

CosfibelPremium

PASSIONATELY CREATIVE

Global Compact

Communication of Progress



WE SUPPORT



António Guterres Secretary-General
United Nations
New York, NY 10017
USA

France, May 15th 2018

Dear Mr Secretary-General,

I am pleased confirm that COSFIBEL PREMIUM reaffirms its support to the ten principle of the Global Compact with respect to human rights, labor, environment and anti-corruption. Our company is involved in this action since 2012 and we target to commit on a long term to this values.

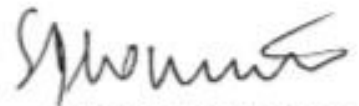
We also intend to continue enforcing those principles within our company values, working process, daily work actions and communication towards suppliers as much as customers.

We commit to regularly communicate the Communication of Progress (COP) to our stakeholders but also our colleagues, customers and general public.

This year we decided to include all social and environment actions within our CARES (Cosfibel Actions for Ethical Responsible Sourcing) program, giving higher social and environment driven targets to all Cosfibel Premium departments. Such decision means even more support to promote the Global Compact 10 principles.

Today we are glad to share our company actions and results through this 6th Communication of Progress.

Sincerely yours,



M. Stanislas Peronnet
COO, COSFIBEL PREMIUM

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CosfibelPremium

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COSFIBEL PREMIUM, a member of the COSFIBEL GROUP, is a global provider of packaging and promotional merchandising solutions within the industry of beauty, fashion, wine & spirits and fine food industries. We offer International brands a global and innovative solution of personalized products and services in most of the developed or developing countries.

We study and develop packaging and merchandising solutions ranging from functional and aesthetic packaging to point-of-sale presentations, as well as promotional items such as bags, jewelry, towels and other gifts.



Cosfibel premium is an SME with a main office based in Boulogne Billancourt in France. In order to strengthen our proximity with our suppliers and customers, half of our employees are based in Asia and our sales teams are located in 13 countries on 4 continents



30/06/2017

CosfibelPremium

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Human Rights and labor principles

(3 to 8)

1 / The Group has a **BOOK VALUES/ETHICAL CHART** document which is regularly updated by our main shareholder and signed by our board of direction. Here is the last version's sample :

«

1- Human rights and respect for the environment

COSFIBEL is a citizen led Group that adheres to the Declaration of Human Rights and to the Global Compact Program of the United Nations. It respects the laws and the ethical and civic principles of the states in which it is located.

Created in 2012, the **CARES®** program (Cosfibel Actions for Responsible & Ethical Sourcing) implements the Group's commitment to CSR (Corporate Social Responsibility). This program is based on the present ethical charter, which constitutes the group's DNA and it commits to any collaboration. It carries its values in its priority dimensions of sustainable development, social policy and business ethics.

»

« 5- The individual at the heart of CARES

Men and women are the essential value of the Group

COSFIBEL places the respect of the people as an essential value of the company, so that everyone takes part in the common project, without discrimination of any kind. Safety, health, working time, remuneration, social protection, freedom of expression ... the Group is particularly committed in the fight against slavery, non-regulatory working conditions, child labor, and all forms of discrimination.

As part of its CARES INCLUSIVE program and in partnership with certain clients, COSFIBEL conducts projects integrating people with disabilities and promotes the working conditions of populations in vulnerable situations.

For example, LANCÔME and COSFIBEL have been entrusting the packaging of the "Beauty Box" to disabled people in Asia and Spain for more than 4 years. This program has also helped single or women suffering hardship in Shanghai.

Another example: in cooperation with the Chinese government, COSFIBEL forged partnerships with industrial sites in the provinces of Hunan and Anhui where poor people live. This approach results in employing local employees without any family uprooting and to offer them better living conditions.

»

Human Rights and labor principles

(4 to 8)

2/ COSFIBEL fully subscribes to the Declaration of the Human Rights and is in our daily mission to ensure that both Cosfibel Premium company as well as our suppliers do not infringe those pillars .

In order to reach both Cosfibel employees but also Cosfibel suppliers, the CSR team has recruited one more full time member and reorganized its structure as :

- ❖ Mr Stanislas Peronnet, Cosfibel COO, based in Europe, 10% of his time on CRS.
- ❖ Miss Laurence Diet, Ethical Sourcing Manager and based in Hong Kong, 50 % of her time on CSR.
- ❖ Mr James Ruan, auditor, based in China mainland, 100% of his time allocated to CSR.
- ❖ Miss Jessica Wang, social and environment projects coordinator, based in China mainland, 100% of her time allocated to CSR.

It shows a long term commitment to have invested in a stable team to reinforce both social and environment aspects and get closer to high risk regions which are mainly in Asia in the case of Cosfibel Premium activity.

3 / During the year 2017, Cosfibel Premium has employed 126 people, including 48 in its headquarters in Boulogne Billancourt, France :

- 81% of Head quarter employees are women
- 65% of employees in Cosfibel Premium group are women (American continent, Dubai, Europe and Asia)
- Our company has been training young students throughout the year with 11 Internship for the group in 2017
- In addition, 275USD is invested in average per employee for 2017 in the group.

Human Rights and labor principles

(5 to 8)

4 / Above 85% of our purchase are done in China which is considered as a risky country for various infringement to human rights and issues on labor conditions.

- ❖ Until 2016, Cosfibel has used both the resources of its own social auditor as well as third party company such as recognized ITS or SGS to audit as per various standards such as L'Oreal, SA8000 or SMETA 2 pillars mainly. In 2016, we decided to enforce SMETA 4 pillars audits and systematically suggest such audit to customers before considering going for other standards.

Not only this is adding up environmental assessment but also is giving those audited suppliers a common direction, is easier to compare their level within the same industry, follow their improvements and train them in systematic direction.

In 2017, Cosfibel has continued promoting this standard and will keep suggesting this standard in priority to other solutions in 2018 and 2019.

Some figures :

- ❖ With 1 SGS certified internal auditor, Cosfibel has carried at least 100 actions in our main Chinese suppliers in 2017 (pre-audit, audits and social trainings)
- ❖ Between 2007 and end of 2017, Cosfibel has carried on over 900 social actions
- ❖ Between 2007 and end of 2017, Cosfibel has conducted a total of 578 audits and 171 audits have been conducted by 3rd party or customer itself.

Human Rights and labor principles

(6 to 8)

5/ In 2017, Cosfibel Premium has decided to widen the scope of its social program CARES® (“Cosfibel Actions for Responsible and Ethical Sourcing”) related to social and environment aspects.

CARES® is now including all our social and environmental actions and its name and/or logo is included in all our communication tools.

Thanks to this communication tool and because CARES® was already well known in Cosfibel Group as well as among Cosfibel customers and suppliers, Cosfibel emphasizes the importance of its social actions and involves all departments.

In 2017, in its Social and Responsible Policy, Mr Stanislas Peronnet, COO of Cosfibel Group insists that :

« We promote concrete actions for social inclusion throughout our supply chain. In our CARES program, the INCLUSION Section constantly engage our suppliers to promote social inclusion in their own business activities.»



CARES® concrete actions were taken in 2017:

❖ Lancôme Beauty Box



In 2017, the Lancôme Beauty Box was again produced by Cosfibel. Production of vanity and brush pouch was organized in a factory located in China, Hunan province. The factory is located in a poor district recognised by the Chinese government and employing only local workers.

This supplier is part of L’Oreal Solidarity Sourcing program® and CARES® program. This order has generated 23 full time employment (FTE).

[FTE : 1 full time employment = equivalent to 1 full time job for 1 year]

The packing of the Lancôme Beauty Box for the Europe part was carried out in collaboration with a company for the integration of disabled workers (TEB Barcelona SCCL, 500 employees with a mental handicap) in order to promote their professional integration in companies.

This supplier is part of L’Oreal Solidarity Sourcing program and CARES program.

This order has generated 8 full time employment (FTE).

Human Rights and labor principles

(7 to 8)

❖ China remoted factories, a joint program between L'Oreal Solidarity® program and Cosfibel CARES®

L'Oreal has now approved 5 Cosfibel supplier factories located in China and in poor area recognized by the Chinese government (IC 592 zone)

All orders information produced in those factories are recorded and all FTE are collected and part of both L'Oreal Solidarity® and CARES® program success.

[FTE : 1 full time employment = equivalent to 1 full time job for 1 year]

These partnerships have a real social impact:

- Limit labor migration and allow employees to live with their families or at least close to them.
- Promote job creation and increase the quality of life in these provinces
- Help the hire people with limited access to the labor market
- Enables employees to have a stable job and income and guaranteed good working conditions
- Develop relationship with local integration organizations, for example with the China disabled federation and Charities, which helps people with disabilities or extreme poverty to find work.

- 2016 : 46.7 FTE
- 2017 : 179.4 FTE

Cosfibel keeps looking for suppliers located in IC 592 zones of China and employing local workers. We also promote those suppliers towards other customers than L'Oreal Group in order to ensure a real sustainability.

Human Rights and labor principles

(8 to 8)

❖ Shenzhen Shitong:

We promote with our Chinese suppliers a local freight forwarder to transport the containers from the factory to the port. This company employs people with disabilities to carry out documentation and control of trucks.

In 2016, this company delivered 63 containers for our suppliers

In 2017, this company delivered 55 containers for our suppliers.

Cosfibel will keep promoting this logistics supplier towards our suppliers

CARES® social actions for 2018

The social actions in 2018 are mainly listed as :

- ❖ **To renew the packaging project for the Lancôme Beauty Box 2019**, which vanity and brush pouch are produced in approved Solidarity Sourcing® and CARES® factory and will be totally packed in Europe in collaboration with our partner TEB (company for the integration of disabled workers in Barcelona).
- ❖ **To increase the L'Oreal orders in the approved Solidarity Sourcing® and CARES® factories** and increase the number of FTE.
- ❖ Keep promoting the **approved Solidarity Sourcing® and CARES® factories** towards other customers as well.
- ❖ **To continue to develop and promote the partnership with Shenzhen Shitong** among our Chinese suppliers to increase container delivery volumes in China.
- ❖ **To develop new partnerships with a luggage and box factory in IC 592 zone of China**

Environmental principles

(9 to 16)

1 / COSFIBEL has been involved for several years in an active approach to sustainable development, one of the three pillars of which is respect for the environment.

In 2007, the creation of a Sustainable Development Department intensified this approach.

In 2017, on our **BOOK VALUES/ETHICAL CHART** we now declare :

6- Sustainable development: deployment and achievement of objectives

For many years, COSFIBEL has been actively strengthening its CARES policy (Eco design, energy savings, waste reduction and management, choice of recycled and recyclable materials, management of supply and distribution flows ...)

Each year, the Group manages over fifty internal and external audits to improve its standards in terms of social, safety and environmental policy. COSFIBEL engages in major international programs (REACH, EcoVadis, SMETA-SEDEX four pillars, FSC approval FSC® (Licence number: FSC-C100313) ...).

The CARES goals are part of the entire organization's in order to promote and ensure the proper deployment of the Group's CSR policy. This involvement also concerns every partners, for the good of the Group and the satisfaction of its customers.

In 2017, Cosfibel states in its Quality manual :

“ENVIRONMENTAL SOLUTIONS: We are turned towards sustainable development always more efficient for an optimized environment protection and can propose to our customer environmental friendly packing and recycled materials. FSC certification: Cosfibel is FSC certified (French and Hong Kong offices) and is able to sell and develop FSC certified items. Environmental”

Environmental principles

(10 to 16)

2/ In 2017, Cosfibel organized a 44 questions environment questionnaire following the basics of ISO14001.

The purpose is to check factory situation in details and have a proper action of training on precise points whenever a major or critical point is found.

Cosfibel is so far organizing those actions together with his internal auditor.

Procedure :

1-Ask factories to answer to the questionnaire by themselves

2-Cosfibel auditor go to factories and check each points and supporting documents together with factories.

3-Discussion and training start whenever there are discrepancies with the original self questionnaire or with the audit.

Some figures :

- ❖ In 2017 Cosfibel has organized 12 environment self questionnaires,
Until May 2018, Cosfibel has organize 13 on site environment audits.
- ❖ In May 2018, average result is just above 60%. Our target by end of 2019 is to reach a result above 65% for those same supplier.

Environmental principles

(11 to 16)

3 / In 2009, we carried out a carbon footprint of our Group.

This study enabled us to highlight the most greenhouse gas emitting process in our business:

- ❖ 48% are related to the transport of goods
- ❖ 41% related to the materials used to design our products

We keep developing our action plan through the constant search for more environmentally friendly solutions :

- ❖ Reduction of volumes through optimization of packaging
- ❖ For European markets, the search for sourcing alternative to Asia and closer to our delivery locations which is materialized by the development of partnership with suppliers in Brazil, Turkey, Eastern Europe and Southern Europe.
- ❖ Eco-design and the search for more responsible materials such as natural as well as recycled or recyclable material.
In order to strengthen this research, we have recruited one more professional who is working at 50% of his time on material research and discuss in direct with material suppliers in Asia.

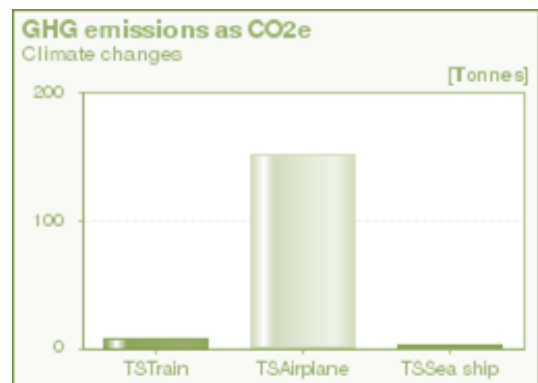
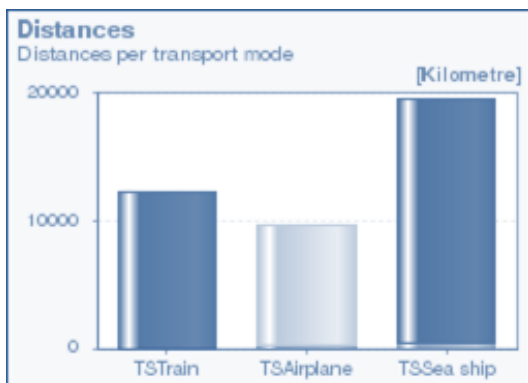
Environmental principles

(12 to 16)

4 / One of our main challenge : Reduction of the CO2 impact especially for the transport which is the biggest part of our carbon footprint

To reduce it to the maximum, we give priority to the shipment method which is the less polluting : Sea shipment.

CO2 impact from China to France transport mode:



Today, about 95% of our main freight transport is carried out by sea.

In addition, we work with shipping companies that are implementing the "slow steaming" process (deliberately reducing the speed of cargo ships to reduce fuel consumption and carbon emissions.) If a cargo reduces its speed By 10%, its carbon footprint decreases by 20%.

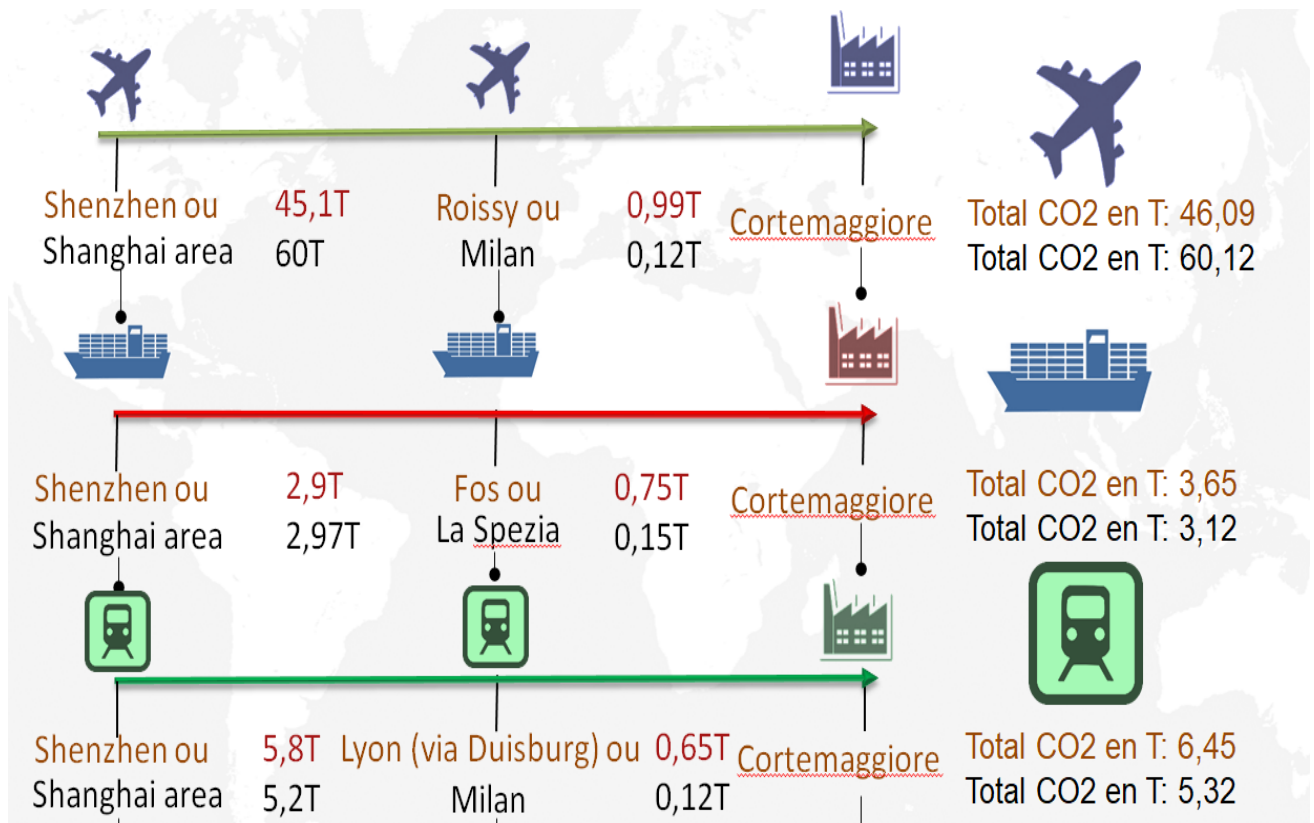
Moreover, CMA CGM (our main shipping line) are investing in LNG ships (Liquefied natural gas). The 1st vessel is scheduled for 2019.

Environmental principles

(13 to 16)

Our goals :

- To prioritize the sea shipment
- to convince our customers of the benefits shipping by train shipments instead of air shipments (when need to reduce transportation timing)



Environmental principles

(14 to 16)

5/ Our “General Terms of Purchase” also include environmental commitments, and in particular recommendations on the materials used:

- ❖ The deliberate addition of chemicals that may be hazardous to health or to the environment is strictly forbidden.
- ❖ We prefer to use recycled materials, provided that these materials are of the requisite quality and that sufficient quantities are available. We also wish to be notified in the event that recycled materials may potentially be used, so that we can offer this option to our customers.
- ❖ The minimum possible volume of packaging must be used.
- ❖ All paper and cardboard must be ECF (Elementary Chloride Free).

Compliance with the chemicals regulations and the protection of the natural resources of each country and region is our priority. We have a strict program for the European Reach regulations and the RBUE regulations for example.

We are also cautious to all developments outside Europe (USA and Japan Textile Standards, California Proposition 65, etc.) and we must respect higher standards either on our own initiative or from our customers.

We carry out regular laboratory tests to ensure the absence of prohibited substances and carry out strict follow-up of traceability and original research of materials.

We involve our suppliers and we also ask them to confirm in writing the compliance of the goods to our local countries regulations or customer own requirements.

Environmental principles

(15 to 16)

6 / Since 2010, Cosfibel Premium has been **FSCTM** certified and is committed to manufacturing FSCTM (Forest Stewardship Council) certified products and packaging and we are promoting this policy to our customers.

The purpose of FSCTM certification is to promote responsible management of the world's forests. This means that forests must be managed in an environmentally appropriate, socially beneficial and economically sustainable manner, in line with the needs of current and future generations.

There are three types of FSCTM label:

- ❖ FSCTM 100%: the product contains nothing but fibre from FSCTM certified forests.
 - ❖ FSCTM Mix: the product is made from fibre from FSCTM certified forests (reclaimed materials and/or timber from FSCTM controlled sources).
 - ❖ FSCTM Recycled: all the timber or fibre in the product is reclaimed material.
- Each entity undergoes a scheduled annual compliance audit.

- Today, 80% of our paperboard / paper suppliers are FSCTM certified. In 2017 we sold approximately 1 415 000 FSC -certified products in 2017 (3x more than 2016)

Environmental principles

(16 to 16)

7 / Cosfibel Premium is committed to **eco-design**; we have chosen to work on the environmental impact of our products by selecting and searching for more virtuous materials and manufacturing processes:

- ❖ Seeking solutions with fair certification for RECYCLED material : GRS (Global Recycling Standard).
- ❖ Reduce the use of plastic bags for our products. In 2018, we are able to offer a recyclable, biodegradable kraft paper packaging as well as a 50% recycled material for polybags.
- ❖ Keep promoting Eco-friendly materials and processes (recycled cotton, RPET, natural inks, etc)
- ❖ Our creative department has built an eco friendly guide at attention to our customers who now have a better understanding of options and can better work around those materials and concepts

We promote and transmit these alternatives to our customers and we offer in 2018 an eco friendly collection made up of ecological and/or recycled, recyclable products / materials.

Lancome will be buying products made of cotton and recycled cotton and other recycled material from us in 2018.

Principles of the fight against corruption (17 to 17)

1 / Our "General Terms of Purchase" include references to prevent corruption: "No corruption, of any kind. Gifts are not allowed ".

Our control policy is defined in a very strict and constant awareness of our teams to prevent corruption such as:

- ❖ The selection of suppliers is done on the basis of competitiveness and quality performance criteria calibrated by quantitative and qualitative indicators. (Same guideline applies to all suppliers)
- ❖ Cosfibel employees including sales and purchasing operations are aware of such risk among customers and suppliers and ensure the transparency of the markets on which they are working.

2/ We have also produced a framework document setting out the applicable Quality Control rules.

This document is intended for all our employees in Asia (and in particular those responsible for Quality Control), as well as all our suppliers. The document sets out the rules applicable to Quality Control activities, covering the following two themes in particular:

Transport/Meals/Accommodation:

- ❖ The costs associated with Cosfibel employees are to be covered EXCLUSIVELY by Cosfibel.
- ❖ Factories are not required to contribute to any expenditure, of whatever nature. If such a contribution is made, it must be declared in the interest of transparency.

Behaviour and integrity of Cosfibel employees:

- ❖ Cosfibel employees must NEVER seek, give or be implicated in corruption, bribery, gifts or advantages.
- ❖ Cosfibel employees must NEVER request or accept money, gifts or advantages.

Regular trainings of the team but also regular reminder to suppliers about none bribery is conducted from top management to middle management and this from every offices of Cosfibel Group.

Active support for the UN's sustainable development goals

Cosfibel contributes to the broader objectives and issues of the UN:

We contribute, directly or indirectly, through our business and competence to the following broader United Nations development goals:



With its own CARES program (Cosfibel Actions for Responsible and Ethical Sourcing), Cosfibel promotes and creates new types of partnership with these suppliers:

- ❖ We promote social inclusion by helping economically challenged people and people with disabilities to find work.
We develop business partnerships with suppliers located in under-developed and poor areas such as Hunan and Anhui provinces in China. These cooperation's are economical supports to those areas classified as "poor regions" by China government
- ❖ These cooperation's also help to fight against migration of the labor force to economically developed areas, mainly towards the Chinese coasts. This is an improvement of quality of life and family life for those workers.
- ❖ We are giving priority to those official remote areas in China (IC 592 zone) for our on going suppliers sourcing and our local team is training those factories in order to reach our usual quality standard

Objectives:

- ❖ Increase the number of FTE (179.4 FTE in 2017) in 2018
- ❖ Increase of orders with other customers in 2018
- ❖ Develop new suppliers in those remoted zones.