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P R O M O T I O N

UN GLOBAL COMPACT
COMMUNICATION ON PROGRESS 2017

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 been working persistently with Corporate Social Responsibility as well as local responsibility. Our overall politics, goals and processes to advance within the fields of UNGC are well defined and have become an integrated part of our business procedures.

Through a complete examination and evaluation of our business strategy, we have been able to align our business goals with our core values within the fields of labour rights, employee satisfaction and human rights, among others.

Our work within ISO management systems have once again been stepped up, concerning environmental and quality management, providing Baxx Promotion with better possibilities to follow up on the environmental footprint of our business and practice responsible sourcing.

Baxx Promotion continue our close collaboration with local and regional actors, such as educational institutions and job centers, in order to create value both for us as a company as well as for our community. This is a part of our CSR and environmental strategy, guiding us on the road map for our future efforts.

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 2017 Baxx Promotion have intensified our work with the Quality and Environmental management system, based on CSR and Product Compliance, and we have created new tools to help us make the best and most responsible choices of suppliers.

The auditing and control of our supplier network is now a core part of our sourcing, and quality and safety will continue to play a large role in the evaluation of our suppliers.

Our efforts in 2017 have resulted in a total re-certification of our Quality and Environmental management system, proving that our continuous improvements are paying off.

In the coming year, we will try to further develop the partnerships with our key suppliers, in order to raise the levels of product quality as well advance the value for our customers.

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.

We have also identified country specific risks, when sourcing certain products, and one of our goals for next year is to perform double audits of at least 50 percent of our suppliers in the countries with highest risks within labour rights.

IMPLEMENTATION

Before entering into a business relationship with Baxx Promotion, all suppliers are 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.

When performing double audits, we will be focusing on both social factors as well as labour rights.

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

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

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.

Through 2017 we have also established much closer connections with our European key suppliers, making sure that their supply chains are held to the same high standards as our own, especially when they are also sourcing from sub-suppliers. The results have been positive, as most of our suppliers are very eager to improve on these areas. We will continue to coordinate closely with all of our key suppliers

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 | 2 | 2 | 4 (12,90 %) |
| Age 36-45 | 3 | 12 | 15 (48,39 %) |
| Age 46+ | 5 | 7 | 12 (38,71 %) |
| Total (%) | 10 (32,26 %) | 21 (67,74 %) | 31 (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.

Our 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 in our business, and try to push both our colleagues, suppliers and customers to act responsibly.

IMPLEMENTATION

Baxx Promotion has been certified according to the ISO 14001 standard since the beginning of 2015. All environmental policies, goals and procedures are 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.

Through 2017 we have had a focus on minimizing our use of polybags, by advising customers to avoid these, whenever possible. We are also still working to reduce our own packaging materials. We do this internally by reusing packaging material in our own warehouse, whenever possible.

We are also very focused on reducing our transport and travel needs, in order to lessen our environmental impact through airplane and truck CO2 emission.

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 16,000 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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P R O M O T I O N

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