



P R O M O T I O N

UN GLOBAL COMPACT
COMMUNICATION ON PROGRESS 2014



STATEMENT OF CONTINUED SUPPORT

Five years ago, Baxx Promotion launched its first Code of Conduct as a part of our attempt to build a sustainable and responsible company. As a natural next step, we decided to commit ourselves in a more formal manner, when we decided to join United Nations Global Compact in 2013.

In this, our first annual Communication on Progress, we describe our actions to integrate the Global Compact and its principles into our business strategy, culture and daily operations.

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 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.

We are very aware about having a balanced and realistic approach in the area of CSR. Our primary goal is to ensure that our business and how we conduct it, has the least possible adverse impact on our environment. First of all, we are a relatively small company with limited influence on our supplier network. Secondly, it is important that our efforts are balanced between environmental impacts but at the same time economically viable.

The CSR strategy of Baxx Promotion is divided into 3 focus areas, which serves as a guideline for focusing and prioritizing our resources; responsible sourcing/production at our sub-suppliers, minimization of our CO2 emissions relating to transportation and finally bringing as many environmentally friendly products as possible to the market.

We are committed to continuously develop and improve our performance in all areas of our CSR strategy. In this report we present the work we have done the past year within our respective focus areas.

FUTURE ROAD MAP

Our focus for the coming year is to develop and anchor our CSR strategy further, and to ensure that we continue to make progress. We will especially focus on Social Audits becoming an integral part of our SCM. Our goal is that 70% of our turnover comes from suppliers that are audited/ suppliers which account for more than 2% of our purchase volume is audited on a regular basis.



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 abuses

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 an internal risk assessment, we have established that our focus within human rights should lie primarily on our supplier network in Asia.

IMPLEMENTATION

Based on our commitment we have modified our existing Code of Conduct to be aligned with the international conventions on human rights. All suppliers are informed about our Code of Conduct and are obliged to sign this before entering into a business relationship with Baxx Promotion. As a part of our CSR strategy we have also developed and adapted our internal systems for recording and evaluating Code of Conduct compliance, and this will be rolled out in the coming year. In order to enhance transparency and inform our stakeholders our updated Code of Conduct is also published at our website.

MEASUREMENT OF OUTCOMES

Baxx Promotion has formulated a CSR strategy which set out that all suppliers will be audited and evaluated against a set of defined policies and parameters. All violations will be recorded, and corrective action plans initiated. Continued non-compliance will result in termination of the relationship. The past year all suppliers have received the revised Baxx Promotion Code of Conduct. All suppliers are expected to sign both Code of Conduct and Baxx Promotions supplier manual, confirming their full support to the principles set out.

The second step in the process has been to assess current performance level. In this process we have established an overview and action plan for internal audits. Also we have collected and assessed existing Social Audits of our suppliers - carried out by independent inspection agencies. More than 20 reports from our main suppliers have been analyzed the past year. We have systemized our internal audit process, and revised the audit format. We will continue mapping our supplier network in the coming year, and in addition to our own internal audits, we will start carrying out external audits of our main suppliers the coming year.



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

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, why we have chosen to focus our efforts in this area, and created a separate strategy.

IMPLEMENTATION

Internally we have included a section on labour rights in our company handbook. The written policy covers employee rights, compensation and responsibilities. We have a committee with representation from both management and employees that assesses labour related risks. All employees receive medical insurance, and are reimbursed for medical treatments. Also, we record and evaluate all work related injuries in order to create a healthy and attractive work environment for our employees.

Externally, we hold our suppliers to our high standards through our Code of Conduct. The Baxx Promotion Code of Conduct has been made an integral part of our Supplier contracts, and we also encourage our suppliers to ask that their sub-suppliers are in compliance. As described in the section on our implementation of the human rights principles, our main focus area lies within our supplier network in Asia. In accordance with our initiatives within human rights, our implementation evolves around mainly to commit all our suppliers to our Code of Conduct, and consecutively to implement our procedure for

Social Audits. The coming year our focus will be to structure our approach, and to roll out our strategy to increase presence at supplier factories, both through internal and external audits.

MEASUREMENT OF OUTCOMES

In our efforts to roll out our new Code of Conduct and Supplier manual, and following up with audits, we have met some resistance to cooperate by a few suppliers. As a result we have chosen to terminate the cooperation with 7 suppliers. The general picture however, is that the suppliers are very positive towards the initiatives, and are already working with this in a professional manner.

Internally at Baxx Promotion, we are very aware about creating a healthy and attractive work environment for our employees. As an example we offer our employees the opportunity to receive massage and physiotherapist treatments during working hours. Baxx Promotion is very 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 Promotions employees by age and gender:

Headcount	Male	Female	Total
Age <18	0	0	0,0%
Age 18-25	2	1	8,8%
Age 26-35	2	4	17,6%
Age 36-45	4	9	38,2%
Age 46+	4	8	35,3%
Total	12	22	34
%	35%	65%	100,0%

The following is a table of Baxx Promotions Management team by gender:

Male: 5 62,5% Female: 3 37,5%

ENVIRONMENT

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

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.

Externally we have communicated our demands to our supplier network through our Code of Conduct. This includes adhering to all applicable environmental laws. Also we have included a special appendix on the use of chemical substances (REACH) as an integral part of our purchase contracts.

IMPLEMENTATION

A key element of our environmental strategy is to make the responsible choice easier for our customers, and therefore we have this year launched a collection of “sustainable” products. Also we have started an initiative where we will present our customers with a “sustainable” or “green” alternative when developing customized products.

Internally, we have chosen to focus our efforts on the following initiatives in order to minimize our environmental impact:

- Choose sea transportation over air transportation when possible
- Minimize our consumption of electricity
- Recycling of packaging materials

In the coming year we will work towards making our environmental impact and initiatives measurable and setting up KPI's on above areas.

MEASUREMENT OF OUTCOMES

The past year we have focused on educating our staff and suppliers on REACH, in order to ensure that our products comply with EU legislation. We have performed laboratory tests, in order to verify that the products are produced in accordance with REACH. We have installed automatic sensors on our lighting, in order to save electricity. Also, we have consolidated our two warehouses into one, which we also expect will help save substantial resources.



CASE: Web sites emit carbon due to electricity consumption. Baxx Promotion has chosen actively to make an effort in neutralizing the CO2 emissions, which takes place every time someone visits our webpage. Therefore we – like 2.500 other companies - participate in the initiative “CO2neutralwebsite.com”. The programme invests in renewable energy projects as well as climate projects aiming at reducing CO2 emissions and helping people in poor countries to a better life.



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.