



THE CREON WAY

STATEMENT OF CONTINUED
SUPPORT AND COMMUNICATION
ON PROGRESS / April 15 2018



FROM THE FOREST OF SMÅLAND, SWEDEN, WITH SUSTAINABILITY IN OUR HEART

Creon is an industry leading outsourcing partner of branded items. By letting Creon manage the whole value chain from product development to end distribution, large sized corporations save resources, gain control and strengthen their brand communication to their stakeholders and the public.



THINGS MATTER

April 15, 2018

STATEMENT

of continued support to Global Compact

" We are convinced that companies can only be successful over the longterm by credibly ensuring that their business is sustainable".

MIKAEL SVENSSON
CEO CREON

In this annual **Communication on Progress**, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to always share this information with our stakeholders using our primary channels of communication.

TO OUR STAKEHOLDERS

I am pleased to confirm that **Creon Promotion AB** reaffirms its support of the **Ten Principles of the United Nations Global Compact** in the areas of Human Rights, Labour, Environment and Anti-Corruption.

2016 was the year we took our business model one step further when we introduced a sustainability rating system to our products. Starting with the assortment for our largest customer, we set sustainability goals for each product as well as making sure that our suppliers adhered to the customer business Code of Practice regarding society and the environment.

This year, 2018, we can see that the amount of sustainable products is rising and we can say proudly that **Creon believes it will reach its goal of 100% sustainable textile products by end of 2019**. We utilize our tried and tested responsible manufacturing facilities to a greater degree because they have the capacity and certification required by Creon.

Sincerely yours,



Mikael Svensson
CEO

CREON'S APPROACH TO THE 10 PRINCIPLES

Even though this is only the third year as a signatory to the UN Global Compact, our work with becoming a socially responsible business partner to our clients and suppliers started in 2007

Instead of taking the easy path forward and limit our practical actions to our operations in Sweden, we realize that our business can be utilized for much more value if we leave the comfort zone. By applying our efforts and resources where it really matters, we are

convinced that our business can have a positive impact on people and planet.

Creon's operations are taking place in regions where functioning social safety nets are lacking. The majority of all products we supply to our clients are produced in countries with high risk of human rights abuses. As buyers, we have an important role to set requirements of social accountability, follow them up in

WHERE IT REALLY MATTERS

practice and influence business partners to positive change. Our work with integrating the 10 principles is therefore to the largest part devoted to maximizing our positive impact on downstream suppliers that are active in regions with high risk.



COMMUNICATION ON PROGRESS

CREON offers a very wide product portfolio covering branded items that large corporations need to represent their own organizations, internally and externally. From the very start we made this possible through our business model - **the Profile Store®**. This requires Creon to have a wide network of sourcing channels (suppliers, agents, producers and service providers) in order to fulfill the demands.

This complex sourcing environment in which we operate requires established processes to follow and clear communication of how the **PRINCIPLES SHOULD BE SAFEGUARDED.**

NO PRODUCT IS ACCEPTED TO THE ASSORTMENT IF THE BASIC LABEL ISN'T REACHED

When purchasing branded items and workwear from the Profile Store® the customer actively support ours as well as their own sustainable productivity goals.

Every item from the Profile Store® is then stored and transported climate neutral.

By doing this we are aiming to make an even more direct impact to all 10 principals

**TAKING
THE PROFILE STORE
TO THE NEXT LEVEL**



BY INTRODUCING A **SUSTAINABILITY RATING** TO OUR PRODUCTS OUR AIM IS TO BECOME EVEN MORE AWARE OF HOW WE CAN ENHANCE OUR CUSTOMERS BRANDS BY **BEING REALLY TRUE TO THEIR CORE VALUES.**



HUMAN RIGHTS AND LABOUR PRINCIPLES

ASSESSMENT, POLICY

AND GOALS

The risk of human rights abuses and poor work place conditions in the sourcing environment is high. It is therefore of utmost importance for Creon to have well established relationships with all partners that have influence in the sourcing phase. Creon's policy is to only contract partners that share our ambitions and make sure products are produced under highly ethical circumstances. Our code of conduct and supplier agreements emphasize the expectations we have on our partners.

OUR AMBITION IS ALWAYS TO:

Only contract suppliers with high ethical awareness.

Know **where, and by whom** each product we purchase are produced.

Make sure that 100% of all suppliers understand, sign and **follow our code of conduct**.

Conduct **risk assessments** on all new producers

Make sure **third party Social Audits** are carried out at all production facilities that are perceived as “high risk” in our risk assessment. If they are already certified according to SA8000, BSCI (minimum level C), GOTS or similar, our social audit process can be adjusted.

Initiate **improvement dialogues** with each supplier where deviations have been detected in a Social Audit.

Utilize our room for **negotiation** to steer positive development

Affect industry colleagues to address human rights issues in their own supply chains and actively support initiatives such as BSCI memberships or SA 8000 certification.

Contribute to **raise the maturity of our industry** in regard to Social and Environmental Responsibility.

IMPLEMENTATION

OUR CODE OF CONDUCT IS REVISED ANNUALLY, IT IS GUIDED BY THE PRINCIPLES OF THE UNIVERSAL DECLARATION OF HUMAN RIGHTS, THE UN GLOBAL COMPACT AND THE CONVENTIONS ISSUED BY THE INTERNATIONAL LABOUR ORGANIZATION (ILO) AS WELL AS THE OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES. EACH NEW SUPPLIER SHALL RECEIVE, UNDERSTAND AND SIGN IT.

AUDITING FORMAT: ALL SOCIAL AUDITS SHOULD BE BASED ON SA8000 STANDARD. SA8000 ADDRESSES THE GLOBAL COMPACT PRINCIPLES 1-6.

There are several perspectives of supplier sourcing to balance together with financial aspects.

Awareness training is the foundation of sound decisions. Training of all personnel working with operational purchasing should be conducted continuously in our organization. All this in compliance with our ISO 9001 certification.

We conduct CSR-related risk assessments for every new supplier that is contracted by us. The risk assessment focus on product category, sourcing country and supplier due diligence.

Even if a product we bring in to the assortment is managed and sourced by a European supplier, we shall if deemed necessary in our risk assessment, carry out a third party Social Audit at the first tier manufacturer.

We make sure to follow-up the progress of factory social compliance for repeat orders.

We share the responsibility among multiple employees in order to create a broad dedication to our CSR-program. All with the responsibility and authority to make sure we put our promises into practice.

We highlight the risk aspects in our industry to all stakeholders and we shall contribute to bring to the attention of industry colleagues to actively assess and monitor human rights aspects in their own supply chains. Over the past year, we have increased our efforts in

knowledge sharing and addressed the need of more Supply Chain transparency in our industry.

During 2017 our sourcing criteria has continued to develop even further. We continued to select factories to a higher degree that are already certified according to required standards such as SA 8000, BSCI, ICTI and GOTS. We also made sure all employees or partners responsible for sourcing understand and follow our sourcing criteria.

**THE
SUSTAINABILITY
RATING PROGRAM
IS UP AND RUNNING
FOR OUR LARGEST
CUSTOMER.**

OUT COME 2017

With the increasing numbers of certified and/or audited suppliers in our catalogue we will experience years with fewer audits. During 2017, we needed only to carry out two new third party audits due to the fact that we succeeded in maintaining and utilizing previously certified partners. Creon views this as strong evidence that we have succeeded in our aim to first control the quality of promise of our manufacturing partners and then to increase the quality and efficiency of our cooperation activities.

CREON SUSTAINABILITY RATING

The Creon sustainability model has three levels. Each level is based on criteria defined by us and serves to provide a basis for sustainability assessment.



- 1. Exceeds Industry Standards** - Manufacturers are chosen based on their commitment to high sustainability and ethical standards.
- 2. Improved procedures** - Extra measures have been taken to reduce environmental impact or increase overall community benefit.
- 3. Certifications** - Optimal CSR and environmental standards achieved and certified.
 - We have reduced items judged with Sustainability rating 1 from 191 to 138
 - We have increased Sustainability rating 2 items from 13 to 40 items based on the addition of some form of environmental certification such as Fair Trade, Recycled PET, FSC certified paper, OKO TEX.
 - We have increased the amount of items with Sustainability rating 3 from 2 to 10 due to GOTS or BlueSign certification.

OUT COME 2017

THIS YEAR WE HAVE ACCOMPLISHED THE FOLLOWING

New suppliers have signed our Code of Conduct and our supplier agreement.

Improved cooperation with already assessed manufacturing facilities.

Creon has been responsible for 2 new SA8000 Social audits carried out by an accredited third party the last year.

5 key producers/factories have been visited by Creon personnel during 2017.

2016 was the first year as a certified GOTS reseller (April). As a first, Creon succeeded in implementing two GOTS certified textile products before the end of that year. During 2017 we added a further five new GOTS certified items. We have even persuaded several of our customers to move from standard textile materials to ÖKO TEX certified textiles. This is due to the fact that Creon has established new cooperation with GOTS and ÖKO TEX certified manufacturers in Bangladesh.

TARGETS FOR THE COMING YEAR:

TO IMPROVE our compliance framework enabling better possibilities to measure and follow-up CSR data.

During 2017 Creon as an organization has undergone changes that have resulted in several new staff members being recruited.

One of our aims for 2018 is to integrate our own CSR process methods into every area of our activities.

By the end of 2019 we aim to ensure that 100% of our items made from textiles will be certified according to an international environmental standard.

Creon will continue to increase the number of ECO/CSR friendly products as a whole

We will continue to increase the number of SA 8000, BSCI (minimum level C), ICTI or other equivalent certified factories throughout our supply chain.



ENVIRON- MENTAL PRINCIPLES

ASSESSMENT, POLICY AND GOALS

Our Environmental policy is described in our **ISO 14001 management system**. The policy, in general terms, is to integrate environmental consideration **in everything we do**. We strive to minimize our environmental impact with precautionary actions and influence sourcing channels towards better environmental manufacturing processes.

Our two areas of environmental focus correspond to the most significant impact of our operations. These are **Production** and **Transport**.

PRO DUC TION

We have set the goal to have
100% of our textile assortment
to be eco labeled by year 2019.

PRODUCTION

Creon does not operate or control production facilities directly. However, by using our leverage for producers where we have the biggest purchase volumes, we shall promote and influence producers to adapt to more environmentally friendly processes.

We have identified textile apparel as the product group with the most negative environmental impact. Therefore, we have set the goal to have 100% of our textile assortment to be eco labeled by year 2019.

There are good environmental initiatives available at the market. Creon is working actively together with our clients and suppliers to replace and develop the assortments to include these alternatives for the present year.

A proof of that work is that Creon In March 2016 became the first GOTS company in our line of business. To learn more about GOTS, please read:



www.global-standard.org

'organic'
Certified by IMO-CH
157007

TRANS PORTS



Our business model is heavily dependent on transports in our export operations with frequent air shipments.

The goal is to have 100% of the outbound deliveries to be climate neutral.


IMPLEMENTATION

We shall always conduct a transportation benchmark favoring the most environmental friendly alternative.

Our customers are the ones that ultimately decide what mode of transport that should be used. We have an important task to affect a “greener” purchase behavior among our clients. By proactively analyzing our clients' purchase patterns and suggesting alternative ways of transporting goods, we have been able to combine shipments and replace several smaller air shipments in to bulk orders shipped by sea.

Creon Promotion entered the Go Green climate program and started to compensate for Co2 emissions caused by our outbound shipments.

Efficient packing and wrapping is an important environmental factor. Creon shall work actively with minimizing inner- and outer packing material of our products in order to avoid shipping air pockets. We will therefore follow up the average density of our outbound shipments for all modes of transports combined. The **goal is to reach 185 KG of density net product weight per shipped cubic meter with a minimum of 150 kg.**



100% of our internal
energy consumption
stems from renewable
wind power

In this report we choose to present our contribution to the overall decrease in fossil fuel usage and environmental initiatives due to our activities and support.

MEASUREMENTS OF OUTCOME

Offset for 2017 a total of 581.397 kg/t CO₂e with **GoGreen Climate Neutral services**.

Deutsche Post DHL Group offset the greenhouse gas emissions generated by transportation and logistics through climate protection projects:

- **Efficient Stoves, Lesotho**
(CDM 5482, GS 913, Fairtrade ID 35357)
- **Household Biogas Program, China**
(CDM 2898, GS 1239)
- **Wind Power Plant, Nicaragua**
(CDM 2315, GS 567)
- **Ceramic Water Purifiers, Cambodia**
(VER, GS 1020)
- **Biosand Water Filters, Honduras**
(VER, GS 1290)
- **ORB Energy Solar program, India**
(VER, GS 4289)
- **Borehole Rehabilitation, Malawi**
(VER, GS 1247)
- **Landfill Gas Plant, Turkey**
(VER, GS 440)
- **Reforestation, Panama**
(VER, GS 2557, CCBS, FSC)




Internal policies for representation and receiving of gifts from suppliers have been implemented.

ANTI-CORRUPTION PRINCIPLES

ALL AUDITORS CONTRACTED by Creon Promotion AB are working for accredited agencies who in their turn are being audited. The highest risk of corruption is in the sourcing phase. As a company holding large corporate accounts, Creon and its personnel are desired platforms for sub supplier's ambitions to reach the market. The key issue for Creon is to maintain its integrity and make sure we have methods of making decisions in an objective manner.

THE POLICY IS FOLLOWED UP AND REVISED ONCE EVERY YEAR.

During the past year, internal policies for representation and receiving of gifts from suppliers have been implemented.

A photograph of four women sitting on a large pile of white cotton wool. They are dressed in traditional Indian attire, including sarees and blouses in various colors like pink, purple, green, and orange. The women are looking towards the camera with neutral to slightly smiling expressions. The background is a vast expanse of white cotton wool, creating a textured, fluffy backdrop.

TRUE CSR WORK PAYS OFF In previous years Creon has received awards from our branch where the motivation was that Creon has shown that the reputation of the business area of branded items has been enhanced by our efforts regarding CSR and sustainability. We are very proud that, despite being a small company, we have succeeded in having a positive environmental effect on an entire business area that, in Sweden alone, has an annual turnover of 600 – 700 M EURO.

As further evidence that dedicated CSR activities can have a positive effect on business we are proud to announce that during 2018 we have signed agreements with several major global corporations that place the highest demands on their suppliers in regard to CSR and sustainability – Lantmännen, Essity, Epiroc and Dynapac. We would not have acquired these important customers without our association with Global Compact and a clear CSR agenda that we adhere to in everything we do.



CREON BELIEVES
IF YOU WANT
TO EMPOWER
YOUR BRAND
THINGS
MATTER™

CREON.SE