

UN Global Compact

COMMUNICATION ON PROGRESS 2018

STIELER

- & CO -

TABLE OF CONTENTS

STATEMENT OF CONTINUED SUPPORT	2
INTRODUCTION	3
ABOUT STIELER & CO.....	4
OUR APPROACH TO CSR	5
FUTURE ROAD MAP	5
RESPONSIBLE SOURCING	6
SUPPLIER SELECTION	7
PRIORITY TO HIGH-RISK SUPPLIERS.....	7
Category A	8
Category B	8
Category C	8
CONTINUOUS IMPROVEMENT AND COOPERATION.....	9
ENCOURAGING A SAFE AND HEALTHY WORKING ENVIRONMENT.....	10
HOW WE OPERATE	10
MAKING THE SMALL DIFFERENCES COUNT	10

STATEMENT OF CONTINUED SUPPORT

It is my pleasure to confirm that we at Stielor & Company reaffirm our support to the United Nations Global Compact and its ten principles in the areas of Human Rights, Labor, Environment and Anti-Corruption.


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.

As a supplier of promotional items, gifts and merchandise on the Danish market, we recognize our responsibilities as a company, with a global supply chain, and are committed to continually improve our work within Corporate Social Responsibility (CSR), both in our supply chain and within the daily operations.

We believe that responsible business management is for the benefit of global economy, business and society. We have created our CSR policy with the goal of making a positive difference. Therefore, we commit to sharing this information with our stakeholders using our primary channels of communication.

Yours sincerely,

Stielor & Co.



Kent Pedersen, CEO

INTRODUCTION

As a member of UN Global Compact, Stielor & Co. has adopted a global framework for implementing and reporting our CSR initiatives. Stielor & Co. is committed to fair business practice that supports the United Nations' CSR principles, which we have adopted as an encouragement to a sustainable and socially responsible business policy.

With this commitment follows responsibility, transparency and a continually intent to advance the ten principles of the Global Compact with respect to human rights, labor, environment and anti-corruption. At Stielor & Co. we recognize that we are committed to document our progress on our work within CSR, and we wish to communicate this to our stakeholders and the general public.

Stielor & Co. supplies promotional items, gifts and merchandise in Denmark. We do not have own production, which means we work as third-party between end-consumer and supplier. Since our inception +20 years ago, we have worked closely with both domestic and international partners. We have established a wide global network of suppliers and sub-suppliers from Europe, China and the Far East. With a global network we recognize our responsibility to impact our suppliers, thus we believe our supply chain to be the area of which we have our biggest impact and opportunities to improve social, ethical and environmental conditions.

In the following pages, we will present our approach to CSR, our goals and motivation for working with the principles of UN Global Compact, as well as the actions and projects we have already implemented, or will implement during 2018.

ABOUT STIELER & CO.

Stieler & Co. was established in 1993 by Jesper Stieler. Stieler & Co. specializes in developing promotional products and business gifts to Danish customers. Stieler & Co. is also active in parts of Scandinavia and Greenland.

From the start our goal was to provide value for money along with unique solutions for all clients. Stieler & Co.'s has always been extremely focused on sourcing and production by establishing a global network of trusted and competent partners. This has led to the establishment of representation offices in Hong Kong and China.

With years of expertise within the complex chain of promotional products, we have decided to take the standards of creativity, quality and efficiency to a new level. With our representatives in Hong Kong and China, we have optimized our supply chain based on sharing information. Stieler & Co. has developed a set of stringent guidelines, which we use to identify and select suitable suppliers and partners. Hence, we use UN Global Compact's principles along with our own quality standard to ensure a reliable and transparent platform for our business.

As a Danish company we are approved by the Danish Working Environment Act, which is a framework act that aims to prevent accidents and health issues in the workplace and protecting children and young people on the labor market, through legislation.

As a supplier of business gifts we offer food, commodities and beverages to our clients, thus we find it very important to be responsible in the areas of food health and safety issues from the farm to the fork. With our huge effort to comply with the Danish food regulations, we have obtained an "elite-smiley" on our inspection report, which indicates that we have the best possible inspection records.

At Stieler & Co. we are confident that we can ensure progress within our CSR through cooperation and transparency. This was one of the motives when we joined PSI in 2005.

PSI is a professional trade organization that provides knowledge sharing between suppliers and customers. Stieler & Co. is participating in the annual fairs to stay updated on new products, trends and development. As a member of PSI, our customers are guaranteed we as a partner, proactively seeks and obtain the latest knowledge about sustainable merchandise, gifts and corporate clothing.

Our mission is to influence and improve conditions relating human rights, labor standards, the environment and anti-corruption. Stieler & Co. encourages its suppliers to abide all UN conventions.

Our "Code of Conduct" is an essential and integral part of all business agreements, which Stieler & Co. takes part in. By signing Stieler & Co.'s "Code of Conduct", companies are within their scope of influence, committed to acknowledge the social and environmental standards, and to take appropriate measures within their company policy for implementation and compliance. Acceptance and compliance with this "Code of Conduct" is mandatory.

OUR APPROACH TO CSR

The CSR strategy of Stieler & Co. is founded on the ten principles of the UN Global Compact and the principles in the ILO convention.

Together with our representative offices and partners, we work toward a more responsible supply chain in all aspects. Our primary goal is to ensure our business has a minimum adverse impact on the environment, by delivering and designing sustainable and responsible products. Accordingly we always ensure our "Code of Conduct" is observed by all subcontractors involved in production processes of final manufacturing stages carried out on behalf of Stieler & Co.

Stieler & Co.'s ambition is to actively manage a responsible supply chain, and promote sustainability and contribute positively toward the development of the society. The overall focus in our CSR strategy is driven by following ambitions:

- We strive to create positive value for all shareholders. Both present and future associations with Stieler & Co. shall create long-term value by an enhanced corporate image.
- We believe that by working responsibly and sustainably we can reduce our negative impact and develop innovative solutions to advance our positive contribution to the environment and society upon which we depend for our future growth.
- We recognize the complexity of global procurement and the risks can occur when buying promotional products. Therefore, we take every effort to select and monitor our global network of suppliers, and manage their performance over time to establishing long lasting collaborative relationships.

We have implemented a responsible supply chain management system, which is based on CSR- and product/quality compliance.

FUTURE ROAD MAP

Stieler & Co. is highly committed to continuously focus, develop and advance its performance in all areas of the Global Compact's ten principles within its sphere of influence. Stieler & Co. will continue to set goals, take action and define relevant measurement of outcomes, in order to ensure progress and singleness of purpose. We maintain our goal; min. 75% of our turnover comes from suppliers that are monitored on a regular basis.

RESPONSIBLE SOURCING

Managing a global supply chain is associated with challenges and risk. With increasing demand for sustainable sourcing solutions in the global marketplace, we seek to identify solutions to improve the ethical, social and environmental performance of our supply chain. Stielor & Co. believes our supply chain is the area we can exercise significant influence in respect to the ten principles of the UN Global Compact.

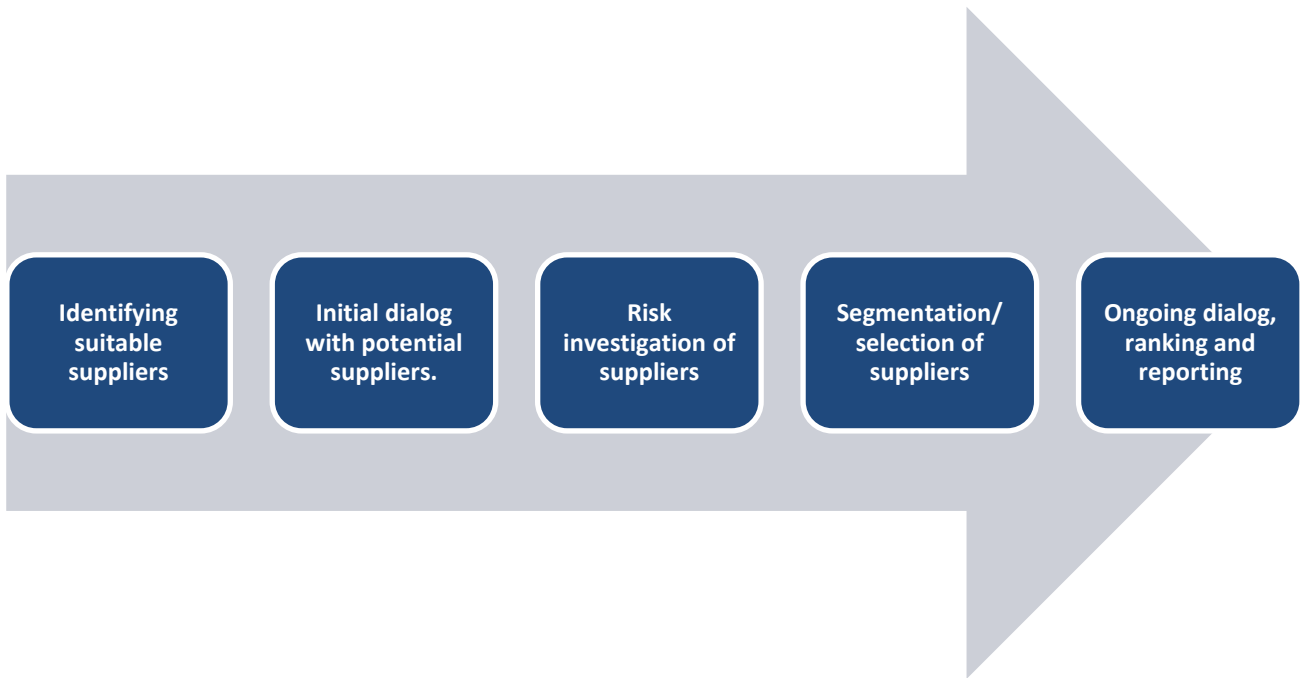
As our business model is based upon sourcing, we always emphasize the importance of quality and eliminating risk. As agents and third-party suppliers are associated with higher risk, due to their independent network of suppliers, we strive to choose direct suppliers i.e. to buy directly from the manufactories.

At Stielor & Co. we handle risk of adverse impacts on the CSR principles in the supply chain by requiring our suppliers to establish necessary processes to create CSR improvements. During the past year all suppliers has received Stielor & Co.'s "Code of Conduct". The "Code of Conduct" outlines the minimum standards for partnering with us. Together with our own representatives in Hong Kong and China, Stielor & Co. developed a set of stringent guidelines, which we use to identify and select suitable partners. Along with our own quality standard guidelines, we use the "CSR Compass", developed by the Ministry of Business and Growth Denmark and the Confederation of Danish Industries, to ensure a reliable and transparent platform for our business.

Stielor & Co. encourages our suppliers to strive for continuous improvement in all areas covered by the "Code of Conduct". We believe CSR improvements are best obtained when suppliers themselves sees the value of their CSR activities. Thus, we continually encourage our suppliers establish due diligence processes and to formulate their own CSR policies and KPI's.

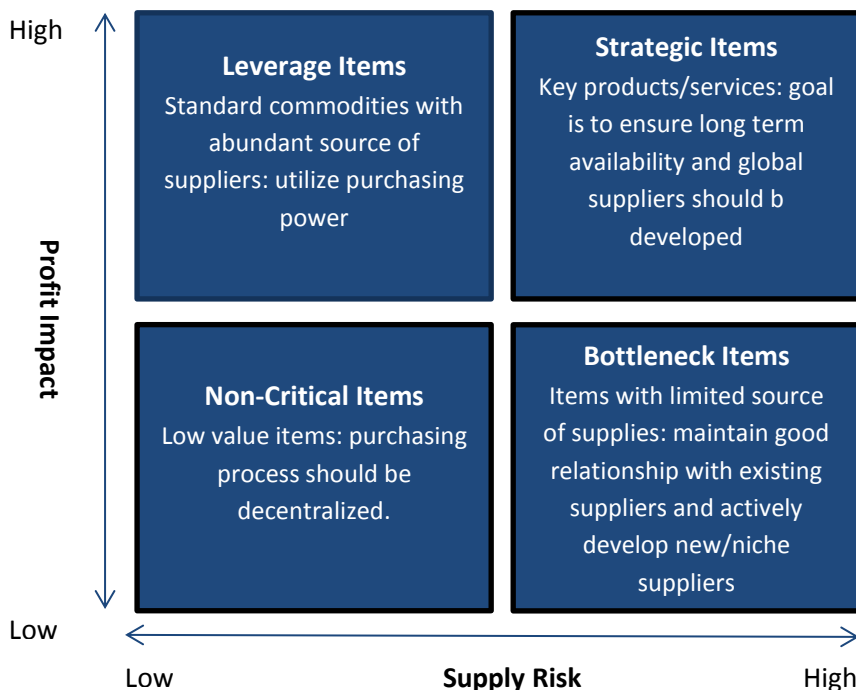
SUPPLIER SELECTION

When we select suppliers our efforts are focused on a question of weighting resources against importance of the supplier, and the CSR risks that are particularly relevant. The process when selecting and eliminating suppliers, consist of five stages. Stielor & Co.'s selection process plays an important role in reducing risk, costs and response time. Thus, the efficiency and value a supplier provides is reflected in the end product by improved quality and increased accuracy.



PRIORITY TO HIGH-RISK SUPPLIERS

Stielor & Co. gives priority to suppliers of high commercial importance and high risk. We use *Kraljic's portfolio approach* understand and quantify relative value and procurement risk issues for our business.



When we engage in a dialog with new suppliers, the first stage is to request the suppliers to read and comply with our "Code of Conduct". To eliminate the risk of adverse impacts on our CSR principles, we include suppliers where we have a justified suspicion of adverse CSR performance.

Preventive activities will depend on the resources we have available to engage in a dialog with the specific supplier. We focus our efforts on suppliers with highest commercial impact. It is typically these suppliers we can influence the most, since we are an important partner for them. Together with our representatives in Hong Kong and China we visit the suppliers we are particularly dependent on.

In the past few years we have categorized our suppliers in an internal database. This provides a solid overview on suppliers of high commercial importance. At Stielor & Co. we recognize we cannot help suppliers to move from one stage to another without a risk assessment system. In 2018 we prioritize to optimize our supplier database, in order to identify suppliers of high-risk. When risk suppliers are identified, we rank them irrespective of the supplier's importance to our activities.

We will rank them in regards to their compliance. We make this distinction with the purpose to secure a management system which enforces responsible business practices across our supply chain. The categorization will present the compliance stage of which the supplier belongs. Thus, it will include the requirements needed for the suppliers to increase on the list.

We will classify our suppliers as A, B and C, to indicate if any improvements are needed.

Category A

Suppliers comply with our "Code of Conduct". These suppliers meet our requirements, and no supporting documents are needed for future employment.

Category B

Suppliers partially comply with our "Code of Conduct". Improvements are required and supporting documents are needed for future employment.

Category C

Suppliers in this category are not in compliance. Compliance documents are needed in order to achieve or do business. If these suppliers will not meet our requirements for documentation and our "Code of Conduct" compliance, they will immediately stop supplying Stielor & Co.

In 2018 focus is on suppliers in category B and C. We will enter a dialogue, and secure guidance and a close cooperation of ongoing improvements. In first stage, we select suppliers and send a self-assessment questionnaire. This self-assessment questionnaire will enable the supplier to react to the requirements we have set in our "Code of Conduct".

In second stage we will follow up on the answers given. We expect for most suppliers, follow-up will take place over phone or email, however a visit might be necessary in particular cases.

CONTINUOUS IMPROVEMENT AND COOPERATION

Stieler & Co. would like to inspire our suppliers to take action and responsibility. We continue improvements in our suppliers' CSR performance, and focus on constructive and effective cooperation with our suppliers. Stieler & Co. has limited resources to devote towards supply chain management. Making Stieler & Co. more resource efficient requires an identification of the areas in which our suppliers may infringe our "Code of Conduct" and where we can contribute to improve our suppliers' activities.

Due to this we have chosen to implement an efficient supplier management system to corner our risk assessment system. Stieler & Co. have worked intensively to implement this risk assessment system, aiming for a simple system that gives us a quick overview over the areas, which are significantly exposed to CSR challenges.

Specific challenges and action areas for selected CSR principles are:

1. Human rights

1.1 Human right abuses

2. Labour

2.1 Child labour

2.2 Forced labour

2.3 Discrimination

2.4 Freedom of association and collective bargaining

2.5 Healthy and safe working environment

2.6 Salaries, wages, leisure time and vacation

3. Environmental issues

3.1 Protection of the environment

4. Corruption and bribery

4.1 Ethical business practices

Our objective in 2018 is to map the areas exposed to high risk supplier compliance from Stieler & Co.'s "Code of Conduct".

Our objective in 2019 is to reduce the areas of non-compliance by 25%.

ENCOURAGING A SAFE AND HEALTHY WORKING ENVIRONMENT

With a long history working in China and the Far East, we recognize the area of working conditions needs extra attention. The managers should appoint one or more representatives with the responsibility to formulate written policies and procedures with respect to health, safety, social welfare and facilities management.

The representatives will monitor policies and procedures and secure they are communicated and respected. It is important the management team and the representatives understand the impact of having healthy and motivated employees.

We encourage our suppliers to maintain a positive, safe and healthy working environment, by motivating them focus on benefits that reduces sickness. By encouraging and promoting a good a healthy workforce, our suppliers can improve: productivity, morale, employee engagement and performance.

HOW WE OPERATE

Stieler & Co. believe a good working environment can be measured in the statistics of average yearly sick leave. We acknowledge that employee motivation is crucial to the success of our business. Keeping employees engaged and satisfied needs more than a pay-check, why we focus on job satisfaction to attain this objective. We continually strive to increase employee satisfaction and their wellbeing at work, by identifying and supporting personal interests.

Stieler & Co. have a talent program were we dedicate resources to training combined with annual one-to-one development interviews. We make effort to foster teamwork by frequently organizing social events, joint breakfast, lunches and dinners. Furthermore, we provide private health insurance for our employees and give them free access to soft drinks, mineral water, fruit etc.



* Danmarks Statistik, 2017

MAKING THE SMALL DIFFERENCES COUNT

We continuously strive to an enterprising, well-respected and trustworthy organization that makes a sustainable contribution towards society. Therefore, we aim to make small differences on a daily basis count.

Our operational focus is to eliminate waste on all possible levels of our supply chain. We only produce and deliver when orders are placed. This reduces overproduction and unnecessary inventory held at our warehouses.

Stieler & Co.'s focus is not only on the bigger perspective, we believe even the smaller actions are needed, why we in 2008 engaged in an environmentally friendly water cooler solution provided by Eden Springs. Eden Springs has the objective of reducing CO2 emissions and has supported water-related projects in developing countries like Africa since 2011.

Eden Springs delivers full water containers automatically when needed. The empty water containers are re-used many times and then recycled. This has helped us to minimize our environmental impact as it has reduced our water waste drastically.

Another example was when we in 2016 invested in a rechargeable battery charger and rechargeable batteries. This initiative has saved the disposal of 20 batteries on average per week, which approximately are 1040 batteries on an annual basis. The reduction of our battery waste is of great importance as it avoids the release of hazardous substances to the environment.