



CSR COMMUNICATION
ON PROGRESS 2020



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 happier and healthier 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!



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KOMPAN COMMUNICATION ON PROGRESS FOR 2020 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 continuously improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.

In 2020 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 planned new initiatives, which will be implemented in the coming years.

Sincerely yours,

Connie Astrup-Larsen
Chief Executive Officer

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 manufacturer of playgrounds and fitness equipment the main risk related to the environment is the footprint caused by production and usage of raw materials, as well as transportation. 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 wood products. Our Robinia suppliers come from European plantations and from natural forests operating under responsible sustainable forest management. We also offer other 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.

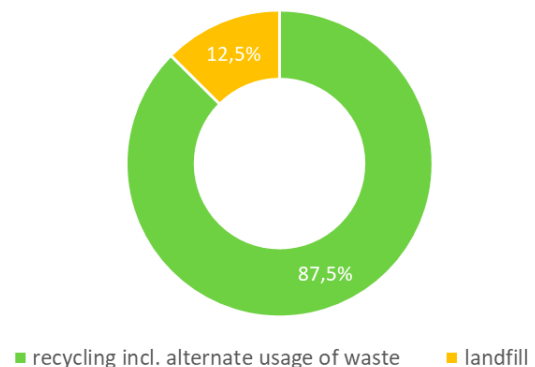
One way to minimize waste is to focus on recycling. In the workshop, material usage is optimized, and the rest is recycled. For example, the cutting-out process of panels is com-

puter generated in order to minimize residue. 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 treatment 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. The waste ratio is measured as waste in ton relatively to the production volume.

We will strive to reduce the waste ratio annually by at least 3% compared to the previous year. The ambition was met in 2020.

2020 waste termination



Waste - Main production in ton of production volume



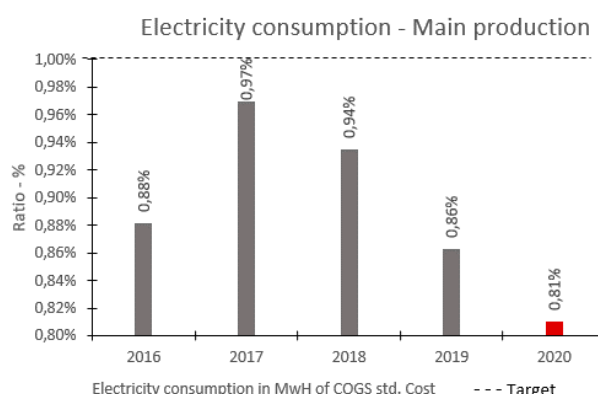
CLIMATE

In KOMPAN we have an overall strategy to minimize our impact on the climate and we constantly focus on how to reduce our climate footprint. It is our ambition and part of our core value to show responsibility in all our actions. KOMPAN aims to reduce the discharge of CO₂e caused by our own operations, like transportation, travel, company cars and energy consumption, and 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 uses conference rooms and technology to execute virtual meetings via video conference to the largest extent possible. Optimizing such tools have been especially important as the rise of the COVID-19 pandemic has resulted in a significant decrease of travel activity for KOMPAN in 2020. As a consequence of the pandemic, the carbon footprint caused by flights in KOMPAN have decreased to the level of 190 t CO₂e in 2020 (2019: 812 t CO₂e) which is a decrease of more than 75% compared to 2019.

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 materials, but also in terms of energy consumption in the production. This optimization is driven by the use of modern production machinery, optimizing workflows and planning of production. In 2020, KOMPAN managed to lower its electricity consumption ratio, even though the production volume increased in comparison with last year. From 2019

to 2020 the consumption of electricity in MWh, relatively to the production volume, was reduced from 0,86% to 0,81%. In the future, we will strive to keep the optimization in focus and seek to reduce our electricity consumption relative to the production volume at less than 1%, a figure which is currently already met. KOMPAN CZ was certified after ISO 50001:2018 Energy management system (EnMS) in 2020. This management system entails focus to use our energy sources within electricity, hot-water (heating), pressured air and fuel more efficiently and effectively. Besides that, it gathers energy data to better understand and make decisions concerning energy use. It has systematic, data-driven and fact-based processes, and it continually improves our energy performance and management.





SOCIAL

As with human rights, KOMPAN's primary risks regarding fundamental labor standards are with 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 that 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 the Czech Republic and Poland as well as in our sales companies around the world.

In the beginning of 2020, the COVID-19 pandemic spread globally, which has affected the entirety of KOMPAN and its activities. The pandemic has resulted in most of our staff (excluding production staff) are working from home from time to time. Reducing the risk of infection has also imposed restrictions on KOMPAN staff, meaning that production and administrative staff should not intermingle with each other. As another step in our preventative efforts, KOMPAN has introduced social distancing rules for personnel in accordance with national guidelines, as well as limiting visits from external parties at KOMPAN offices and production sites. Hand and desk sanitizer have been provided to KOMPAN employees in copious amounts.

Occupational health and safety are an integral part of all activities of KOMPAN and remains as 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 the Czech Republic is certified according to OHSAS 18001 - an occupational health and safety management system.

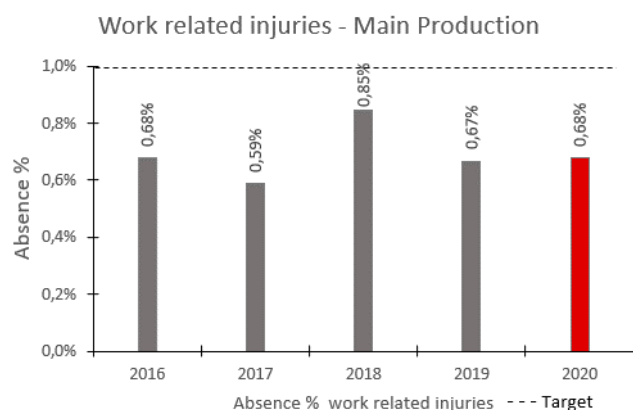
This implies that the operating practices are up to date and in compliance with health and safety requirements. It further enables our organization to control and gain knowledge of all relevant risks and hazards, and consequently improves our performance. The latest surveillance audit for our Safety Management System was performed by Bureau Veritas in September 2020 and passed without any non-conformity findings. Our largest factory located in the Czech Republic is also certified according to ISO 45001:2018 Occupational health and safety management system (OH&SMS). This management system provides safe and healthy working conditions for the prevention of work-related injury and ill health. It entails constant and qualified research, assessment, reduction and elimination of OH&S risks and hazards. Besides that, it reduces cost associated with accidents and incidents and satisfies applicable legal requirements and other requirements.



SAFE WORKING ENVIROMENT

At the main production site in the Czech Republic, the number of lost hours related to accidents (LTA: Lost Time Accidents) in our production team remained at a low level in 2020, despite an increase in new members of our production teams. LTA increased slightly to 4.320 hours in 2020 (4.168 hours in 2019), corresponding to 0,67% (0,66% in 2019) of the total production time.

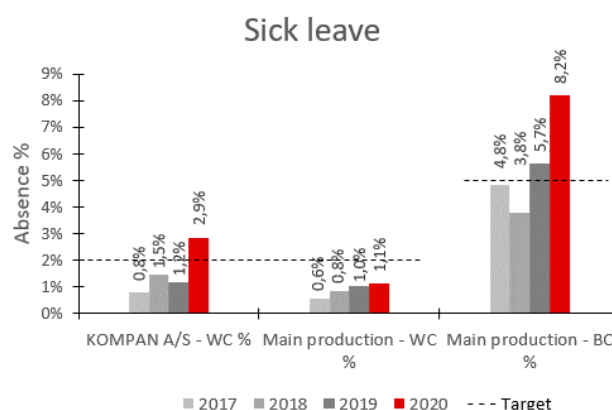
To focus even more on safety, KOMPAN has throughout the last years upheld the ideals of the 6 Safety standards (6S standards), which has been continued throughout 2020. The sustainability of the 6S standards will be ensured through regular audits to identify possible risks. Our aim is to prevent accidents 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 our low level of LTA below 1% in 2021. At KOMPAN, each work-related injury that leads to absence is evaluated thoroughly by our quality and continuous improvement management, and we unceasingly adopt health and safety measures to prevent and eliminate accidents.



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. A great area of focus for KOMPAN is sick leave, where we strive to reduce short-term and long-term sick leave through preventative actions and close dialogue with sick leaved employees. All our actions are put in place to facilitate a comfortable recovery and a quick return to work. Sick leave in KOMPAN is defined as absence due to illness, whereas child's illness, absence due to private appointments and maternity leave are not included.

In 2020, sick leave at KOMPAN headquarters increased to 2,9% due to an increase in long-term sick leaves. Removing these from the data results in a sick leave of 1,8%, which is below the target of 2% for white-collar employees. In our main production unit, sick leave for white collars increased slightly to 1,1% (2019: 1,0%). For blue collars in the main production, sick leave increased to 8,2% (2019: 5,7%) in 2020, with an ambition of maximum 5%. The increase during 2020 is explained by national restrictions as a result of the COVID-19 pandemic. Closed schools have resulted in workers that had to stay at home to care for their children, and self-isolation and quarantining has also had an effect on sick leave numbers for 2020. As the vaccines are rolled out worldwide, we expected this to decrease below the targeted level in 2021.





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”.

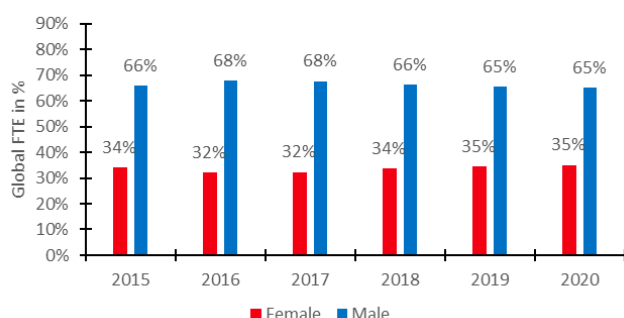
The management has decided to report on target numbers and policies for the underrepresented gender in the companies of the Group comprised by the rules, i.e. KOMPAN Holding A/S and its subsidiaries.

The global gender distribution by the end of 2020 was approximately 65% men (2019: 65%) and 35% women (2019: 35%). The proportion of women in management of KOMPAN Holding A/S constituted 22% (2019: 33%), whereas the decline is due to a change of a female employee representative to a male representative on the KOMPAN board, as chosen by KOMPAN staff.

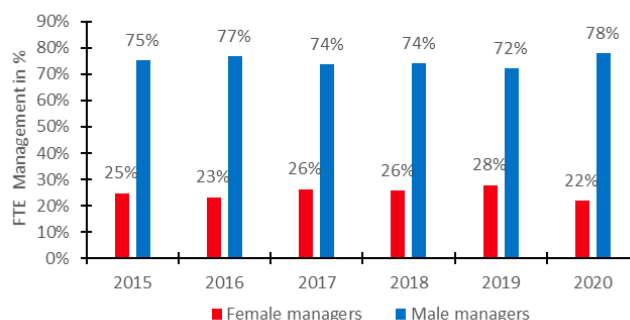
The global management of KOMPAN Holding A/S and its subsidiaries is approximately 22% women (2019: 28%) and 78% men (2019: 72%). The Group will continually strive to increase the number of women in the management of KOMPAN Holding A/S and global management by 2025. The management has a mutual responsibility 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 as part of the executive management of KOMPAN Holding A/S, the goal of 25% representation of women in executive management for 2020 is met. Excluding the staff elected board members, the executive management of KOMPAN Holding A/S are represented by one woman and two men.

Global Gender Distribution



Gender Distribution in Management



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 within 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.

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

Through our business activities, KOMPAN supports the UN's Convention on the Rights of the Child. Every day, 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. Currently and in the future, KOMPAN wishes to develop playgrounds that will help improve the physique of children in safe and fun surroundings.

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 study the methods and manners of children's play.

In 2020, KOMPAN expanded its outdoor sport and fitness concept even further. Through varying national restrictions on indoor gyms and past-time sports in 2020, outdoor sport and fitness facilities has become increasingly important for the lives of adults and children alike. KOMPAN's playgrounds and fitness sites are therefore designed for all people, regardless of age. 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 stigma-

tizing effect. For example, the top frame and spacious platform of the Tipi Carousel makes it highly inclusive as it supports 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 further ensures wheelchair accessibility.

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

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)

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 developing physical play and motor skills in children. For their well-being now and for the future of our societies.





SUPPLIER CODE OF CONDUCT

As a global manufacturer of outdoor playground equipment, KOMPAN must comply with several 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 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 work in compliance 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 suppliers from Asia, which we associate with higher risks than 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 to support the auditor in evaluating all aspects of our code of conduct.

As of 2020, more than 99% our suppliers of raw materials or components have signed the code of conduct, meeting the target set of more than 95%.

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 for anti-corruption are integrated in the KOMPAN supplier code of conduct.

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

KOMPAN executes continuous 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.





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more financial information**

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a free application to your mobile:

<http://reader.kaywa.com>



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