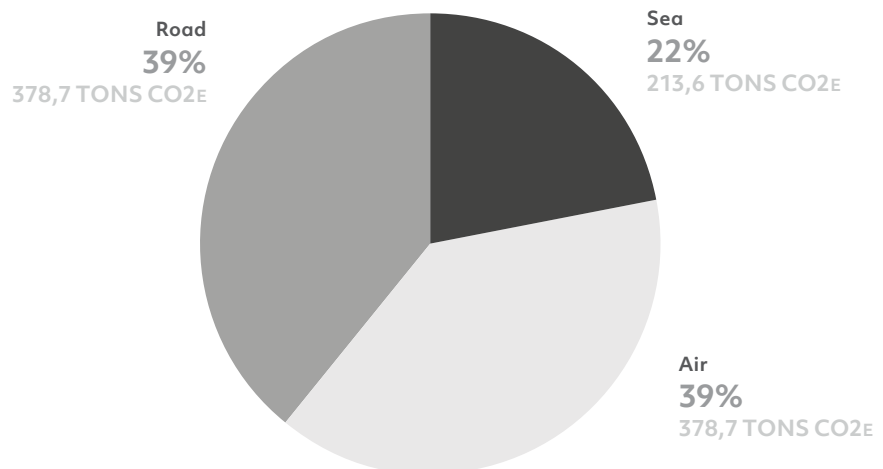
Our ambition in the area of transportation is:

- To reduce the use of air shipments where possible.
- To investigate more environmentally friendly options for transportation offered by our carriers.

EMPLOYEE TRANSPORTATION

We strive to use digital solutions where applicable to minimize air travel. RDG employees must only use flight transportation where a digital solution or other transport is not applicable within a reasonable time and price range.

CO₂ EMISSIONS FROM TRANSPORTATION OF GOODS IN 2019: 971 TONS CO₂e



RESOURCE CONSUMPTION AND WASTE

WASTE

As a company, it is unavoidable that we generate waste internally and externally. Nevertheless, it is our ambition to reduce total waste volumes.

We have many deliveries sent to our headquarters in Hørsholm, including material samples, production samples, exhibition materials, purchases for events, and canteen deliveries. Most of our activities produce waste in the form of either packaging or food waste.

In 2019, we have added even more sorting solutions to our waste depot in Hørsholm to minimize the volume of small flammable/residual waste, as well as landfill waste. We have added the following waste fractions: Metal, batteries, hard plastic, and soft transparent plastic. All employees have been informed of the new fractions added and will be continuously updated on this area to improve the efficiency of the sorting.

In 2019, we also began exploring the waste generated in our production and possibilities to reduce this. There are numerous pieces rejected in our production due to flaws. These can be big or small and we are, therefore, investigating whether some of them can be accepted and sold in our outlet at a discounted price. In the beginning of 2020, we will carry out a trial with some rejected Lyngby vases that will be sold in our outlet in Ringsted. Depending on the outcome, we will consider this option for other products.

RDG will join and gain membership in a start-up initiative called Upcycling Forum. This initiative aims to take what is seen as waste in one industry and upcycle it in another where it can create value. We aim to engage in several projects with Upcycling Forum and to explore what "waste" we might have to offer other industries.

Our ambitions regarding waste management remain the following:

- We will continuously monitor and explore our options for reducing our consumption of transport packaging, including filling materials. This also includes the handling of used transportation materials (received from suppliers) at the warehouses.
- We will continuously monitor waste volumes at our locations and launch activities to reduce this.
- We will have a special focus on minimizing the volume of small flammable/residual waste, as well as landfill volume.
- We will continuously focus on the waste management of our products and design for disassembly enabling the products to be recycled at the end of their product life-cycle.

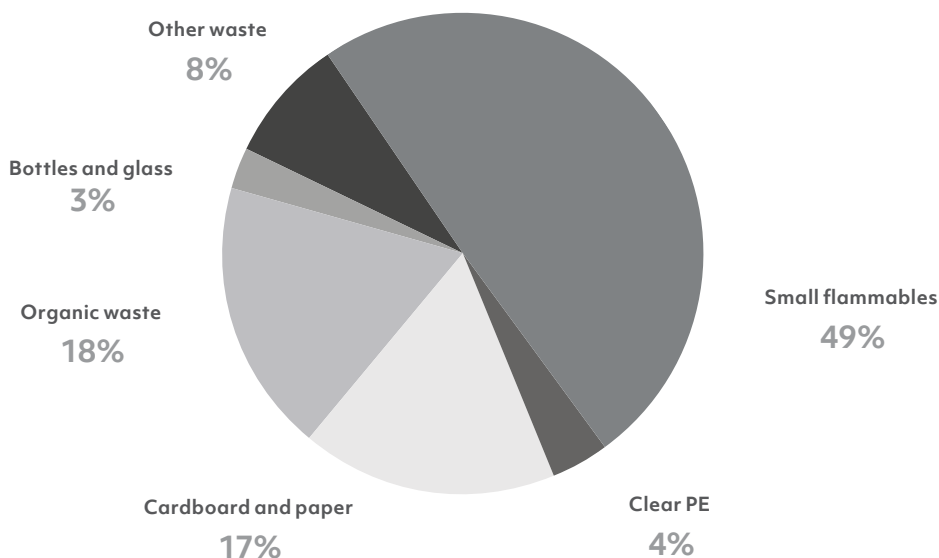
RESOURCE CONSUMPTION

We wish to reduce our consumption of electricity, water, heating, and gas. This requires that we monitor our resource consumption – both at our facilities and at our business partners' where we have a direct influence on consumption (such as at our storage facilities). Therefore, our ambition for reducing our resource consumption is:

- We will continuously strive to identify ways to promote more sustainable consumption of electricity, water, heating, and gas.
- The source of electricity at the head office as well as at the warehouse will be changed to renewable sources in 2020.

In the our newly-opened addition to our Head office, only LED lights are used and automatic water taps for saving water have been installed at all sinks. Similar water-saving options have been applied for all toilettes. In the older part of Head office, bulbs are continuously changed to LED bulbs where applicable.

WASTE HØRSHOLM: 43 TONNES



Disposal options for electronic products that may be particularly harmful to the environment are covered by the European "Waste from Electrical and Electronic Equipment" (WEEE) rules and are documented via inserts and pictograms in our products.

OUR OUTSOURCED WAREHOUSES

Our storage is outsourced to a subcontractor responsible for warehouse operations and quality assurance. RDG has a major impact on the scope and character of resource consumption at our warehouse location.

We continuously map and monitor information about energy consumption, resource consumption, and waste handling at our warehouses. In 2019, a new storage hall was finalized at the warehouse location, and only LED lights are installed in the new hall.

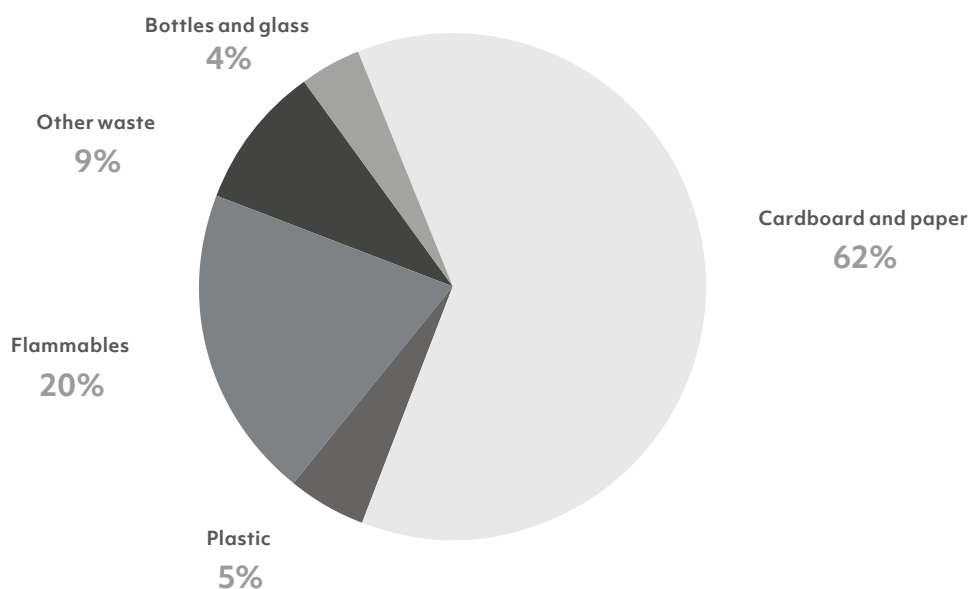
The new storage hall was finalized in order to make room for Kähler. The waste volumes have of course grown in the course of 2019, due to the acquisition of Kähler. In 2020, we will focus on bringing down the waste volumes in the warehouse with extra focus on reducing the amount of paper and cardboard sent to recycling and potential re-use of this at the site will be investigated.

Likewise, the focus is on reducing the second biggest waste category, flammables.

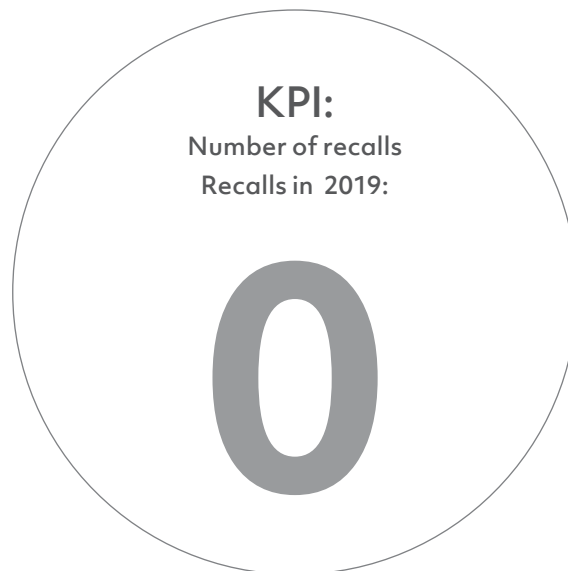
In 2019 we initiated a pilot project changing the plastic air pillows to paper fill for our online orders, across all brands.

- In 2020, we will evaluate the result of the project (e.g., the potential reduction in CO2 emissions, user applicability, and shock-resistance) and implement a more sustainable solution for all orders sent from the warehouse (online orders, as well orders to retail and e-tail customers).
- In 2020, we aim to change the supply of electricity from conventional to green energy at the warehouse.
- In 2020, we will investigate different solutions regarding reusable packaging to be used for our online orders where applicable. When the right solution is found, we will initiate a pilot project with the JUNA brand to increase preliminary information before adding the solution to other brands.

WASTE NAKSKOV: 228 TONNES



Disposal options for electronic products that may be particularly harmful to the environment are covered by the European "Waste from Electrical and Electronic Equipment" (WEEE) rules and are documented via inserts and pictograms in our products.



PRODUCT SAFETY

At RDG, we accept nothing but 100% transparency from our suppliers about the substances used in our products. We will not accept the presence of substances in our products or packaging that could harm the health of customers. All our products comply with the demands specified in the shared UN Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) regulation.

OEKO-TEX

We work continuously on certifying our textile products with OEKO-TEX, a textile label devised to safeguard consumers against exposure to toxic substances e.g. those that could cause skin irritation. Certification is obtained following an inspection of textiles for the presence of chemicals. The requirements for achieving OEKO-TEX™ certification are stricter than the legislation itself and are continuously adjusted to reflect new research findings.



OWN-CHECK PROGRAMME

Our own-check programme is based on Danish and European legislation, as well as the principles of the internationally recognised "Hazard Analysis and Critical Control Points" method (HACCP). Our own-check programme describes the prescribed written procedures that we follow and document to ensure food safety.

We are subject to Danish and European legislation for all products produced from plastic, porcelain, metal, and glass that will come into contact with food. We, therefore, prepare declarations of compliance and documents as evidence that our products meet the appropriate legislation. When changing production or the materials in an existing product, new tests and documentation are required.

Our own-check programme covers all the company's activities and all locations.

RISK ASSESSMENTS FOR NEW PRODUCTS

Before new products are approved for production, thorough risk assessments are conducted that consider production, testing, materials, usage situation, and disposal.



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DESIGN GROUP

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