

COP FRAMEWORK



REK  M

NIGHTLIFE PROFESSIONALS

INDHOLD

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ABOUT THIS REPORT

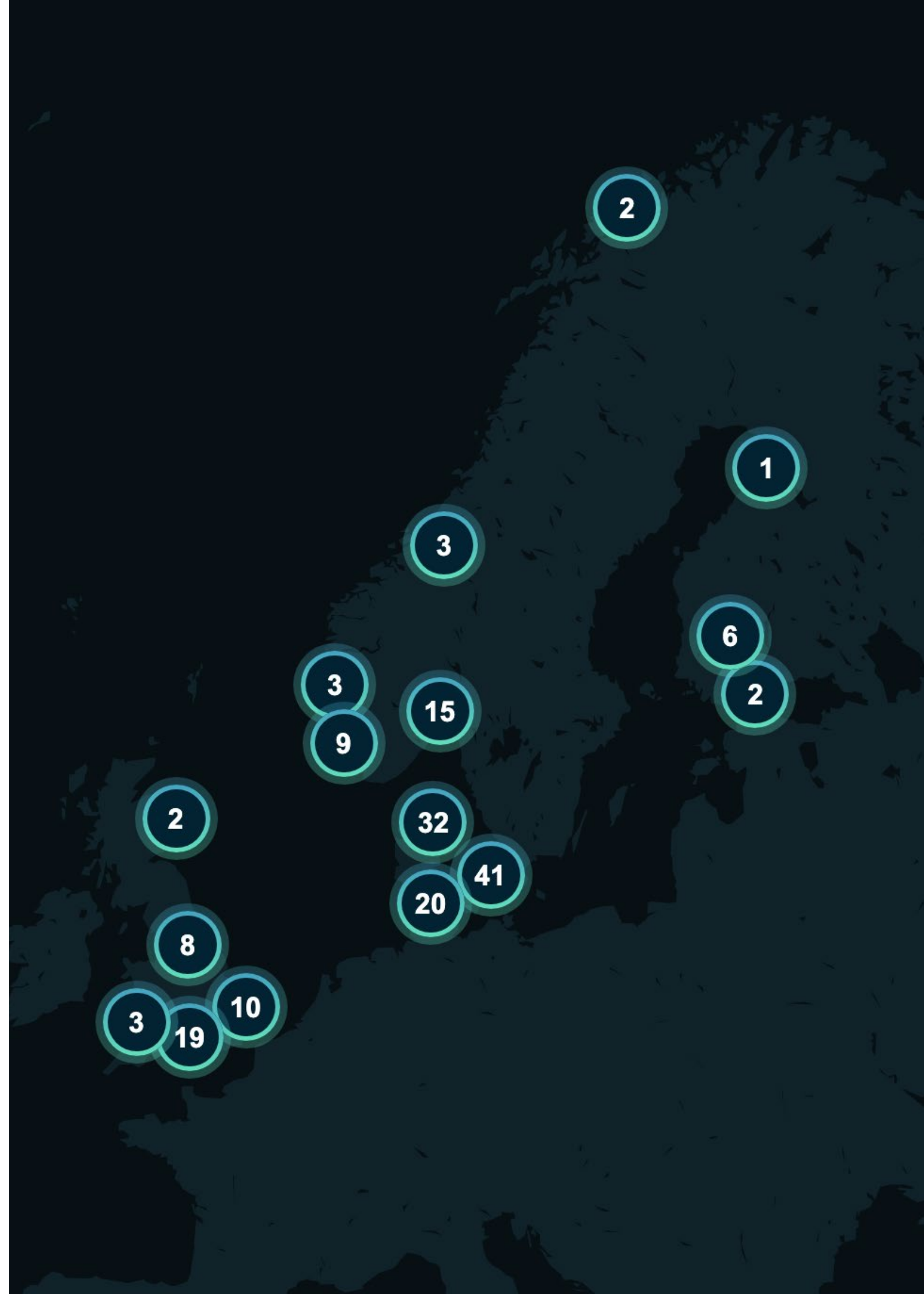
With this report we want to share with our stakeholders, how we have made progress on our work with sustainability during the financial years 2019 and 2020 and what we plan to focus on in 2021.

The report constitutes REKOM GROUP A/S' Communication on Progress (COP) report, which serves to document and communicate the way we work with the UNGC's 10 principles to become a more sustainable company. This report presents our work with sustainability at HQ level and specifically in a Danish context.



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.



STATEMENT FROM CEO

Since opening our first venue in 2007, REKOM Group has grown into the biggest bar group in Northern Europe. Our vision is to keep accelerating this growth and over time become the world's largest bar group. This visionary plan requires a long-term planning perspective. To reach our goal, we constantly strive to fit into the realities of the future by not only seeking growth, but by working towards a sustainable growth for our business as well as society. Ambition, integrity, and responsibility have been in the DNA of REKOM since we started, and those values are still the cornerstones of our business today.

We take pride in acting responsibly in our daily operations and we regard our work with the UN Global Compact's 10 principles as the foundation of our business operations ensuring our social license to operate. We want to contribute to a safe, exciting, and vibrant nightlife in the cities where we are present, and we want to use our strength and our leverage to contribute to sustainable development through collaboration with industry partners.

We continue to be part of REGA (Restaurateur's Guarantee Association), an ambitious industry wide initiative leading the way for responsible business conduct now and in the future based in Copenhagen, Denmark. We operate in a highly fragmented industry with many independent market players and as the biggest market player in Northern Europe, REKOM has a clear mission to be a part of shaping the industry and contribute to raising standards for a professional and sustainable industry, in Denmark as well as in the other countries in which we are present.

2019 and 2020 have been two very different years for society and for REKOM Group. In 2019 we focused on further embedding our due diligence processes and work with sustainability based on the impact assessments which we conducted in 2018, covering both human rights, incl. labour rights, the environment and anti-corruption.

2020 was in many ways an extreme year not only for REKOM Group as a business, but also for our many employees and guests. Due to the Covid-19 pandemic, we were unable to continue our

operations as we were forced to close our venues as of March 2020. While we had plans to continue our work with sustainability through a reassessment of our risks related to the UNGC's 10 principles and through engaging in partnerships for sustainable solutions we were forced to send the vast majority of our employees home leading us with no other opportunity than to pause our efforts.

In 2019 and 2020 we focused on expanding our business through acquisitions, and in this process, we had a focus on ensuring the embedment our values – ambition, integrity, and responsibility – across the acquired companies.

We want to take an active role in making the world a more sustainable place, and we firmly believe that our continuous commitment to both the UN Global Compact and to REGA is leading us in that direction. While our sustainability efforts have only been paused, our ambitions have not. We are excited to continue our journey in 2021 once society and our business has been able to reopen. We will continue our journey working with the UNGC's 10 principles and our due diligence process in REGA in the years to come and I am very excited to be a part of this journey with REKOM.

I am proud to announce that we at REKOM Group A/S continuous to support the United Nations Global Compact's 10 Principles in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual Communication on Progress, we describe our actions to continually improve the integration of sustainability in our business strategy, culture, and daily operations. We also commit to sharing this information with our stakeholders using our primary channels of communication.



Sincerely yours,

Adam Falbert

Chief Executive Officer and Founder

REKOM AT A GLANCE

REKOM Group A/S was founded in 2007. The idea behind REKOM was to create a common and strong foundation for opening more bars and developing new concepts. This idea quickly turned out to be beneficial and since then REKOM has grown rapidly and is today the largest nightlife group in Northern Europe.

We operate in the fragmented bar industry with many independent market players. As the biggest market player in Northern Europe more than 5000 employees (the majority are part-time employees), REKOM has a clear mission to be part of shaping the industry and contribute to raising standards for what it means to run a professional and sustainable company in the night life industry. We want to take an active role in relevant industry bodies and public networks and proactively engage in dialogue with authorities and political stakeholders on relevant business issues incl. sustainability issues.

During the past years we have worked to crystalize our corporate values and policies and as part of this process, we have adopted a holistic approach to sustainability, as we systematically seek to prevent any negative impacts of our business conduct on human rights, labour rights, the environment and anticorruption, while we also strive to contribute to sustainable development through strategic initiatives, incl. contribution to the sustainable development goals. This approach requires a constant effort to understand and integrate stakeholder expectations and systematically advance our activities for the benefit of the business, our stakeholders and society. We will continue this journey in the years to come, delivering on our vision.

MISSION

REKOM as an organization is based on the passion of wanting to create unique experiences for people who go out. What drives us is the ambition to develop and operate bar and club concepts that make the nightlife more exciting. We wish to have happy, motivated, service-minded and skilled employees and managers who are able to give our guests the positive experience that keeps them coming back. We are profit-oriented and at the same time, we take pride in doing business in a proper and respectable way.

VISION

In REKOM we are ambitious. We always strive to improve and grow. Our vision is to be the innovative market leader of the nightlife in Northern Europe. As an organization, we follow strategic plans for growth and we continuously seize any opportunities that may arise for us to grow.

VALUES

Because we have a lot of employees and because we constantly grow in numbers, it is important that we are consistent in the way we conduct our work and that we have a shared understanding of both how we treat each other and how we treat our guests, suppliers, stakeholders and the environment. This requires us to work on the basis of the same values no matter which venue or country. We have five values that unite us across the organization.

We are quality conscious

We are ambitious

We create happiness

We are responsible

We are reliable

REGA

In 2018 REKOM chose to be a part of REGA (Restaurateurs' Guarantee Association), which is the world's first industry-wide initiative that works specifically with Corporate Social Responsibility. The ambition of REGA is to take a leap forward in the whole industry's work with sustainability, and by joining the initiative we not only wish to do better ourselves, but also to inspire our peers in REGA as well as our industry to create a more sustainable way of doing business.

The initiative was launched in 2018 and we are proud to be one of the founding members. Being part of REGA has enabled us to scale up our own sustainability efforts, especially when it comes to having the adequate governance measures in place in order to continuously be aware of our risks and opportunities.

As a member of REGA, REKOM is committed to prevent negative impacts on all three bottom lines while also engaging in activities contributing to sustainable development. REKOM will continuously conduct its due diligence in alignment with the global minimum standards for responsible business conduct; the UN Guiding Principles on Business and Human Rights and the OECD Guidelines on Multinational Enterprises, ensuring social, environmental, and economic due diligence. Furthermore, REKOM will continuously engage in activities contributing to sustainable development in support of the 2030 Sustainable Development Goals. While REKOM has integrated sustainability measures throughout the company for several years, we have in 2018 with REGA taken a step further towards meeting our goal of running a sustainable business.

UN GLOBAL COMPACT

In 2018 we proudly announced that we joined The UN Global Compact because we believe it is crucial to support and take part in such an exciting and necessary global corporate sustainability initiative. Becoming a signatory is an important step in further aligning REKOM's CSR approach with international standards and expectations. By signing up, we commit to implementing the 10 principles of the UN Global Compact within human rights, labour, environment and anti-corruption and as a part of joining UN Global Compact, REKOM has committed to annually communicate on progress (COP), as we do in this report.

OUR COMMITMENT TO SUSTAINABILITY

REKOM establishes and runs multiple bars, bodegas and night-clubs in Northern Europe. We provide venues and opportunities for our guests to fully enjoy their time for rest, leisure and holidays. In addition, we form an integral part of cultural life in Scandinavia. We will continue to develop innovative solutions for our guests to enjoy their right to leisure and take part in cultural life.

HOW WE DELIVER

As basis, we comply with national regulations, wherever we operate. With our considerable size in the industry we are also fully aware of our responsibilities to sustainable social, environmental and economic development. We will continuously identify, prevent or mitigate our potential adverse impacts that we may cause or contribute to on internationally agreed principles for sustainable development; human rights, including labor rights, the environment and the economy. When actual impacts occur, we will provide for access to remedy. We make our commitment to the principles referenced in UN Global Compact operational by applying the global standard from the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises (OECD); and we will account for our actions.

SOME KEY CONCERNS

Our industry faces some particular risks for adverse impacts, where we intend to display extra due diligence. Consuming alcohol leads to adverse impacts on the right health; we promote responsible drinking. Discrimination, harassment and impacts on personal integrity will occur at our venues; we promote respectful interactions and safe environments. Creating such atmosphere and serving our guests, also during nighttime, require us to constantly be on top of our employees' well-being.

We need to diligently manage the impacts, that our neighbors will experience in particular in regard to noise from our venues and guests. We also depend on good relations with the authorities, but we will never engage in corrupt practices to enable such relationship.

WHAT WE EXPECT FROM OTHERS

We will also seek to prevent or mitigate adverse impacts that may be directly linked to our operations or services by raising the expectation to our suppliers that they commit and act to avoid causing or contributing to adverse impacts on human rights, the environment and anti-corruption; and that they address such adverse impacts, when they arise.

Should unattended adverse impacts occur in our value chain, we will use or build our leverage to make the business in question cease the impacts and demonstrate respect for human rights, environmental and anti-corruption principles.

EMBEDDING THE COMMITMENT IN ALL WE DO

Our commitment is publicly available and we will continuously communicate it internally and externally. Every three years we will revisit the commitment and ensure that it is continuously embedded in all our policies and processes.

ASSESSING OUR IMPACTS

In 2019 we continued our work with assessing REKOMs risks by identifying potential adverse impacts on social, environmental, and economic sustainability. As part of our work with conducting impact assessments we have identified actions to prevent and mitigate any negative impacts. We identified 29 risk areas that fall within the four statutory categories: Human Rights, Society and Employees, Environment and Anti-corruption.

A. HUMAN RIGHTS AND LABOUR

In our human rights impact assessment we have identified 18 areas which REKOM Group might have adverse impacts on. In order to prioritize our efforts, we have conducted a risk analysis based on our findings in our human rights impact assessment. Based on our impact assessments, we have identified key concerns related to the following human rights:

- The right to safe and healthy working conditions
- The right to health
- The right to work
- The right to non-discrimination

THE RIGHT TO SAFE AND HEALTHY WORKING CONDITIONS

Ensuring the safety and security of our employees is one of the greatest responsibilities we have. We work in an industry where the working hours mainly are at night time and it can sometimes be hectic and tough work. Therefore, we have established a wide range of solid procedures, as well as continuous focus from management, employees and security personnel, to reinforce that safety and good working conditions, is always our top priority.



REKOM acknowledge that we may have adverse impacts on the rights to safe and healthy working conditions. To secure safety for our employees, all of REKOM's venues have an emergency and evacuation plan in place as well as fire extinguishing equipment. The evacuation plan is required by law and is part of our emergency procedure, that is well known to the staff. The fundamental elements of the procedure are visible at key locations at all our venues and are also covered by the Manager handbook. Staff are regularly trained in the evacuation plan in order to know and understand responsibilities in case of an emergency, and a step-by-step guideline is placed at all positions in case of emergencies. Managers also follow an evacuation plan checklist as part of the preparation for every opening night.

REKOM has during 2019 carried out an annual workplace assessment of all venues, annual employee appraisals and encouraged internal promotion and career development.

In 2018, REKOM introduced an investment program and in 2019, as well as in 2018, REKOM had a satisfactory employee turnover rate. We have continued the roll out of REKOM Academy in 2019 to all employees across the Group, ensuring that all our employees have not only the needed skills, but also know about and comply with the relevant policies and values in their daily work.

To give our employees the best conditions for a safe and healthy working place, we will, in collaboration with REGA, do a yearly employee impact survey, which works as a "employee feedback system". This ensures that our employees have the possibility to give feedback and express their concerns and/or experiences relating to the right to safe and healthy working conditions, and it gives REKOM insight in what we need to improve in order to care for our employees

THE RIGHT TO HEALTH

REKOM acknowledge that we may have adverse impacts on the right to health. It is essential for REKOM to ensure a safe and secure environment for our guests to go out and have fun. Our guests feel secure coming to our bars and clubs due to a high level of diligence and safety, and it is one of the reasons why they come back.

SAFETY AND SECURITY

REKOM has a strong partner in our professional security personnel, which we know are crucial to the safety at our bars, clubs and cocktail bars. Not only by checking ID and avoiding overcrowded venues, but also through diligence, proper training and strong service skills, they are part of ensuring the optimal experience for our guests. All our security providers are licensed and trained in multiple disciplines in addition to core security services, communication, first aid and handling situations where drugs and alcohol can be involved. Our security personnel also undergo further training in how to de-escalate conflicts and handle threatening individuals through dialogue. Our policy is that all guests must contribute positively to the venue atmosphere which is why threatening or rowdy guests are handled professionally and are ultimately asked to leave.

Together with regular feedback from our in-house security consultant, REKOM has a proactive and regular dialogue with the police on specific security risks and trends in the street scene. Digital cameras are placed in strategic positions at all our bars and clubs for the safety of our guests and staff. Video can be used to clarify any unlawful conduct and is provided to the police on request.

RESPONSIBLE DRINKING

We take a professional and respectful approach to guests who should not be served anymore alcohol. Our standard procedure is to offer the guest water to freshen up. Our bartenders are trained to recognize signs of intoxication and to act on early warning signs. Staff will be ready to arrange for safe transportation home for intoxicated or otherwise vulnerable guests. Security personnel at the door also make sure that guests are able to navigate safely home when they leave.

REKOM has a zero tolerance policy for the sale of alcohol to young people below the legal drinking age. Security personnel verify guest ID at the entry, and bartenders check ID at the bar when necessary. While it is legal to offer special events for young people from the age of 16, we have made the choice not to engage in this segment. We only allow adults older than 18 years into our bars, clubs and cocktail bars.

REKOM'S STAND ON RESPONSIBLE DRINKING

- Alcohol is served by professionals in a responsible way.
- No alcohol is served to young people below the legal drinking age.
- Guests who should not be served anymore alcohol are treated professionally and with respect.
- We create unique nightlife experiences – serving alcohol is just one component.
- We expect all employees to act as responsible ambassadors for the company when they are at work, at home or going out.
- We do not offer special events and private parties for young people under the age of 18.
- All marketing material is marked with responsible drinking statements and legal drinking age.



DRUGS

REKOM does not tolerate any kind of drugs at our bars, clubs and cocktail bars. Using drugs is illegal and incompatible with the nightlife experience that REKOM stands for. Individuals suspected to be under the influence of drugs are denied access to our venues, and guests who are caught doing drugs are quarantined and reported to the police.

Security personnel and operational staff are regularly trained in spotting individuals under the influence of drugs. All staff are expected to be aware of warning signs and to report potential incidents to the security personnel. REKOM's drug policy and procedure are formalized in the employee handbook and covered regularly at staff meetings at each venue.

THE RIGHT TO WORK

REKOM acknowledge that we may have adverse impacts on the right to work, which among others includes the right to a contract, as well as the adequate training to do your job as an employee. Most of REKOM's employees are young people working part time and are often taking their first steps onto the career ladder. We commit to provide decent and flexible working conditions for our employees, just as good employment terms and benefits strengthen retention and general employee wellbeing.

Therefore, we have implemented different procedures to ensure that, that is in fact what we do. We have implemented a system through our employee portal, with different levels of alarms that makes sure, that no employees can work until they have a signed contract. We also know that training and employee development are integral to ensuring high employee motivation and retention. To this end, we provide solid job introduction to new colleagues, on-the-job coaching and regular internal training courses, e.g. within service excellence, sales and various job-specific skills. Additionally, we are currently developing REKOM university, a programme offered to top



talents from our organisation providing the opportunity to be part of our 1-year management trainee programme, aiming to fast-track talents onto a professional career path with us.

In 2017 we introduced REKOM Academy - a dedicated employee training platform, covering pre- and onboarding of new employees, e-learning courses and international classroom training. As a part of the onboarding process, all new employees are required to complete the courses at the Academy platform before having their first shift, just as all other employees are expected to take part in ongoing training and skill development. The aim of the Academy is to provide efficient and high-quality training to our employees and in doing this, making sure all employees are and feel properly prepared for working in our company. We also believe that it will align skills and help build a consistent approach across the group. In 2018 we rolled out REKOM Academy in the whole group, including Finland and Norway.

In 2019 we were preparing to roll out of REKOM Campus - an ambitious educational platform for employees at REKOM Group wishing to enhance their career in a professional night life industry. Due to Covid-19 we were not able to roll out this new platform in 2020. However once society and our venues have been able to reopen in 2021, we will activate the platform and thereby provide a full and ambitious educational framework for our employees.

During the Covid-19 pandemic, we were forced to close our business, leaving our employees without the usual social network they get through their work. In order to provide our employees with the opportunity to stay connected to their network and their workplace during the year 2020, REKOM hosted various events for our employees from online inspirational talks to workshops and online concerts.

THE RIGHT TO NON-DISCRIMINATION

In terms of discrimination, we acknowledge that REKOM may have adverse impacts on the right to non-discrimination both in terms of our guests and employees. REKOM wants to ensure that the nightlife and our bars, clubs and cocktail bars are open to anyone who wants to contribute in a positive way. We have adopted two charters serving as our policies preventing discrimination at our bars and clubs:

1. Diversity Charter developed by the industry association for Denmark's restaurants and cafés (DRC) aligned with the UN Guiding Principles on Business and Human Rights.
2. Charter for a fair nightlife without discrimination developed by the industry association HORESTA, DRC (Danish Restaurants and Cafes) and the City of Copenhagen.

By adopting these charters, we commit to ensuring equal treatment of guests and to implementing the necessary measures to prevent discriminatory behavior. The charters specify the human rights dilemmas in play and provide guidelines and actionable measures for tackling these.

As part of this, we clearly display our rules for entry, which apply to everyone irrespective of nationality, ethnicity, skin color, sexual orientation or belief. Furthermore, we instruct staff and security personnel in the company's diversity policy and regularly follow up on enforcement. Moreover, we engage in dialogue with individuals on the legitimate reasons for rejections, whenever necessary.

Therefore, we have secured adequate training in anti-discrimination for all employees, with guidelines and charters concerning anti-discrimination. We have also secured adequate training in conflict management for all employees.

Furthermore, we have a visible customer complaint system through the platform Lige i Byen (“equality in night life”) hosted by DRC and other partners in the night life industry.

DIVERSITY

Regarding discrimination in terms of gender composition, REKOM recognizes the importance of attracting, developing, and retaining the right talent. We only chose our members of staff based on professional qualifications. We are aware that diversity among employees is a strength and that gender composition and an equal gender balance not only enhances our international work environment and job satisfaction, but also helps us get more perspectives into our business processes and give our customers a much better experience in our bars.

To reach our goals and to prevent adverse impacts, REKOM makes sure that all gender specific language is eliminated from all job descriptions. Furthermore, we annually report on representation in the board of directors and top management. We also continuously seek to uphold the equal representation of men and woman in our bars and use statistics on representation of men and women amongst management staff in order to improve the representation in cases of underrepresentation, and to motivate and encourage underrepresented gender to seek career moves in the company.

BOARD OF DIRECTORS

Currently our board of directors consists of five men and one woman. While REKOM Group has not yet fully met the criteria for a gender balanced board of directors, we have continuous focus on enhancing a better gender balance.



MANAGEMENT

For other management levels REKOM seeks to ensure a better gender balance. In 2019 and 2020 we succeeded in increasing the number of women in management, so we have approx. 30% women in managing positions. REKOM is constantly working to improve our statistics in this matter by continuously focusing on establishing the right conditions of work and equal opportunities for all to be promoted.

In 2021, REKOM will continue focusing on attracting and hiring employees of both genders on an equal basis. REKOM aims to increase awareness about career opportunities for all employees with a particular focus on the underrepresented gender.

B. ENVIRONMENT

Our last impact assessment identifying the potential risks related to negative effects of our business on the environment was conducted in 2018. Due to Covid-19 we were not able to re-assess our risks during 2020 as planned. We will review our impact assessment and update our plans for action in 2021 once society and our business has reopened.

In 2018 we identified four areas which REKOM might have adverse impacts on. To prioritize our efforts, we conducted a risk analysis based on our findings in our environmental impact assessment. Based on our risk analysis we chose to prioritize our efforts to focus on the following environmental areas:

- Water consumption
- Use of chemicals
- Waste management
- Noise emissions

We analyzed each of these and came to the conclusion that our potential severe negative impacts are limited and mainly

stems from energy and water consumptions at our bars, clubs and cocktail bars, as well as waste management.

The environmental areas that REKOM may have severe adverse impacts on are mainly areas which we are linked to through our suppliers. Therefore, we are planning enter dialogue with a list of suppliers from 2021 and onwards concerning the key concerns regarding environmental risks in our supply chain.

Through REGA, we will participate in initiatives seeking to question and promote the development of sustainable solutions for cleaning materials, waste, package solutions and other relevant areas where we can achieve a more sustainable and climate friendly business model.

As a result of the relatively limited impact on climate and the well-regulated market, REKOM does not have any formal environmental policy in place. REKOM is environmentally aware and works to reduce any negative environmental impacts of our business operations.

In 2021 REKOM intends to conduct a comprehensive environmental impact assessment of all our business operations to provide a better understanding of how we can better contribute to environmental sustainability.

C. ANTI-CORRUPTION

Our last impact assessment identifying the potential risks related to anti-corruption was conducted in 2018. Due to Covid-19 we were not able to re-assess our risks during 2020 as planned. We will review our impact assessment and update our plans for action in 2021 once society and our business had reopened.

- Inaccurate books and records
- Bribery of any sort

By conducting business in a responsible way, we limit risks of corruption and build trust with our stakeholders. Employees in the nightlife industry handle both large amount of cash payments and products. To minimize risks of wastage and loss, REKOM has introduced a range of solid compliance and control measures to ensure that the handling of money is done in a responsible way. This includes creating a policy in our employee handbook stating that REKOM has a zero-tolerance policy towards any use of black money and moonlighting.

Furthermore, we have implemented digital payment solutions and cashiers at all positions at all our venues, which provide an oversight of all transactions, as well as reduces the volume of cash payments and thereby the risk of loss. This initiative also allows financial tracking so managers can monitor deviations from performance indicators and take actions on early warnings. Venue surveillance and cash register checks have a preventative effect and provide oversight. In case of variations in performance indicators, use of mystery shoppers helps spot check compliance with procedures.

In terms of bribery of any sort we acknowledge that REKOM may have adverse impacts on risks regarding corruption. To minimize these risks, REKOM will develop explicit guidelines to improve transparency and predictability concerning acceptance of gifts and procedure for approval.

MEASUREMENT OF OUTCOMES

After finishing our first impact assessment and prioritizing our efforts on Human Rights and Labour, Environment and Anti-corruption, we have chosen specific indicators, to measure the effectiveness of our actions. These indicators specifically address actions to prevent negative impacts, and as part of our due diligence and our continuous reporting on our CSR efforts we will communicate on our effectiveness once we have completed our first measurement.

Impact survey

In collaboration with REGA, we will do a yearly employee impact survey, which works as a “employee feedback system”, which ensures that our employees have the possibility to give feedback and express their concerns and/or experiences, which relate to Human Rights and Labour, Environment and Anti-corruption. Through the survey we can measure incidents and it can help us become aware of concerns regarding the different areas and what we need to improve.

We will keep evolving our measurement of outcomes and add new ones, as we progress in our work with sustainability and the UN Global Compact

WHISTLEBLOWER-MECHANISMS

We have an anonymous whistleblower-mechanism in place available for everyone, both guests, employees, and the public in general, through our website.

Furthermore, we have a visible customer complaint system focusing specifically on anti-discrimination and harassment through the platform Lige i Byen (“equality in night life”) hosted by DRC and other partners in the night life industry. The complaint system can help measure the number of complaints from all guests in the night life and handle them in a responsible manor, which follows the guidelines in UNGC.

