

ANNUAL REVIEW 2014



It is the combination of people, knowledge and technology that makes Polygon the global expert in property damage control. We prevent, control and mitigate the effects of water, fire and climate.

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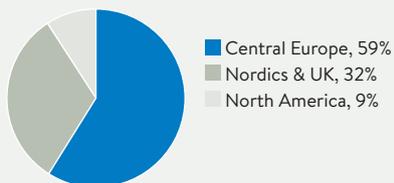
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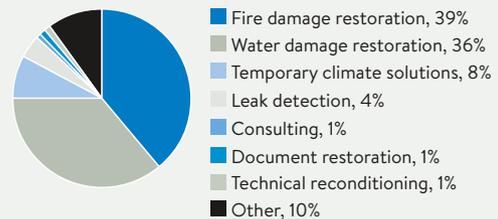
This is Polygon



Sales by geography 2014



Sales by service line 2014



2014 highlights

Deep freeze

A severe cold spell in North America started off the year with frozen and burst pipes, leading to widespread water damage and an increase in assignments for Polygon in the US and Canada.



New CEO

Erik-Jan Jansen succeeded Michael Berg as President and CEO on 14 April. He joined Polygon from an executive management role at Securitas. Read more on page 4.



Bond introduction

The Polygon Corporate Bond was successfully introduced in April.



Hurricane repair

Polygon won a tender with the New York City Housing Authority to repair homes damaged during Hurricane Sandy in 2012.



High water

Late-summer flooding in northern and central Europe boosted the water damage restoration business in Denmark, Germany, Sweden and the United Kingdom.

New contracts

Large framework agreements were signed with Direct Line Group in the UK, Tryg in Norway and Ageas in the UK. Read more about DLG on page 35.



New technology

The Introduction of new drying equipment for oil rigs, approved by the NORSOK standard, opened up opportunities in the offshore markets in Norway and the UK. Read more on page 26.

New management

A new commercial director for the Group joined the company at the beginning of the year. New country presidents were appointed in Belgium, Finland, the Netherlands, Norway and Sweden during 2014. After the closing of 2014, Luc Hendriks was appointed Chairman of the Board and replaced the previous Chairman.

Business acquired

In October, Tinkler Bau was acquired in Austria, enabling Polygon to offer a full-service portfolio to property managers. After the closing of 2014, Polygon acquired Harwell Document Restoration Services in the UK. Read more on page 36.

With the basics in place, we are beginning to see results

2014 was a challenging year for Polygon. Although we began the year with confident strides, we faced a significant downturn in the second and third quarters, largely due to very unfavourable weather conditions for our core business. The industry in general is also struggling with current pricing levels and eroding margins, resulting in increased competition. Some competitors across Europe have even filed for bankruptcy, been offered up for sale or simply discontinued business. On top of the prevailing weak market conditions, we embarked on a major restructuring program that included a CEO change in April, resulting in a revised business approach with a new set of focused strategic initiatives.



OUR STARTING POINT

I joined the company as CEO on 14 April and began by assessing the strengths and weaknesses of the business. One initial finding was that although many good initiatives had been implemented since Polygon was formed after the carve-out from Munters in 2010, the efforts to get the basics in place had been insufficient. Therefore, many of the initiatives launched by management had not led to the desired outcomes.

Polygon is a typical decentralised service company with a distributed organisation, based on the conviction that “all business is local”. In order to be successful under such conditions, it is important to create a strong base with entrepreneurial unit managers. These managers should work within a framework of clear business philosophies and management principles that guide them in their daily work, while at the same time allowing enough freedom to make decisions close to where the service is delivered.

THE WAY FORWARD

The first important task was to create a framework and an operational model, which we refer to as the Polygon Model. This model contains all the guidance a Polygon manager needs in order to become a successful entrepreneur.

It explains in a clear way who we are as a company, where our markets are, how to profitably deliver our services, how to efficiently organise ourselves, how to measure for progress, which risks to manage along the way, how to advance our industry, what leadership we require from our managers and most importantly, where to start.

When building a house, one typically starts by putting the foundation in place. In our company, that meant we had to first examine our own foundation and assess the effectiveness of our organisational structure, our core processes and the quality of our management. Five out of thirteen country presidents were replaced in order to get the right leadership profiles in place and drive results. We have also flattened our organisational structure by eliminating layers where possible, harmonising positions around the globe and making job titles more uniform. Along with a more simplified financial reporting, we were able to put most of the basics in place during 2014. To strengthen the company’s finances, we issued a bond of EUR 120 million in 2014. This replaced bank financing on similar terms.

You will be able to read more about our business and how we work on the following pages.

POTENTIAL FOR IMPROVEMENT

Not only Polygon as a company, but also our entire industry and our markets, have great potential for improvement. We are the undisputed market leader in Europe, and with our global presence, high quality and innovation standards, strong ethics and company culture, we are well positioned to take on the industry leadership role.

The market in general is very fragmented, enabling us to consolidate and benefit from our scale. During the year, we continued to invest in bolt-on acquisitions that can offer a higher level of service specialisation to our customers.

Insurance companies, which represent a major share of our customer portfolio, continue to increase their demands when it comes to service innovation. Polygon is able to offer innovative solutions as well as provide nationwide and pan-European services.

Another positive factor for our business is the ongoing change in climate conditions, which drives the need for drying and restoration of all types of property.

FOCUS AND PRIORITIES

During 2015, we will continue to drive and increase the pace of change. The fourth quarter of 2014 was our best quarter in three years in Europe and proves that we are on the right track. Our medium-term ambition is to attain revenues of EUR 500 million and an EBITA margin of 8 percent. In order to reach these targets, we have identified a number of strategic initiatives:

Profitable growth

We believe that we can increase our share of existing insurance business through a combination of innovative service offerings, better relationship management, enhanced contract structures and improved pricing conditions.

We also see opportunities for growth in the “non-insurance” segment, in which we offer our solutions directly to customers that include property managers, industry, households and the public sector. A more proactive sales approach is being implemented in order to better reach these customer segments.

Improved contribution from operations

We will maintain our focus on margins as well as volumes so that we can continue to grow with healthy revenues. Our core competences are in fire- and water damage restoration, leak detection and temporary climate solutions and we will increase our efforts in these service lines.

“The fourth quarter of 2014 was our best quarter in three years in Europe and proves that we are on the right track.”

As a service organisation, it is crucial that we operate efficiently in order to minimise underutilisation and non-billable hours. We need to attract more customers, as well as further refine our operational processes.

The need to subcontract a number of services is inherent to our business. We will strive to improve our subcontractor management, both from a quality and a profitability perspective.

Optimisation of our indirect structure

We will continue to reduce our overheads to ensure we have a “flat and clear” organisation in place, leading to

lower indirect costs and a more efficient structure on all levels – Group, country, area and unit.

Germany

A step change is required in Germany, which represents almost 50 percent of Group revenue. Margins are below Group average and an ambitious three-year plan has been put in place to reach the desired levels.

ALWAYS BY YOUR SIDE

Polygon exists to prevent, mitigate and control the effects of water, fire and climate. We seek to deliver the best achievable quality by offering innovative solutions, which are always a combination of our people, knowledge and technology. We are supported by the Polygon Model, which rests on three fundamental values that are very important to us:

Integrity, Excellence and Empathy.

These values guide us in our daily work. We never compromise on what is best for the customer and we take pride in being “Always by your side”.

Over the last year, our 2,900 employees stood by the sides of more than 250,000 customers in 13 countries on three continents. I would like to thank every customer that has chosen to put their faith and trust in us.

Finally, I would like to thank all of our dedicated employees, who have made this possible and who continue to make the difference, day in and day out.

Stockholm, April 2015

Erik-Jan Jansen
President & CEO

Who we are

OUR FOCUS

Our focus is to be *the global expert in property damage control*. We always strive to be the best at what we do, which is to offer a complete range of prevention, control and mitigation services that meet the needs of all of our customer segments. Our core business is property damage restoration due to the effects of water, fire and climate. Having a clear focus and being specialists in our industry enables us to deliver a unique offering with high quality and excellence in all areas.

OUR MISSION

We prevent, control and mitigate the effects of water, fire and climate. This means being able to offer both standardised and tailor-made solutions in property damage control to a wide variety of customers – from the individual household to large corporate clients.

OUR APPROACH

We offer complete solutions and maintain high standards in our service delivery thanks to our *people* with a passion for helping others, combined with *knowledge* and the right *technology*. Every year, we complete more than 250,000 jobs to help homeowners, companies, the public sector and insurers to prevent, mitigate and control property damage. The experience and insight we gain from this large number of varied assignments drives our continuous development. It allows us to truly understand our customers' needs and set ourselves apart from our competitors.

OUR BRAND PROMISE

Our brand promise "*Always by your side*" is what our customers can expect from us. It goes beyond our service offering and expresses why customers benefit from choosing Polygon. Our *global strength and local presence* is what enables us to be close to our customers when they need us the most. Our *skilled and committed people* are there to solve customers' problems with fast response and reliability so that they can get on with their lives. We deliver on our promises by applying integrity, excellence and empathy to everything we do.





Always by your side

The global expert in property damage control

We prevent, control and mitigate the effects of water, fire and climate

Solutions through people, technology and knowledge

Integrity, excellence and empathy

Companies, households, public sector and insurance

Water Damage Restoration

Fire Damage Restoration

Temporary Climate Solutions

Specialist Services

Brand promise

What we promise

Focus

Our core business

Mission

What we do

Approach

How we do it

Values

What we believe in

Customer segments

Who we deliver to

Service lines

What we offer

Our values make us unique

Values are a crucial part of forming a sound company culture. They are the principles that guide us in our daily work and decisions, and that we apply to our interactions with customers and each other. Values also help set us apart from our competitors and have an impact on our financial performance. We understand that we must live by our values, which means leading by example.

For Polygon, building a better business means building a better people business. Committed, engaged employees help create satisfied customers, and many satisfied, loyal customers help create a profitable business. We are proud of Polygon's values of integrity, excellence and empathy. We live these values. Today and every day.

Integrity

By this we mean *honesty, accountability and reliability*. Accountability is about taking responsibility for our actions, not only with respect to our customers, but also each other. This means we stick to our commitments and do whatever is necessary to deliver what we promise. We are aware of the fact that unethical practices do take place in our industry, so we can distinguish ourselves by simply being honest – at all levels of the company. This means we are leading by example. Reliability is a key part of the services we provide, but also a trait that is highly valued within the company.





Excellence

Excellence stands for expertise, *continuous improvement* and results. We want to be respected as the *knowledge* leaders and experts in our field. This means that we strive to continuously improve ourselves and apply *best practices* from around the Polygon Group, which provides many learning opportunities since we are a global company. We always aim to deliver the best results – second best is not an alternative for the industry leader.



Empathy

Helpfulness, understanding and *service focus* are fundamental in our daily interaction with others. We have a *genuine understanding* of our customers' lives as they confront losses due to water and fire; therefore, we treat them with *respect* and compassion as we fix their problems. This is the heart of our business. Empathy also applies to how we treat one another at Polygon. We try to understand before asking to be understood.



How we work – The Polygon Model

We are a decentralised service company with a distributed organisation that comprises a strong base of unit managers, for whom local entrepreneurship is the foundation for success. We have developed a framework for our managers consisting of a clear business philosophy and management principles to guide them in their daily work. We call this framework the Polygon Model, the elements of which are presented below. It contains everything we need to become the global expert in property damage control.

THE BASICS

Our Company encompasses our brand promise, focus, mission, approach, values, customer segments and services. The purpose is to create a strong sense of belonging and a consistent corporate identity. We work with many customers in different geographic locations and our goal is to provide the same customer experience regardless of where they come into contact with us.

Our Markets clearly states the customer segments we serve and helps us identify the most important stakeholders and their needs in order to adapt our service delivery accordingly. Read more on pages 12–13.

OUR SOLUTIONS

Our Solutions define our core processes of selling, service delivery and continuous development. It helps us to deliver consistent quality towards our customers by defining what is best practice in each area. Read more on page 14.

THE METHOD

The Method is a set of principles which we expect our unit managers to follow in the daily running of the business.

Create a Simple Organisation is a principle which is vital in a decentralised service organisation that aims to build a business of local entrepreneurs supported by global guidelines. By reducing bureaucracy to a minimum, we can place a stronger focus on the customer. In order to be a truly customer-focused organisation, we continuously reinforce

the importance of clear accountabilities and teams large enough to be efficient yet small enough to make quick decisions. We can thereby respond swiftly to our customers' needs, which is crucial for success in our business. Read more on page 38.

Lead by Example is a method of connecting our core values with the way our managers lead. It is about delivering on promises, making things happen and caring about our customers and our own people. This type of leadership fully leverages the power of the simple organisation. Read more about this on page 38.

Measure for Progress is a set of tools for keeping things simple and shifts focus from measuring output through financial reports to instead focusing on input, or performance. All of our units are measured on ten simple performance indicators in the areas of business performance, customer performance and employee performance. Read more on page 42.

Manage our Risks represents our way of identifying the most significant risks to create awareness and avoid threats to our business. The key areas in which we need to manage our risks are finance, IT, contracts and assignments, health and safety, governance and branding. Read more on pages 40 and 41.

Advance our Industry is about our responsibility to promote good working terms and conditions for our employees, while striving to ensure that our competitors meet the same standards. As an

industry leader, we feel a strong sense of responsibility to drive this development and we are convinced that it will benefit our whole industry, our employees and our customers.

Earn the Right to Grow is about developing our business in the right sequence. This means getting the basics in place and delivering our core services in a consistent way before venturing into new business areas or performing acquisitions.

OUR VALUES

Our values of integrity, excellence and empathy are the most important components of our business philosophy. Every year, we make millions of business decisions and our values serve as a compass to guide our people. Integrity means that we are honest, accountable and reliable. By excellence we mean that we are experts and knowledge leaders, we strive for continuous improvement and apply best practices from around the globe. Empathy embodies our understanding of our customers' situations, our desire to be helpful and that our people make the difference.



A distinct Polygon culture is supported by a clear business philosophy, dedicated employees, the strive for excellence and strong values.

Our markets

We serve companies, the public sector, households and insurers in the 13 countries where we conduct business. Each customer has a unique set of needs. We strive to understand customer needs before offering solutions, which is why getting feedback from our customers is so important. This is obtained regularly through our key account managers as well as through our people in the field.

75
25

Around 75 percent of Polygon's business is related to predictable damages occurring on a seasonal basis. The remaining 25 percent is related to more extreme events and therefore of a volatile and less predictable nature.

Defining the needs of our customers is the first step to delivering consistent solutions. This includes identifying all of the stakeholders and what services or solutions are required for each. We strive to understand what is most important for our customers in terms of quality, response time, project management, communication, health, safety and the environment.

MARKET POSITION

Polygon is a leader in a market with stable demand and attractive industry dynamics.

We have a stable and low cyclical demand for property damage restoration services, which are driven by insurance claims. Around 75 percent of Polygon's business is related to predictable damages occurring on a seasonal basis. The remaining 25 percent is related to more extreme events and therefore of a volatile and less predictable nature.

There are favourable market trends that benefit larger industry players like Polygon. Insurance companies seek efficiencies by focusing on fewer suppliers and more *framework agreements* at preagreed terms and conditions. *Geographic reach*, reliability and professionalism are important selection

criteria when framework agreements are awarded. Only a handful of companies in each market can offer national coverage in the way Polygon can.

There is also a preference for "one-stop-shops". Key customers increasingly prefer suppliers that can manage the entire restoration process. This allows insurance companies to deal with fewer suppliers. Accordingly, Polygon has moved up the value chain so that we manage other craftsman such as plumbers, carpenters and electricians, particularly in larger projects.

Customers are making higher demands on *front-end IT systems* that allow for greater transparency, better documentation, reduced administrative burden and faster handling. Polygon is currently investing in new front-end systems to further improve technician efficiency and customer service.

Environmental trends such as the increasing number of *major weather events* drive the demand for Polygon's services. In Germany, which is our largest market, the number of natural disasters over the past 30 years shows a clear growth trend. In 2014, the World Health Organisation reported, "Globally, the

250,000

Polygon handles approximately 250,000 assignments per year.

number of reported weather-related natural disasters has more than tripled since the 1960s. Rising sea levels and increasingly extreme weather events will destroy homes, medical facilities and other essential services.”

Polygon holds a leadership position in a fragmented market and is the undisputed market leader in Europe. The top-ten property damage restoration companies in Europe, representing around 20 percent of the total market, have lower or significantly lower sales than Polygon, and there are also thousands of smaller companies.

GEOGRAPHIC DIVERSIFICATION

Polygon handles approximately 250,000 assignments per year, from minor jobs with an order value of EUR 200 to bigger projects with order values exceeding EUR 2 million. The majority of Polygon’s business comes from non-weather related events such as water leaks or fires, however major weather-related events are also a significant part of the business. The number of events such as storms and floods can be volatile within a country or for a specific quarter, but the impact on Group level is mitigated by Polygon’s geographic diversification across some 300 depots in 13 countries and on three continents.

We use three geographical segments to describe our business and for financial reporting: The Nordics and UK, Continental Europe and North America. Singapore is part of the North American region. Our market presence is strongest in Germany.

CUSTOMER SEGMENTS

Our customer focus shapes how we define our markets, with our market segments being based on customer needs rather than on the services offered.

We have grouped our customers into segments based on their similar sales processes and service delivery needs.

Within each customer segment, jobs are graded according to complexity. A low-complexity job typically involves only one service line and no project management, while a medium complexity job may require more than one service line with project management and multiple site visits. Complex jobs usually have a high order value and require multiple service lines, many technicians and the use of sub-suppliers.

Customer segmentation according to sales processes and service delivery methods create opportunities and help unlock the full potential of the market. Our customer-focused service delivery will allow us to further explore their

needs. This may open up opportunities to offer consulting and mitigation services as we strive to become a full-service supplier.

CUSTOMER BASE

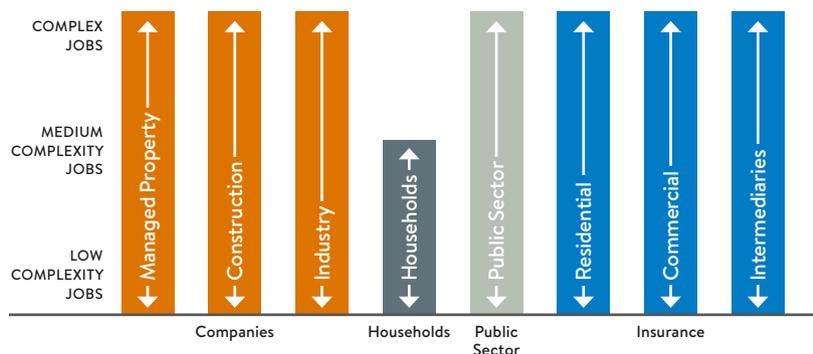
Polygon’s customer base largely consists of stable blue-chip insurance companies. Strong customer relationships are reinforced by the integration of IT systems. Overall, we have a low level of single-customer dependency. Our sales to top-ten customers increased by 23 percent in 2014.

In addition to our main customer segments, we also cooperate with industry associations. Our ambition is to lead the industry by driving quality standards and by promoting better conditions for our workforce, ethical business practices and environmental initiatives. We encourage participation in industry associations in all of our markets, and in Denmark, we hold the chairmanship of the association for property damage restoration companies.

SOME OF OUR CUSTOMERS

We are proud to be the preferred supplier of many well-known companies such as AXA, Gjensidige, Gothaer, If, OP, Sparkassen Versicherung and WKB Versicherungen.

CUSTOMER SEGMENTS



We have grouped our customers into segments based on their similar sales process and service delivery needs. Within each customer segment, jobs are graded according to complexity.

Our services and solutions

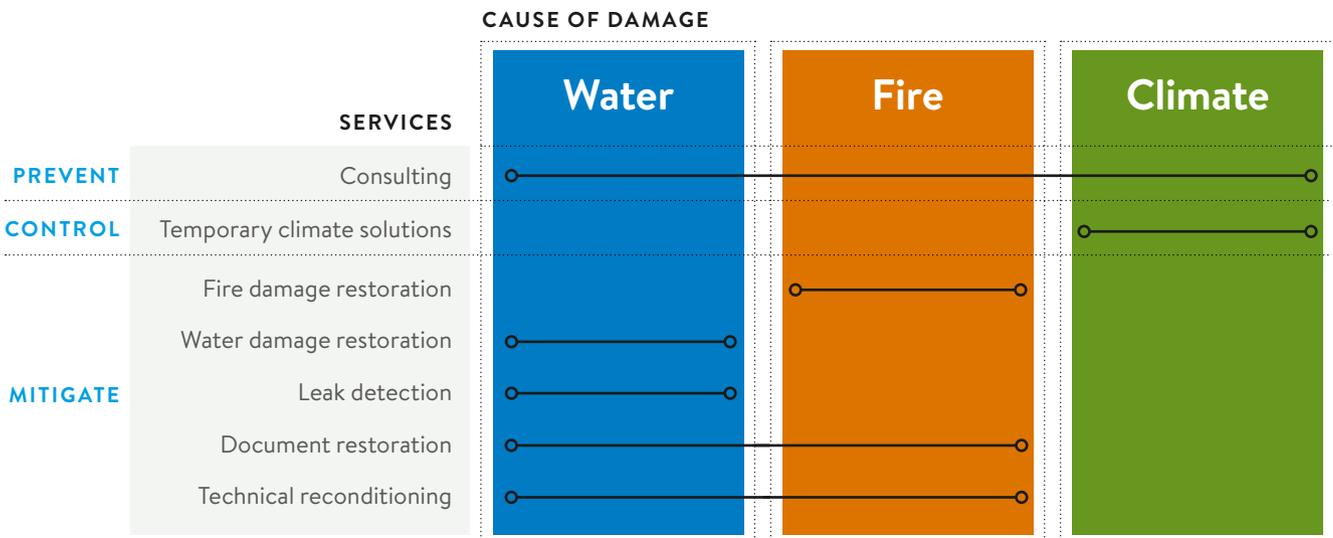
Polygon offers a complete range of services within the areas of property damage restoration and temporary climate solutions. We take on more than 250,000 assignments each year, helping people and businesses return to normal after damage caused by adverse events.

Our focus is on the restoration of damaged property, which is more cost-effective and environmentally sustainable than rebuilding, as well as on prevention measures. The assignments range in order value from about EUR 200 to complex jobs exceeding EUR 2 million. Property restoration assignments take an average of ten weeks to complete. The complexity of our business is based on ensuring that our expertise is brought to each individual customer and that we manage consistent service delivery in several simultaneously ongoing assignments.

Our services are categorised according to cause of damage – water, fire or climate – and the stages at which they are employed: prevention before an incident, control over a defined time period, or post-incident mitigation. The wide range of services that we offer varies depending on country and market needs.

In order to increase operational excellence, we hold regular forums for all service lines attended by representatives from each country. At these sessions, we share innovations, projects and new products, and we discuss how to standardise and improve our procedures

so that we can work cross-border. The forums are an important part of sharing best practices.





The knowledge and insight we gain from our everyday work drives our development and ensures that we are proactively designing and delivering innovative solutions to meet our customers' needs. Through training and by sharing knowledge cross-border, we can standardise and improve our procedures.

Water

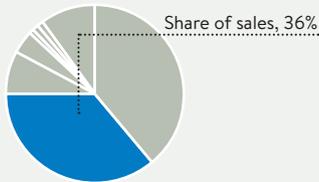
Water damage can have numerous causes, including floods, heavy rain, storms, and plumbing problems caused by frozen or leaking pipes. When we are called to a damage site, our first task is to assess the damage to the property and whether any mitigation actions are required.





Water damage restoration

WATER DAMAGE RESTORATION



OUR WATER DAMAGE RESTORATION SERVICES INCLUDE:

- Claims handling
- Specialist water services
- Alarm response
- Damage assessment
- Remote video
- Demolition
- Drying
- Mould remediation

24h

Polygon has an emergency stock of dehumidifiers, fans and other equipment in the Netherlands that can be deployed throughout Europe within 24 hours.

The services offered in water damage restoration may entail pumping away residual water first or removing furniture and other valuable contents to prevent further damage. Once we have mitigated the damage, we can begin the process of drying. Most often, relatively standard, energy-efficient drying and dehumidification equipment is used, but ultimately factors such as the composition of the materials to be dried, airflow and humidity levels will determine our approach. For some requirements, other methods are used, such as heat mats on the floor or heat sticks inserted into holes in the wall.

Once a property is dry, Polygon will then, in certain cases, take on the responsibility for restoration of the site. This may include replacement of wall and floor materials or the rebuilding of fittings.

When major incidents occur that affect large geographic areas, Polygon has an emergency stock of dehumidifiers, fans and other equipment in the Netherlands that can be deployed throughout Europe within 24 hours. Our Eurostock is unique and allows us to take on bigger jobs because we have the necessary equipment readily available.

Polygon is well equipped for major international catastrophes. We can deploy mobile offices, equipment and staff to a disaster site at short notice.

Remote monitoring is an efficient technique that allows us to take continuous measurements of temperature, relative humidity, moisture content and carbon dioxide levels and check the values on a web portal. This can reduce drying times and the number of site visits, while keeping the customers better informed.

Customer demands in Sweden prompted us to develop an energy-

efficient dryer that has a lower carbon footprint than standard dryers, reduces electricity costs and has faster drying performance. Polygon designed and engineered the dryer and it was manufactured by a subcontractor. The pilot project in Sweden in 2014 has now expanded to different models, with the aim of implementing these dryers cross-border. More energy-efficient technology is also a consideration when developing and purchasing new equipment.

In 2014, the World Health Organisation stated that globally, the number of reported weather-related natural disasters has more than tripled since the 1960s. Rising sea levels and increasingly extreme weather events will continue to destroy homes, medical facilities and other essential services.

Source: WHO, Climate Change and Health, Fact Sheet 266, August 2014



Rapid relief in Münster

On the night between 27 and 28 July 2014, a record-breaking amount of rain fell in the span of seven hours in the greater Münster area in Germany. Rainfall volumes of 292 litres per square meter led to widespread damage and nearly one thousand calls for help to Polygon. Immediate response was essential, which meant effectively coordinating the incoming jobs, bringing in additional technicians, and quickly accessing and implementing extra equipment.

Almost 400 jobs came in that day. Having enough people able to respond was critical. All calls were routed to Polygon's call centre in Olpe, which had 30 people handling up to 60 calls per minute during the high-water situation. Employees were brought in from other parts of Germany, increasing the number of available technicians by up to five-fold on critical days.

With 60 branches in Germany, Polygon is well-equipped in terms of staff and equipment to act quickly in the event of disasters. In the Münster flooding case, the 1,000 dryers that were immediately needed were easily sourced and transported from the central stock.

Polygon's muscles in a large-loss situation set us apart from our competitors. We have the capacity to respond to more jobs right away, allowing homeowners and businesses to get back to normal much faster.

Fire

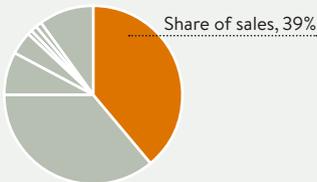


Fires are caused by multiple factors, but have a tendency to occur most in the winter months due to closed environments and the increased use of heating. Polygon's role in a fire damage is to both clean up after a fire and mitigate the secondary effects. These effects include smoke damage, oxidisation and water damage caused by extinguishing the blaze.



Fire damage restoration

FIRE DAMAGE RESTORATION



OUR FIRE DAMAGE RESTORATION SERVICES INCLUDE:

- Removal
- Transportation
- Contents management
- Cleaning
- Storage
- Carbon removal
- Ultrasonic cleaning
- Odour neutralisation
- Corrosion control
- Remote monitoring
- Reconstruction of property and contents
- Technical reconditioning

Cleaning up a fire site involves clearing ash and debris, and salvaging what can be saved. In some cases, the clean-up will reveal further water damage, which leads to a drying process and perhaps a property restoration job to replace damaged surfaces and structures.

Large fire damage restoration jobs may require that we work cross-border, and share knowledge and equipment with other Polygon units. We often deploy subcontractors for reconstruction assignments, but we always strive to take the project management role.

Polygon is also equipped to take on jobs in other countries, as well as on ships and oil platforms. We have training certificates to work offshore in these highly specialised environments.

If asbestos particles are found in the debris after a fire, we seal off the space in order to protect both the outside environment and our people. These circumstances require special treatment of the material, protective clothing and air filtration.

Polygon is exploring opportunities in the biogas industry. Biogas turbines require regular cleaning due to the fire risk or if an incident has occurred. This commands specialist knowledge that we can offer. Polygon has a centre of excellence in Olpe, Germany, for technical reconditioning of fire-damaged equipment and machinery. Read more on page 33.

During 2014, Polygon aligned with IPC (Institute for Printed Circuits), an international standard for technical cleaning of circuit boards. The IPC standard is accredited by the American National Standards Institute (ANSI) and is the most stringent process for how circuit boards should be brought back to pre-incident condition after fire damage. Polygon Germany has fully implemented the standard and we are writing new procedures for its implementation in the rest of the Group. This is one example of how we strive for excellence and continuously develop our business.

A fire and the ensuing smoke contamination can be devastating. When we restore a fire-damaged property, we guarantee that buildings, machinery and inventory will be free from all incident-related contaminants such as smoke and soot.



A person wearing a white protective suit, a white respirator mask, and yellow gloves is using a spray nozzle to clean or disinfect a wall in a room with significant damage. The wall is dark and stained, and there is a radiator visible in the background.

Helping restore homes in Norway

When a rooftop fire created serious damage to an apartment block in Kolbotn, Norway, Polygon was on the scene the same day the fire was extinguished. The four-story building contained 23 apartments, of which two were basically destroyed by the blaze itself. The rest were affected in varying degrees by the water used to extinguish the fire, either directly or from leakage down to the bottom floors.

This assignment contained every element of a fire damage restoration job: clearing and cleaning the debris from the fire, water damage restoration to all of the apartments, and mould remediation in the areas where moisture had taken hold. The complexity was exacerbated by the number of displaced people. Many people were affected, as all of

the tenants had to move out of the building while restoration took place.

We knew that we would need three to four months to complete the assignment, so it required communication, empathy, efficient project management and control of our processes in order to avoid delays and enable people to move back into their homes.

We are a trusted insurance partner because we can take full responsibility for an assignment. In this case, we performed all of the damage restoration work ourselves and outsourced a separate lab company to perform the mould testing. It is important for us to have a positive dialogue with the end customers throughout a project since happy residents result in satisfied customers.

Climate

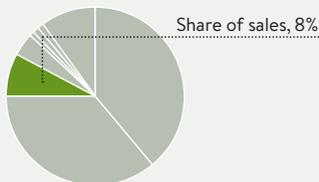
Our climate solutions involve controlling the temperature or humidity of a building or manufacturing site using drying, cooling, heating and remote monitoring services. Typical assignments vary and may last from several months to a year or more. For example, we can heat a construction site during sub-zero temperatures, reduce moisture levels on an oil platform so that it can be repainted, or control the moisture levels of a food processing plant during humid summer months.





Temporary climate solutions

TEMPORARY CLIMATE SOLUTIONS



OUR TEMPORARY CLIMATE SOLUTIONS SERVICES INCLUDE:

- Dehumidification
- Humidification
- Air conditioning
- Heating
- Air exhaust
- HEPA filtration
- Chilled water
- Total climate control
- Remote monitoring
- Equipment sizing
- Project engineering

When the moisture or temperature conditions of a site need modification, considerable expertise is required to make sure that the right climate control equipment is in place to achieve the desired conditions. This includes extensive knowledge about building construction, airflow dynamics, ventilation requirements, the impact of ceiling height and draft doors, and the effects of outdoor temperatures and humidity levels.

Failure to control environmental factors can be very costly for the customer, so we employ continuous measurement and tracking to ensure that the right conditions are maintained over time. For example, our customers in the food manufacturing industry must avoid overhead condensation in order to keep their facilities within regulatory compliance. Paint-

ing contractors cannot apply coatings to metal surfaces if rust has begun to form, and our construction clients face delays when building sites are cold or wet.

Our solutions, coupled with the right equipment, can manage moisture levels, control temperatures and filter air with continuous monitoring. Remote monitoring is a service that is increasingly in demand. Polygon can provide the customer with continuous information and graphics on dehumidifier performance and climate maintenance. We can install alarm systems to warn of increased humidity levels, providing both security and quality for the customer.

We are increasing the use of self-supporting units, in which generators are built into the dehumidifiers. Particularly in the US, where a constant supply of electricity is not possible in remote areas, these units are frequently used. We also deploy units that need less power to operate.

GLOBAL CUSTOMER BASE

Polygon's customer base for temporary climate solutions is worldwide and ranges from Fortune 500 companies to small entrepreneurs. Polygon has provided temporary climate solutions for a number of large, prestigious customers, such as Hewlett-Packard, Mortensen Construction, Ore-Ida Foods and Turner Construction. Within the energy sector, we have completed assignments in several nuclear power plants and have an ongoing project with Duke Energy.

Polygon's successful track record of handling complex cases in complex environments is our competitive advantage in providing temporary climate solutions.

AeroJet Rocketdyne needed to validate a material used in the manufacture of a solid rocket engine. In order to meet the strict requirements set by their customer, they contacted Polygon to create

and maintain specific temperature and humidity conditions during the testing phase. This included creating extreme hot and cold temperatures.

During the construction of a seven-story hospital in the US, we were commissioned to remove moisture. In collaboration with the customer, we opted to use residual plant steam as a low-cost energy source to both dehumidify and provide heating throughout the facility. This solution saved the construction company a significant amount in propane costs.

The offshore industry also relies on Polygon's climate solutions. When a leading UK service provider for the energy industry was commissioned to blast and paint the Britannia oil platform in the North Sea, the project managers knew that one important condition of the contract would be the provision of ATEX-certified dehumidification equipment. Polygon was the only provider in the UK capable of delivering such equipment.

In 2014, Polygon Norway introduced the first dehumidifier to pass the rigid NORSOK requirements for use on offshore oil platforms. These standards are the highest in the world, which creates opportunities in the global market. The modified dehumidifier is also very compact, making it easier and more cost-effective to transport and move around on an oil platform. The customer rents the unit from Polygon while we provide expertise, service and support.



Maintaining a dry construction process

In one of Stockholm's northern suburbs, a brand new neighbourhood is emerging on the grounds of a former military and civil airbase. When the area is completed it will have more than 5,000 new homes, plus businesses, shops and schools. Over the span of more than a year, Polygon was responsible for construction climate control of a building complex with 246 apartments called Segelflyget. The project was a full-service contract with customer Mecon Bygg, and Polygon had both a consultative and operational role from an early phase through to the project's successful completion in January 2015.

The construction climate control project required both temporary climate solutions (controlling moisture levels) and construction drying (providing heat during the construction process). In addition, the entire process was continuously monitored using various measurements. Polygon

also helped Mecon Bygg with construction planning so that everything went smoothly and construction stayed on schedule.

Swedish regulations regarding humidity and moisture levels during construction and after building occupation have become increasingly stringent. For example, concrete structures must be sufficiently dry before the next stage in the building process can begin because moisture in the building materials can lead to future health problems for inhabitants. These requirements, along with a greater awareness on the part of construction companies, provide significant growth opportunities for us. By assuming comprehensive responsibility for a project, we help our customers stay on schedule – and on budget.

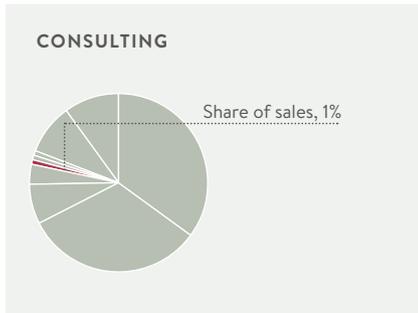


Specialist services

We offer specialist services in consulting, technical reconditioning, leak detection and document restoration. These services enable us to provide our customers with complete solutions in property damage prevention, control and mitigation.



Consulting



- OUR CONSULTING SERVICES INCLUDE:**
- Damage investigation
 - Radon investigation
 - Certification of green buildings
 - Density testing and thermography
 - Construction planning
 - Measurement
 - Control and monitoring
 - Advanced simulations of heat and moisture transport

Consulting is a service that manages and plans for the effects of moisture throughout the entire life cycle of a building. Our expert building engineers are engaged from the planning process onward to ensure that issues stemming from moisture are minimised and managed in order to effectively build and ensure the life of a building. Polygon's consultants are certified moisture safety engineers, who can help with moisture damage investigations, selection of the right materials, advice for a dry construction process, phasing out or remediation of hazardous substances, damp-proofing and radon detection. Particularly in the Nordic climate, moisture management is a critical investment that can lead to considerable savings on future property damage costs.

We perform damage investigations, project planning and measurements to create better indoor environments for property owners. More than 50 percent of construction errors occur on the drawing board. Through early identification of risk structures from a moisture standpoint, the customer can avoid

costly future renovations. Polygon Consulting has a moisture laboratory authorised by the Council for Building Competence in Sweden, as well as equipment for qualified measurements of gases and particles.

In a damage investigation, our consultants determine the damage range, analyse test results to ascertain the cause and then recommend appropriate actions. Our consulting services are complemented by our services in fire and water damage restoration and enable us to be the global expert in property damage control.

Polygon's consulting services are mainly centred in Sweden, however, in 2014 we developed a new service in Finland called Indoor Air Quality. This entails investigating and correcting sub-standard indoor air conditions through in-depth measurements, sampling, risk assessment and corrective recommendations. In addition to examining air leakage and ventilation, the services also investigate material emissions of microbes and volatile organic compounds.



Polygon works within the entire building process and can offer a total concept with solutions from the planning to construction phases.



Polygon consultants specialise in damage analysis, planning and surveying to create better indoor environments for property owners.

A man with short brown hair, wearing safety glasses and large black headphones, is focused on his work. He is wearing a blue long-sleeved shirt and blue nitrile gloves. He is using a soldering iron to work on a circuit board. The background is a blurred industrial setting.

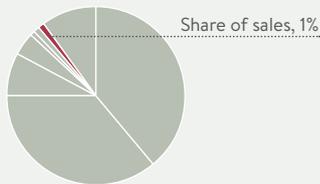
Excellence in restoring value

When Sumida AG in Oberzell, Germany, suffered damage to their production plant after severe local flooding, they contacted Polygon's technical reconditioning centre in Olpe. Polygon was well equipped to help them resume their operations in as little as five weeks.

Sumida develops and manufactures components and complete systems for industrial and consumer electronics. When water wrecked havoc on their facilities, Polygon sent a task force of 170 technicians plus a number of sub-suppliers to begin the job of restoring both the machinery and the building to pre-incident condition. Tools, electronic components, presses and an oven were restored on site to avoid time-consuming transport. Polygon's rapid response and restoration time meant that the impact on Sumida's business was minimal under the circumstances.

Technical reconditioning

TECHNICAL RECONDITIONING



OUR TECHNICAL RECONDITIONING SERVICES INCLUDE:

- Restoration of electronic devices, tools, machines and equipment
- Assembly and disassembly
- Repair
- Modernisation
- Storage and sales
- Construction and development
- Delivery and assembly of spare parts

In Olpe, not far from the western German city of Cologne, Polygon has a centre of excellence for technical reconditioning of water- and fire-damaged equipment and machinery. Technical reconditioning is a highly specialised service that is usually carried out jointly with the equipment manufacturer and under strict quality guidelines. It involves dismantling machinery – often manufacturing equipment or complex instruments – damaged by fire or water. Fire damage represents nearly 70 percent of all cases.

Technical reconditioning can save up to 60 percent of the cost of purchasing new machinery, in addition to reducing business interruption, since new equipment delivery entails much longer waiting times and requires that workers are re-trained in its use. This financial benefit is even greater when considering the administrative burden of sourcing replacement equipment and the business interruption costs during an extended period of downtime.

A typical assignment involves completely dismantling machinery, cleaning each component, re-calibrating and then reassembling it – precision work that requires specialist knowledge and technical expertise every step of the way. In addition, it is critical that documentation, measurements and testing are extremely accurate. The customer's trust in Polygon is vital, since the items

restored can be of very high value and may require Polygon staff to work within customer premises. Levels of cleanliness comply with industry standards and the timescale for restoration is usually shorter than the replacement time.

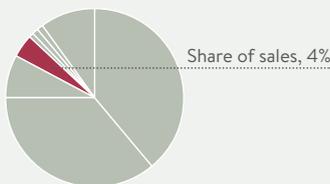
First, our technical centre scans the damaged equipment using 3D technology in order to make accurate drawings of the products. Then we dismantle the equipment into the smallest components. The next step is cleaning, using methods such as ultrasonic baths, ice blasting or standard chemicals. After cleaning, the equipment is reassembled. The entire process requires specialised skills, people and machinery.

Typical applications include power electronics, computers and office machines, medical equipment, telecommunication devices and electric panels. Working directly with manufacturers and distributors, we are better able to understand the assembly of equipment and work faster in its restoration and re-assembly.

The technical centre in Olpe employs about 45 people who continuously work with equipment restoration projects, however, there are more than twice as many staff who regularly work at customer sites. The Olpe facility takes on jobs worldwide, and has successfully restored equipment and machinery as far away as Thailand, the US, and even on a cruise ship during the actual cruise.

Leak detection

LEAK DETECTION



OUR LEAK DETECTION TECHNIQUES INCLUDE:

- Acoustic
- Closed-circuit television
- Correlation
- Endoscopy
- Thermography
- Infrared
- Tracer gas

We offer a range of leak detection services that reduce risk and mitigate damage by providing accurate, non-destructive detection where traditional methods will be destructive or have already failed. A leak may be undetectable to the naked eye, but could be located in, for example, a pipe, a roof, a heating system or a swimming pool. We use multiple techniques to identify leaks and minimise the damage to the property, including infrared cameras, tracer gas, smoke, and air pressure. All repairs are carried out by our fully qualified engineers.

Polygon can find, access and prove that the leak exists, as well as perform an emergency repair if required. Polygon can also detect air leakage in a residential space by using a blower door solution. The method seals off the door, creates underpressure in the house and detects where air is leaking out in order to prevent energy loss and moisture infiltration. This precise, low-cost approach supports awareness of energy use.

We employ a number of technologies to detect leaks in situations from small-scale domestic water pipe leaks to major pipeline constructions. Insurers often turn to drainage companies to locate leaks within external structures such as driveways and patios. In contrast to the traditional methods of large-scale excavation, we use specialist equipment and technical expertise to locate hidden leaks quickly and accurately, which saves both time and expense for the customer.

When leaks are discovered below or behind tiled surfaces in bathrooms and kitchens, the obvious solution is often to destroy the tiled area. Our investments in skills, technology and equipment has led to the development of an innovative tile removal service, which when

employed in conjunction with our leak detection service, can make the process of finding leaks truly non-destructive.

PREVENTION IS KEY

Too many properties suffer severe disruption caused by a leak from damaged pipes. Our service is designed to identify areas of concern before damage occurs and in the event of a problem, we can advise on the best course of action to mitigate the damage.

Poor building efficiency creates infrastructure fabric degradation due to condensation, resulting in occupier discomfort, poor air quality and increased energy use. This creates unnecessary energy costs and potential damage to the building's infrastructure. Using modern technologies, we can measure air leakage from a building by identifying the temperature differences between the inside and outside of the structure, thus immediately and accurately highlighting the areas of concern.

If left unchecked, roof leaks can lead to damage in the roof and throughout the building, with the most serious and costly scenario being a total replacement of the roof and ceiling underneath. The business interruption that would occur is entirely avoidable. We employ various methods to detect temperature differences in the roof material, identify areas of trapped moisture and damaged insulation – a detection method that is both non-destructive and swift. For example, a 500 square-metre roof can be scanned and assessed in as little as four hours.



Improving the customer journey

Direct Line Group (DLG) is the United Kingdom's leading general home and auto insurer. When they needed to look at new ways of offering services for water and fire damage claims, they decided to work with Polygon.

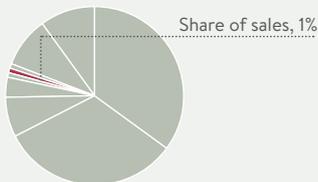
DLG and Polygon embarked on the project together to develop a new way of working with home claims. This entailed the use of live video streamed from policyholders' homes, enabling Polygon technicians at the site to show and discuss claims in real time with DLG's office-based technical specialists. Each case was then assessed and entered into a special graphical software tool that allowed

everyone involved to view the same information and follow the progress of the job. In addition to learning to use the new equipment, both Polygon technicians and the DLG team had to work together using new methods. Polygon and DLG jointly developed and refined the process over the course of eighteen months.

The advantages of using these new methods are starting to become apparent. There is a clear potential to improve the customer journey and reduce the handling time of claims, benefitting both DLG and their policyholders.

Document restoration

DOCUMENT RESTORATION



OUR DOCUMENT RESTORATION SERVICES INCLUDE:

- Emergency services
- Complete project management
- Application of disinfectants
- Smoke and soot (carbon) removal
- Deodorization
- Media and document restoration
- Dehumidification and drying
- Vacuum freeze drying
- On-site drying
- Microbial disinfecting
- Scanning
- Copy and storage
- Consulting

Each year, we perform services to salvage millions of paper and film-based documents, including historical artefacts, tax, medical and legal records, from damage caused by water or fire. In up to 90 percent of cases, the damage is water-related.

Damaged documents deteriorate quickly, so timely and appropriate recovery is necessary to halt the progression of damage. Polygon uses the most technically advanced processes and equipment to meet the specific needs of each project. After two decades of providing document restoration services, Polygon understands the need for minimal interruption and strict attention to security. We adapt each assignment to the unique nature of the damaged documents.

Our specialists are able to quickly identify and recommend the best recovery method for a particular material, based on the value of the documents and the level of damage. For example, under the right circumstances, freezing documents can drastically reduce the time and cost of restoration. It also prevents the need for mould remediation, page separation and other, more expensive, corrective procedures. Our document technicians are well trained in informa-

tion recovery and are up-to-date on the most advanced techniques available, such as vacuum freeze drying, blast freezing, microbial disinfecting, deodorisation and soot removal.

All of the methods employed are dry – nothing aqueous or liquid-based – and include hepa vacuums, dry sponges, brushes and dry erasers to effectively perform surface cleaning, debris removal and microbial removal. Using these methods enables our technicians to swiftly restore damaged documents either on site, or for higher value items, within a high-security facility.

The drying methods recommended will depend on a number of factors such as the type and number of documents to be dried, the state and sensitivity of the materials, and the customer's need to access the documents.

After the closing of 2014, Polygon acquired Harwell Document Restoration Services in the UK, a family-owned business that specialises in the restoration of damaged documents, books, photographs and artwork. The acquisition enables Polygon to offer document restoration services on a larger geographic scale, together with our existing service centres in Germany and North America.





Partnerships based on trust

In our knowledge-based society, managing and safeguarding physical and digital information assets is a vital part of an organisation's backbone.

Polygon works with several important clients in Europe and North America to provide document restoration services that include document drying and cleaning. Many of our customers choose not to store documents in their facilities that may be wet or suspect to being affected by water, smoke, fire or mould. This is where Polygon is engaged to restore all types of media, such as books, x-rays, papers or microfiche.

When Polygon receives a call from a customer that has experienced a flood or fire, or if damage has occurred due to inappropriate storage, Polygon mobilises a crew to remove the materials from the site, itemising them in an

inventory list. This list helps the customer in two ways; to confirm the number of boxes and volume of documents removed from the site, as well as to allow the customer to identify which files are active and which are non-active.

The wet documents are placed in freezer storage to prevent further deterioration. If document cleaning is required, the documents enter the cleaning chamber where technicians remove dirt and debris from the paper using various methods and processes. Once the process is complete, the documents are placed into new clean boxes, labelled and returned to the customer's facility.

We also work with a number of different partners to provide imaging, storage or secure destruction in order to meet our customers' needs.

Our people are key to our success

We are convinced that people make the difference in our business. Our business philosophy is based on a simple organisation characterised by a flat structure, clear accountabilities, optimal team size, customer focus and local decentralised entrepreneurship under clear global guidelines. We expect our people to lead by example with our values as their guiding principles.

OUR PEOPLE MAKE THE DIFFERENCE

Every day, we meet customers whose properties are damaged. Their lives have been disrupted and they feel vulnerable, so the way we work and conduct ourselves must reassure them. Polygon employees demonstrate genuine empathy and support for their predicament and ensure that their properties are restored in the shortest time possible.

Polygon's success is largely dependent on employee engagement and performance, and the ability to face change. Our people are engaged in their work and take pride in helping other people. Our responsibility encompasses the workplace environment and continuous learning, as well as responsible business conduct. Thanks to our flat and simple organisation, we can make decisions

quickly that benefit our customers. They can rely on us to carry out our mission effectively. By using best practice, standardised procedures and structured processes, we can attract, develop and retain the best people. Polygon has 2,912 employees in 13 countries.

ATTRACT AND KEEP THE BEST PEOPLE

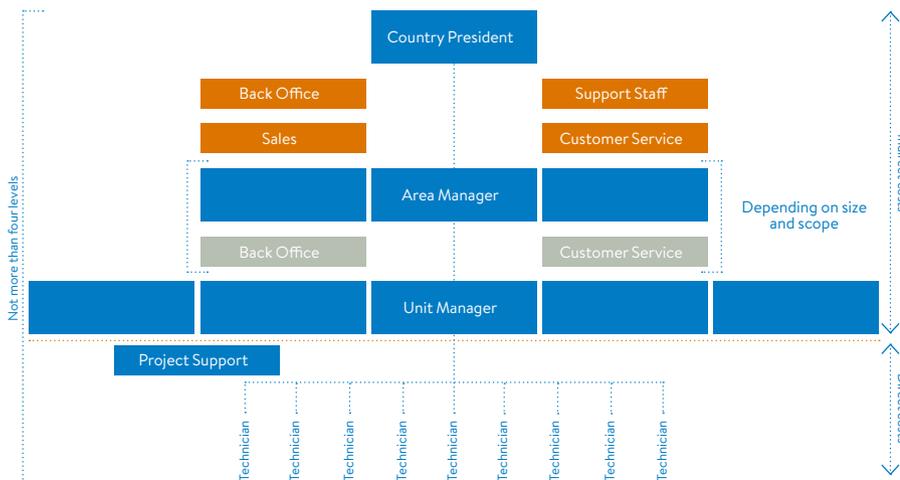
Polygon wants to be an employer of choice and perceived as an attractive workplace. We continuously strive to create a positive working climate in order to build our employer brand over time. During 2014, we introduced structured exit interviews, which enable each country to collect data and analyse the reasons for employee exits. In the US, improved induction programmes for new employees reduced turnover by

more than 50 percent, a best practice that is being shared across the Group.

MEASURING OUR LEADERSHIP FOR PROGRESS

The Polygon Employee Survey is an annual survey conducted since 2012 and sent out to all employees in all countries. The survey asks questions on working climate, leadership and engagement and renders a net promoter score (NPS). The 2014 survey had an impressive response rate of 93 percent. The results of the Polygon Employee Survey form the basis for continuous improvement in working climate, responsible business conduct, leadership, teamwork, efficiency, motivation and performance management. All teams follow up their results by reviewing the current situation, defining

A SIMPLE ORGANISATION



LEAD BY EXAMPLE



targets and then setting team-oriented action plans.

The employee satisfaction index improved in the Group as a whole compared with the previous year. This is a strong indicator of team efficiency and covers areas such as how a team works towards its goals and is managed, the ability to influence within the team, skills development and communication with managers. Criteria such as goal clarity, feedback levels and the views on Polygon's strategic leadership have increased in several countries.

Polygon takes pride in leading by example. It is a known fact that teams with good leaders and engaged employees are more profitable. Our culture is simple and it should be easy to do a good job. The leadership satisfaction index also experienced a significant improvement compared with the previous year. There is potential to increase profitability if managers are supported to maintain or improve their leadership scores.

During 2014, Polygon also participated in a correlation study set up by our partner Netsurvey. The study showed a very clear link between working climate and operating result, as well as between leadership and EBITA. High team efficiency has a strong positive impact on performance, which is a prerequisite to our profitability.

HEALTH AND SAFETY

Employee wellness is an important concern for Polygon. We follow up on sick-leave rates in each country and from 2014 we monitor work-related injuries through monthly reporting, using local definitions of work-related injuries. We work in dangerous environments and accidents do happen, but we employ all the precautions available.

During 2014, a total of 98 work-related injuries were reported in the Group as a whole. Through health and

safety training of all staff, our goal is to reduce the number of incidents by ten percent each year. Particularly relevant to our business is protective gear and clothing and air filtration to prevent exposure to harmful substances. We also take care to prevent the spread of microbes and potentially dangerous particles to the outside environment by using appropriate air filtration when cleaning a site.

SKILLS DEVELOPMENT

Developing Polygon's talents is another very important element to secure sustainable business growth. Through local and centrally geared training programmes, we train our people to improve their skills and to take on new and more challenging tasks. Training initiatives in 2014 included sales training in North America, leadership and project management programmes in most countries, and technical training on an ongoing basis.

EMPLOYEES PER GEOGRAPHICAL SEGMENT

Segment	Number of employees	Of which men, %
Central Europe	1,519	80
Nordics and UK	1,181	81
North America	212	77
Total	2,912	79

AGE DISTRIBUTION

Age	%
< 40	50
41-45	16
46-50	16
51-60	14
61-65	3
> 65	1

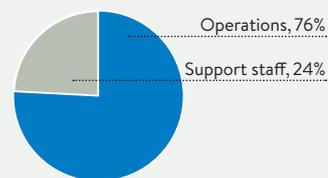


MAIJA LEINONEN

Property damage restoration project manager, Espoo, Finland

“A customer had water damage from a flooded sewer, which I decided to handle even though I needed to be somewhere else. When I got there, she told me she hadn't slept all night and I could see she was in distress. She was an elderly widow and all of her things were still in the basement. I decided I was no longer in a hurry, I took her by the shoulder and told her everything would be fine. After our talk, she felt much better.”

RATIO OF OPERATIONS AND SUPPORT STAFF



Running a sustainable business

Our core business of restoring damaged property contributes to a better environment by reducing the need for replacing inventory and equipment, as well as limiting the disposal of waste to landfill.

POLYGON AND THE ENVIRONMENT

Polygon has developed a range of restoration services that significantly reduce the need for original manufacture and the inherent costs on the environment in terms of raw material sourcing, processing, energy consumption and distribution.

We have innovative solutions to restore water-damaged machinery and vehicles that would ordinarily be subject to a total loss and sold as salvage. For electrical and IT equipment, we currently achieve a restoration rate in excess of 50 percent, and for lightly and moderately damaged goods, a rate of over 96 percent. Further initiatives include Polygon's leak detection services, which are non-destructive and therefore require very little reinstatement, and our Exact-Aire® system, which is the most advanced method available for monitoring the effectiveness of temporary climate control equipment, thereby minimising power usage.

Due to customer demands in Sweden, we developed an energy-efficient dryer with a lower carbon footprint than standard dryers, which reduces electricity costs and has faster drying performance. Polygon designed and engineered the dryer for manufacture by a subcontractor. The pilot project in Sweden in 2014 has now expanded to different models, with the aim of cross-border implementation. More energy-efficient technology is also a consideration when developing and purchasing new equipment.

Polygon's ISO 14001 accreditation verifies our long-term commitment to sustainable damage management, minimising pollution, and reducing energy

usage and waste. Areas that we are constantly striving to improve are waste management and reducing our carbon footprint. In the UK, we have rolled out an initiative called Lightfoot, which gives feedback to the driver of a vehicle on driving patterns. Carbon emissions have been reduced by five percent thanks to the initiative and the target is to reach a ten percent reduction. Local trials have been conducted to measure, monitor and sort waste, as well as to improve route planning using GPS tracking. Our aim is to implement best practices from successful local trials throughout the Group.

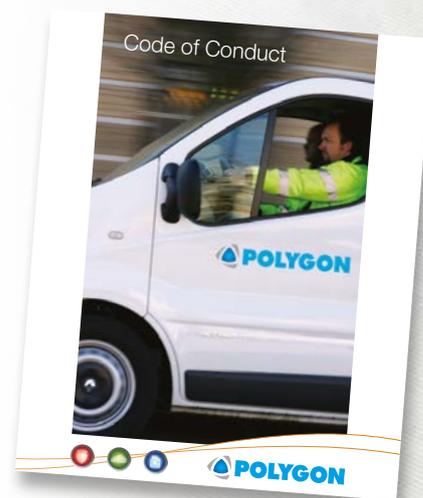
CORPORATE GOVERNANCE

Our Code of Conduct was modified during 2014 and communicated to all employees in the Group. It clearly explains what is appropriate behaviour when interacting with customers, employees, subcontractors and other stakeholders. Integrity is one of Polygon's core values. Our customers should feel confident that we will act in their best interests to fulfil their needs. It is also important that our subcontractors are fully aware of and compliant with our Code of Conduct.

Communication of the Code of Conduct is carried out in multiple ways. It is distributed in local language to all employees, discussed in team meetings and is part of the induction programme for new hires. Understanding and acceptance is followed up in the annual employee survey. In order to ensure effective implementation of the Code of Conduct, an integrity line, or "whistle-blowing" function, was established

in 2014, allowing employees to anonymously report any concerns regarding breach of ethics or policy.

During 2014, a web-based tool was developed with the purpose of training all employees in compliance and appropriate behaviour when interacting with customers and suppliers. All employees in management, in customer-facing roles or within procurement must complete the training programme during 2015. There was an increased focus on corporate governance measures during 2014, which included more clearly defined guidelines within anti-corruption and anti-trust.



The Code of Conduct is available for download <http://www.polygongroup.com/about-us/csr/>



Measuring for progress

The financial model in a decentralised organisation needs to be simple enough so that those with responsibility for profit and loss can be their own controller. In addition to being clear and simple, the model must measure the right parameters, namely the factors that the responsible person can influence.

In practice, this means that Polygon unit managers do not have country management costs in their own statement of profit and loss. The indirect costs on a unit level are fixed costs for managing the unit, without central allocations. Labour and material are direct project costs. In order to manage profit and loss, it is important that reports are produced at month-end and that the information is easy to access. The foundation of our success is a clear structure, which is also a key element of the Polygon Model.

Polygon's business is local by nature, as projects are performed at actual sites or homes. Large customers, however, want national-level partners and Polygon is one of the main players. We have approximately 300 depots, making it possible to serve large customers while acting locally. Depending on size, a depot is its own profit unit or forms one together with other depots. This unit is the lowest level of responsibility for profit and loss in Polygon's financial model. On this level, we are able to follow the profit and loss, the outstanding receivables and operational data connected to each single project, including the utilisation of technicians, purchasing from subcontractors and costs of machines borrowed from our central stock.

It is extremely important to combine the financial data with other qualitative information, such as customer satisfaction levels. These are critical components in many of our framework agreements.

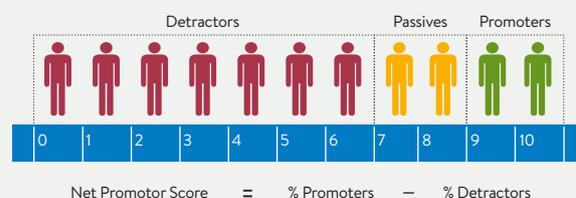
We also monitor the development of different services. Important questions include whether we are investing in services that give healthy returns and if we should invest more or less in specific services. Structured measurements provide valuable input.

In addition, we track employee satisfaction and have noted a clear correlation between employee engagement and positive financial performance.

Some quantitative measurements are performed monthly and others are performed quarterly in conjunction with the budget process. All measurements correspond to a plan or the budget, and are compared with last year's performance. A sim-

ple structure and streamlined measurements give our front-line managers tools for not only viewing their results, but also understanding what drives their performance so that they can act accordingly. Thus, we have created a structure that allows for local control.

CUSTOMER SATISFACTION



Net promoter score (NPS) is the percentage of promoters minus the percentage of detractors multiplied by 100. The NPS can range from -100 to +100. Any score above zero is considered favourable and an NPS of more than 50 is excellent. Polygon's NPS increased from 31 in 2013 to 38 in 2014.

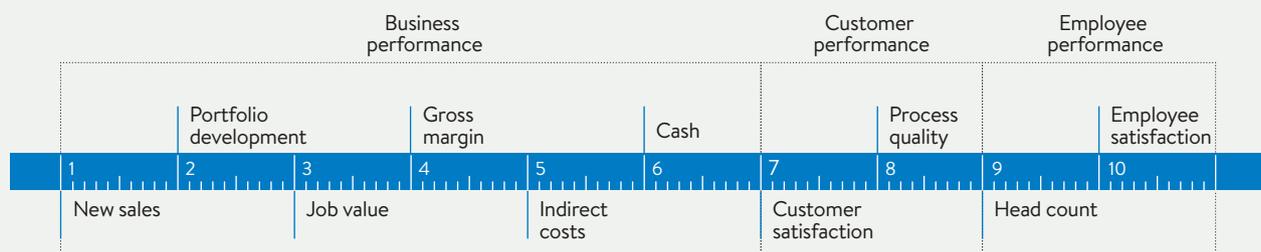
91.5

Our goal is to have at least 95 percent satisfied end customers. We are currently at a level above 91.5 percent and the trend continues to be positive.

EMPLOYEE SATISFACTION

Employee satisfaction	2014	2013	2012	2011
Response rate,%	93	90	73	79
Employee satisfaction index (ESI)	87	81	82	81
Leadership index (LSI)	71	69	70	69

MEASURE FOR PROGRESS



PERFORMANCE INDICATORS

We use ten different indicators to measure for progress. They measure business performance, as well as customer and employee performance:

New sales is a measurement of our sales performance that includes bringing in new customers, expanding into new areas and the effectiveness of our sales force.

Portfolio development is about keeping track of our organic growth. We monitor if the trend is going in the right direction and our development of market share among main customers.

Job value monitors the average value of a single job. This includes factors such as price increases, sales of additional services and the avoidance of revenue leakage.

Gross margin measures the efficiency and profitability of our service delivery.

Indirect cost is a measurement of how efficient our structure is in delivering services, from the lowest profit-and-loss level in the organisation up to Group level.

Cash is the simplified way of looking at our balance sheet with a focus on receivables. This takes into account the number of outstanding sales days. Responsibility for receivables lies entirely with local profit units.

Customer satisfaction measures how satisfied our customers are with the work we perform.

Process quality refers to the level of credit notes. By measuring process quality, we get clear indications of our performance towards customers.

Head count is a measurement of employee retention and internal efficiency.

Employee satisfaction is followed up through comprehensive employee surveys on an annual basis.

Group Management



ERIK-JAN JANSEN

President and CEO

Born in 1965

Joined Polygon: 2014

Background: COO Europe, Securitas Group, several international assignments in the hotel industry

Education: B.Sc. Business Administration from the Hotel Management School in Maastricht, Netherlands



MATS NORBERG

Chief Financial Officer

Born in 1959

Joined Polygon: 2013

Background: CFO for the Nordics, Baltics and Switzerland at Dahl International/ Saint Gobain, CFO at Aftonbladet

Education: M.Sc. Business Administration from Uppsala University



JONAS GRANATH

Vice President Commercial

Born in 1976

Joined Polygon: 2014

Background: Senior positions at IL Recycling Poland, Swedish Trade Council

Education: M.Sc. Economics and Business Administration from Stockholm School of Economics & University of St. Gallen



RICHARD NELLÉUS

Vice President Human Resources

Born in 1964

Joined Polygon: 2008 (Munters)

Background: Watson Wyatt, Front Capital Systems, Microsoft Nordic and Baltics

Education: B.A. Human Resources

Management from Stockholm University



TIM KING

Vice President Operations

Born in 1973

Joined Polygon: 2013

Background: Associate Principle McKinsey & Co., Country Director TechnoServe Tanzania

Education: Bachelor of Commerce and Bachelor of Laws from University of New South Wales, MBA (INSEAD)

COUNTRY PRESIDENTS

Austria Christian Kohl

Belgium Carla Slaets

Canada Fabio Bernardo

Denmark Peter Haugaard

Finland Hermanni Rajamäki

France Julien Meyniel

Germany Andreas Weber, replaced René Just who left the company April 2015

Netherlands Marlies van der Meulen

North America Mark Murphy, replaced John Campanelli who left the company May 2015

Norway Kai Andersen

Singapore LY Ang

Sweden Thomas Perman

United Kingdom Jeremy Sykes

Board of Directors



LUC HENDRIKS

Chairman of the Board

Board member since 2015

Nationality: Dutch

Senior Industry Expert, West Park Management Services

Other board roles: Europart and Papyrus

Background: Senior Industry Expert at Triton, Executive Director of Brambles, executive positions at General Electric



TORBJÖRN TORELL

Board member since 2011

Nationality: Swedish

CEO of Svevia.

Background: CEO of Bravida and Scandiaconsult



JONAS SAMUELSSON

Board member since 2010

Nationality: Swedish

Executive Vice President Electrolux

Background: CFO of Munters



PER AGEBÄCK

Board member since 2010

Nationality: Swedish

Investment Advisory Professional, Triton Advisers (Sweden) AB

Background: Management consultant at McKinsey & Company

Left the board during 2014:

Thorbjørn Graarud

Magnus Lindquist

Michael Dill

Nadia Meier-Kirner

Summary of Directors' report

FINANCIAL YEAR 2014

Group sales amounted to EUR 419.1 million (423.4) for the financial year and the operating loss amounted to EUR 1.1 million (1.3). Operating profit before amortisation and non-recurring items (adjusted EBITA) amounted to EUR 11.8 million (14.4). The operating loss was charged with EUR 7.2 million (9.6) for non-recurring items.

EUR million	2014	2013
EBIT	-1.1	-1.3
Amortisation intangible assets	5.7	6.1
Non-recurring items	7.2	9.6
Adjusted EBITA	11.8	14.4
EBITA margin	2.8 %	3.4 %
Depreciations	8.8	10.0
Adjusted EBITDA	20.6	24.4
EBITDA margin	4.9 %	5.8 %

Non-recurring items mainly refers to changes in management and restructuring of service depots. For 2013 it also refers to gains from sales of buildings and impairment of IT systems.

During the year, the Group acquired a company in Austria and no divestments were made.

The income statement and balance sheet changed since the publication of the interim report for the fourth quarter 2014 on 24 February 2015, due to the degraded margin in an ongoing project in the US. This has affected EBIT negatively by EUR 1.9 million, but has had no negative impact on the cash flow from operating activities.

FINANCING AND LIQUIDITY

The Group's previous bank financing was replaced in April 2014 by a Senior Secured Floating Rate Note of EUR 120 million, which matures in 2019 and applies a floating rate calculated on 500 basis points on three-month EURIBOR.

Liquid funds amounted to EUR 21.5 million (15.8) on 31 December 2014. The cash flow from the 2014 operating activities amounted to EUR 10.0 million (28.1). The significant difference in cash flow from operating activities between 2014 and 2013 is the improvement in the working capital that occurred during 2013.

INVESTMENTS

The Group's capital expenditures on property, plant and equipment amounted to EUR 9.2 million (8.0). In addition, the Group has further developed its business systems for EUR 2.7 million (1.5). Total depreciations during the period amounted to EUR 14.5 million (16.1), of which EUR 8.8 million (10.0) is attributable to fixed assets and EUR 5.7 million (6.1) to intangible assets.

Depreciation of intangible assets mainly refers to order backlog and customer relations in combination with acquisitions and depreciations on balanced costs for developing the Group's business systems. During the year, tangible assets were written down for a book value of EUR 0.5 million.

EMPLOYEES

The average number of employees in the Group during the 2014 financial year was 2,912 (2,743).

The full Annual Report and Consolidated Financial Statements for fiscal year 2014 is available on Polygon's website www.polygongroup.com.

CONSOLIDATED INCOME STATEMENT

EUR thousands	2014	2013
Sales of services	419,106	423,361
Cost of sales	-319,502	-323,360
Gross profit	99,604	100,001
Selling and distribution costs	-92,424	-92,512
Other operating income	1,785	1,578
Other operating costs	-10,062	-10,373
Operating income	-1,098	-1,306
Financial income	238	175
Financial costs	-11,763	-12,570
Income before tax from continuing operations	-12,622	-13,701
Income taxes	2,100	3,206
Net income for the year	-10,522	-10,495

SALES PER GEOGRAPHICAL SEGMENT

EUR thousands	Full year 2014	2013
Nordics & UK	133,152	129,770
Continental Europe	247,999	254,177
North America	37,955	39,414
Shared	-181	-89
Total	419,106	423,361

CONSOLIDATED BALANCE SHEET

EUR thousands	2014	2013
ASSETS		
Non-current assets		
Goodwill	102,588	100,961
Other intangible assets	53,772	56,610
Property, plant and equipment	27,103	27,298
Deferred tax assets	22,777	19,914
Total non-current assets	206,240	204,783
Current assets		
Work in progress	16,498	12,422
Accounts receivable	67,705	68,657
Receivables from parent company	71	-
Current tax receivables	668	789
Other current financial assets	2,018	1,373
Prepaid expenses	4,068	3,737
Cash and cash equivalents	21,509	15,789
Total current assets	112,537	102,767
TOTAL ASSETS	318,777	307,550
EQUITY AND LIABILITIES		
Equity		
Issued capital	58	6
Other contributed capital	6,771	6,771
Other capital reserves	-267	-897
Retained earnings	34,789	47,014
Equity attributable to owners of the parent company	41,351	52,894
Non-controlling interests	1,094	1,024
Total equity	42,445	53,918
Non-current liabilities		
Post-employment benefit provisions	5,546	4,653
Other provisions	307	527
Deferred tax liabilities	23,921	24,928
Long-term interest-bearing liabilities	175,397	146,308
Total non-current liabilities	205,171	176,416
Current liabilities		
Advance payments from customers	159	346
Post-employment benefit provisions	78	242
Other provisions	775	867
Accounts payable	34,168	33,923
Short-term interest-bearing liabilities	-	9,637
Other liabilities	10,642	10,913
Accrued expenses	24,570	20,349
Current income tax liabilities	769	939
Total current liabilities	71,161	77,216
TOTAL EQUITY AND LIABILITIES	318,777	307,550

CONSOLIDATED STATEMENT OF CASH FLOW

EUR thousands	2014	2013
Operating activities		
Income before taxes	-1,098	-1,306
Adjustments for non-cash items before tax	15,319	19,612
Financial income received	238	152
Income tax paid	-1,452	-1,463
Cash flow from operating activities before changes in working capital	13,008	16,995
Cash flow from changes in working capital:		
Changes in operating receivables	537	4,648
Changes in work in progress	-3,929	6,658
Changes in operating liabilities	359	-186
Cash flow from continuing operations	9,975	28,115
Investing activities		
Acquisition of a subsidiary, net of cash acquired	-524	-200
Purchases of property, plant and equipment	-9,180	-6,492
Purchases of intangible fixed assets	-2,696	-1,554
Sales of fixed assets	467	1,870
Net cash flows used in investing activities	-11,933	-6,376
Cash flows from financing activities		
New borrowings	120,000	16,000
Repayment of borrowings	-103,963	-9,285
Utilization of overdraft	-	-13,364
Dividend to non-controlling interests	-66	-322
Financial costs paid	-7,697	-8,083
Net cash flows from financing activities	8,274	-15,054
Cash flow for the year	6,315	6,685
Cash and cash equivalents, opening balance	15,789	10,396
Translation difference in cash and cash equivalents	-596	-1,292
Cash and cash equivalents, closing balance	21,509	15,789





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