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P R O M O T I O N

**UN GLOBAL COMPACT
COMMUNICATION ON PROGRESS 2016**

STATEMENT OF CONTINUED SUPPORT

In the following, we present our annual Communication on Progress, where we describe our actions to integrate the United Nations Global Compact and its principles into our business strategy, culture and daily operations.

Since our last state of affairs, Baxx Promotion have increased the focus and effort on our corporate social responsibility as well as environmental impact. Our overall politics, goals and processes to advance within these fields have been defined and are now more firmly rooted in our business procedures.

Through our ISO management systems we have been able to further implement both environmental and quality policies, which have become key guidance points for us. In the coming year we will continue the progress within these two fields, to better achieve our overall goal of practicing responsible sourcing.

In order to move forward with Baxx Promotion's CSR and further develop our environmental strategy, this year we have launched a joint project with a local University. Through this project, we can define a more specific strategy and construct a road map for our efforts in these fields.

We are pleased to reaffirm Baxx Promotion's continued support to the Ten Principles of the United Nations Global Compact in the areas of Human rights, Labour, Environment and Anti-corruption.

Yours sincerely,



Michael Eriksen
CEO, Baxx Promotion



VISION AND FOCUS AREAS

The CSR and environmental strategy of Baxx Promotion is founded on the 10 principles of the UN's Global Compact, relating to human rights, labour rights, respect for the environment and anti corruption.

Our primary goal is to ensure that our business and how we conduct it, has the least possible adverse impact on our environment. Where we as a company can exercise most influence, is by designing "sustainable products" for our customers, and encouraging our suppliers to produce responsibly in all respects.

We will continue and maintain our overall focus areas in our CSR strategy, which is: responsible sourcing/production at our sub-suppliers and bringing as many environmentally sustainable products as possible to the market. These areas will continue to serve as a guideline for focusing and prioritizing our resources.

In 2016 Baxx Promotion have continued our work with the Quality and Environmental management system, based on CSR and Product Compliance, in order to develop our knowledge within these fields. Through a strategy of higher employee ownership, our values and policies have permeated throughout the business and into our day-to-day work.

Our efforts the past year has resulted in a re-certification of our Quality and Environmental management system, and we have been able to meet the increasing demands from our customers within CSR and environmental footprint. As such, we now have a higher degree of collaboration with our large customers and the corresponding sub-suppliers.

In the past year, Baxx Promotion have also participated in a joint project with a local university, trying to define our future efforts and strategy within CSR.

In the coming year, we will try to further develop the partnerships with our large customers, in order to advance our own and our suppliers' performance.

FUTURE ROAD MAP

We remain committed to continuously develop and improve our performance in all areas of our CSR strategy – we will continue to set policies, goals and define relevant measurement tools within our ISO management system, in order to ensure focus and progress. We maintain our goal that at least 70% of our turnover comes from suppliers that are audited on a regular basis.



LABOUR

ASSESSMENT, POLICY AND GOALS

Baxx Promotion believe that everyone has a basic right to be free from discrimination and harassment, the right to collective bargaining, the right to choose to work freely and not at least that every child should have the right to education. We have formulated this in our CSR strategy and our suppliers are held to these standards through our Code of Conduct, which complies with the ILO conventions. Our internal risk assessment has identified that the highest risk of non-conformity, lies within our supplier network in Asia.

IMPLEMENTATION

Before entering into a business relationship with Baxx Promotion, all suppliers asked to commit to the Baxx Promotion Code of Conduct, and are obliged to sign this. We have an internal system for recording and evaluating Code of Conduct compliance. In order to enhance transparency and inform our stakeholders, our updated Code of Conduct is also published at our website.

PRINCIPLES

1. Business should support and respect the protection of internationally proclaimed human rights
2. Business should make sure that they are not complicit in human rights abuse

MEASUREMENT OF OUTCOMES

The past year all suppliers have received the revised Baxx Promotion Code of Conduct. All active suppliers have accordingly reaffirmed their commitment by signing our revised Code of Conduct/Supplier Manual.

In accordance with last years goal we have collected and assessed existing Social Audits of our suppliers - carried out by independent inspection agencies. More than 35 reports from our main suppliers have been analyzed. No nonconformance in relations to human rights has been recorded.

PRINCIPLES

3. Business should uphold the freedom of association and the effective recognition of the right to collective bargaining
4. The elimination of all forms of forced and compulsory labor
5. The effective abolition of child labor
6. The elimination of discrimination in respect of employment and occupation



HUMAN RIGHTS

ASSESSMENT, POLICY AND GOALS

Baxx Promotions goal is to actively influence and facilitate that both our employees and business partners adhere to the Universal Declaration of Human rights. Our overall vision is only to do business with partners that respect the international conventions on human rights, and share the values of Baxx Promotion. Based on a previously carried out risk assessment, we maintain that our focus within human rights should lie primarily on our supplier network in Asia.

IMPLEMENTATION

Within Baxx Promotion we have a high focus on work safety, which shows in our absence of work related accidents in many years, but also in the organization and orderliness of our warehouse and offices. Also, employee welfare has been a focus for us in the past year, through an increased number of open staff meetings open for suggestions and improvements. The staff welfare was a large focus point in the joint project we conducted together with a local university this past year.

Externally, we hold our suppliers to our high standards through our Code of Conduct. The Baxx Promotion Code of Conduct is an integral part of our Supplier contracts, and we encourage our suppliers to ensure that their sub-suppliers are in compliance. As described in the section of Assessment, Policy and Goals of the human rights principles, our main focus area lies within our supplier network in Asia.

Though 2016 we have begun to include our European suppliers in the scope. In accordance with our initiatives within human rights, our implementation evolves around committing all our suppliers to our Code of Conduct, and consecutively to implement our procedure for Social Audits. We will continue to increase presence at supplier factories, both through internal and external audits.

MEASUREMENT OF OUTCOMES

All of our active suppliers have signed our Code of Conduct and Supplier Manual, in order for our collaboration to continue. We have experienced willingness to cooperate amongst the majority of our suppliers, which seem to be working on a professional level. Before we enter into a collaboration with a new supplier, we make sure that they live up to our demands and are able to document this, and general results from the social audits are categorized as satisfactory. Based on the findings we discontinue relationship uncompliant suppliers, and the remainder are either in compliance, or demonstrating willingness to improve in the areas where problems have been identified.

At Baxx Promotion, we are continuing our efforts to create a healthy and attractive work environment for our employees. No work related injuries has been recorded. All employees have annual/quarterly reviews with their manager, focusing on their well-being. We arrange and support social events in the work place, and we accommodate special requests for working hours/conditions by our employees. Baxx Promotion is aware of any discrimination, and aim at creating a work place with room for all individuals, representing our surrounding society. The following is a table of Baxx Promotion's employees by age and gender:

Headcount	Male	Female	Total (%)
Age >18	0	0	0 (0,00 %)
Age 18-25	0	0	0 (0,00 %)
Age 26-35	3	1	4 (13,33 %)
Age 36-45	3	11	14 (46,67 %)
Age 46+	5	7	12 (40,00 %)
Total (%)	11 (36,67 %)	19 (63,33 %)	30 (100 %)

*Baxx Promotion Management team by gender:
Male: 6 (75,00 %) | Female: 2 (25,00 %)*

PRINCIPLES

7. Businesses should support a precautionary approach to environmental challenges
8. Undertake initiatives to promote greater environmental responsibility
9. Encourage the development and diffusion of environmentally friendly technologies

ENVIRONMENT

ASSESSMENT, POLICY AND GOALS

Baxx Promotion operates in the business of promotional and give-away articles. The nature of this market is characterized by relatively cheap products with a short Product Life Cycle. We pride ourselves in doing everything we can to design products that are worth keeping, maximizing our customers marketing budgets and visibility, and minimizing the negative impact on the environment. We call it sustainable product design.

Baxx Promotions overall aim is to only bring safe products that live up to all applicable laws and standards to the market. As our product range and application is so widespread this is inherent challenging. We want to be at the forefront, why we have chosen to commit ourselves to a high standard by obtaining an ISO certification of our environmental management system.

IMPLEMENTATION

Baxx Promotion has since spring 2015 been certified according to the ISO 14001 standard. All environmental policies, goals and procedures is implemented in the environmental management system. The focus of our environmental efforts is product compliance; to ensure that all our products live up to all relevant legislation.

This year we have continued presenting our customers with a “sustainable” or “green” alternative when developing customized products. As such, we enable the customer to choose a product with a reduced environmental impact.

Through 2016 we have worked increasingly at reducing packaging materials. We do this internally by reusing packaging material in our own warehouse, whenever possible. Externally, we always urge the customer to choose the most environmental friendly product packaging.

MEASUREMENT OF OUTCOMES

Again this year, we have carried out a risk analysis of our suppliers, and selected 10 critical suppliers based on their environmental risk profile. 5 of these suppliers have been audited the past year. No critical areas have been identified, only small improvement areas have been suggested. We will maintain this goal for next year also, and carry out 5 annual environmental audits.

In order to ensure product compliance and product safety, we continue – planned as well as unplanned – product specific test of REACH compliance. No deviations have been recorded this year.

In relation to our goal of minimizing our use of packaging materials, this year we have registered positive deviations of product packaging for customers. Through the past year, we have been able to avoid the planned use of more than 22,000 plastic polybags. This KPI indicates that our efforts are paying off, and we will maintain this goal for next year also.

PRINCIPLES

10. Business should work against corruption in all its forms, including extortion and bribery.

ANTI-CORRUPTION

ASSESSMENT, POLICY AND GOALS

Baxx Promotion follows a strict policy of zero tolerance of all forms of corruption, including bribery, facility payments, kickbacks, theft, blackmail, fraud and favoritism. We expect all our suppliers and employees to adhere to this principle.

IMPLEMENTATION

All employees and suppliers of Baxx Promotion have been made aware of our policy on anti-corruption through our Code of Conduct. Also the area is covered in individual employment contracts, stating our company policy regarding gifts, hospitality and entertainment.

MEASUREMENT OF OUTCOMES

Baxx Promotion has never been involved in any legal cases or any other accusations regarding corruption or bribery. We keep a strict record of all stock and samples, to ensure that they are not misused in any quid-pro-quo exchange. No cases have been recorded the past year.

It is easy and safe to be a Baxx customer!

See all facts about our CSR strategy, Code of Conduct,
UN Global Compact and our ISO certification on www.baxxpromotion.com



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