

## CEO Statement of Continued Support:

I am pleased to announce that Saga Furs Oy reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-corruption. In this Annual Communication on Progress we provide a brief overview of relevant actions ongoing or taken during 2016 that we see as integrating the principles of the Global Compact into our business, strategy, culture and daily operations.

Saga Furs continues to invest in sustainability because we believe a strong approach to corporate responsibility helps us build reputation and stakeholder transparency, secure product quality and business performance, and to minimise risk.

That's why this year we've launched a new sustainability programme in the form of a single Corporate Responsibility platform for setting targets, driving performance and reporting more systematically on progress; one that builds on our past achievements and helps us better respond to challenges and opportunities.

Yours sincerely  
Pertti Fallenius  
CEO Saga Furs Oy

## Human Rights Principles

### *Assessment policies and goals*

Saga Furs goal is to that all our employees respect human rights. Based on this commitment, we have launched a written code of conduct that all employees must sign up to. Our code of conduct comprises seven sets of principles. Behind each are established company policies and/or recognized practices and international legislation including the Universal Declaration of Human Rights and Environmental Protection laws.

### *Implementation*

To promote a company culture of compliance, Saga Furs has committed to communicating this Code internally, in writing, as well as providing effective training, including ensuring that employees understand the relevance of each precept to their particular work areas. It then becomes the responsibility of each Saga Furs employee to promote the Code, and this includes reporting potential violations.

### *Measurement of Outcomes*

All employees should report any suspected or observed breach to their managers. A confidential reporting channel also operates through the company's Board of Directors. Investigations will be made professionally and confidentially and with respect shown to all people involved.

In addition, Saga Furs regularly audits and evaluates its suppliers against a set of defined principles and guidelines including human rights. Using this approach any human rights contravention can be identified, documented and resolved in a timely way.

## Labour Principles

### *Assessment policies and goals*

Every employee receives an employee prospectus, which explains the company policies on health, wellbeing, holiday, employee benefits, working environment, amongst others.

As set forth clearly in the prospectus and in the company's new Code of Conduct, Saga Furs strives to pay fair compensation and provide a safe and healthy workplace for all company employees. Saga Furs also continues to support and to invest in the personal and professional learning and growth for everyone in the company's employment.

#### *Implementation*

Saga Furs people are expected, in turn, to respect and encourage the strength that comes from diversity as well as promote teamwork and individual responsibility within their respective work areas. The company is committed to equal opportunity in all its employment policies and practices. Therefore, no employee or potential employee will receive less favourable treatment due to race, colour, nationality, ethnic origin, age, or religion, gender, sexual orientation, marital status, parenting status, connections with a national minority, opinion, disability or, membership or non-membership of a trade union.

#### *Measurement of Outcomes*

In the event that employees feel they are not receiving fair and equal treatment, they may circumvent their direct report and open a discussion with their manager's manager on the issue or alternatively set up a meeting with Human Resources.

Monitoring health and safety is also important in a company where hundreds of employees every year work in physically demanding jobs. Our Occupational Health and Safety (OHS) committee works in cooperation with the HR department and department heads to carry out regular workplace safety assessment. The indicators monitored include number of accidents, absences due to illness, safety observations and other personal surveys.

Employee wellbeing and their ability to do their jobs is supported by identifying and dealing with problems as early as possible. This model is called the early support model and consists of written policies on occupational health care that have been agreed upon between employees and the employer. Using this model, supervisors will discuss with employees if there is any risk that threatens an employee's ability to their jobs. The model and discussions will help to identify factors behind the risk and reduce the risk of bigger consequences. Supervisors will get a follow up report from HR every quarter.

## **Environmental Principles**

#### *Assessment policies and goals*

Saga Furs supports global initiatives like the Paris climate convention, which work actively towards the abatement of climate change. Saga Furs has a good track record and is committed to working further with its own internal processes across the board to reduce greenhouse gas emissions and broader environmental footprint.

However, the most significant environmental impacts on the company's value chain are upstream in the fur-farm production phase of our supplier farmers and downstream during the fur dressing phase of our customers. Saga Furs is not in a position to directly influence emissions and environmental practices but the company does, wherever possible, support projects and technologies to help reduce the environmental burden in both.

### *Implementation*

According to the company's new Code of Conduct, which all employees will be required to sign up to during 2017, every individual at Saga Furs pledges to work to the best of their ability to reduce their own environmental impacts, in particular energy and water use.

At the supplier farmer level, sustainability criteria within the Saga Furs certification process have already pushed Finnish fur farmers towards closed loop energy and low-carbon practices. In Finland and abroad, Saga Furs will continue to conduct inspections directly or through partner organisations on its supplier farms and where possible only source from Saga Furs certified suppliers.

### *Measurement of Outcomes*

Against the backdrop of the Paris Convention on Climate Change, which came into effect in 2016, Saga Furs has been reviewing its internal processes and practices in an effort to reduce their environmental burden and shift towards low-carbon energy and technologies. We'll have a lot more to report on progress across a range of operational channels, including our new companywide commitment made in 2016 to becoming an entirely paperless operation.

In green power, Saga Furs is able to announce that, as of the end of 2016, the company's head-office in Vantaa, Finland, operates entirely on zero net carbon energy!

## **Anti-corruption Principles**

### *Assessment policies and goals*

Saga Furs is strongly committed to the highest standards of ethical conduct and full compliance with all applicable national and international laws wherever the company operates. This includes, for example, laws relating to corporate governance, bribery and other types of corruption, illicit payments, aggressive tax planning, and promoting fair competition. The goal of Saga Furs is not just to be legally compliant, but through its corporate responsibility programmes, to position the company as an industry leader in ethical and sustainable business.

### *Implementation*

Saga Furs makes a good faith effort to ensure that the company's anti-corruption principles are fully implemented in every area of its own business. In addition, while the supply chain in the fur trade is long and complex, often involving local suppliers in a number of countries, Saga Furs is also committed to promoting anti-corruption compliance with all its business partners. This is with the aim of increasing responsible sourcing throughout the supply chain.

### *Measurement of Outcomes*

Under the Code of Conduct, which all Saga Furs employees will be required to sign up to during 2017, each individual has an obligation to report any potential corruption violations as well as cooperate in any investigation that may follow. All employees should report any suspected or observed anti-corruption breach to their managers. A confidential reporting channel also operates through the company's Board of Directors. Any subsequent investigations will be made professionally and confidentially and with respect shown to all people involved.