



PRESENT
PERFECT

H O W T O W I N F R I E N D S

Sustainability Report 2018/2019

Communication of Progress to the United Nations Global Compact

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Statement of continued support

Dear Ladies and Gentlemen,

We are delighted to announce our first sustainability report!

In early 2018, the Present Perfect Group developed and implemented a structured sustainability management system. As part of this process, we have developed policies in the areas of environment, working conditions, human rights and sustainable procurement and created a code of conduct for our employees as well as our suppliers. Various measures have been implemented across all areas which we will expand on later in this report. We have also established an overview of all relevant sustainability key performance indicators (KPIs) which we monitor and report on annually.

In summer 2018, we signed up to the 10 Principles of the UN Global Compact to formally demonstrate our commitment towards creating a sustainable business. In this report, we aim to showcase our sustainability efforts and to share them with all our stakeholders.

Whilst a large amount of effort has gone into establishing our sustainability management system already, we consider ourselves only at the beginning of our sustainability journey. Therefore, we encourage all business partners, clients, suppliers and competitors to join us on this mission and look forward to any questions or suggestions on the subject.

Hamburg, July 2019



Jörg Grube

Managing Director

About Present Perfect GmbH

The PRESENT PERFECT Group is one of Germany's leading companies for full-service promotional products and merchandise. The group encompasses five companies including PRESENT PERFECT Marketing GmbH, PRESENT PERFECT Incentive GmbH, PRESENT PERFECT Products GmbH, PRESENT PERFECT GmbH Agentur für Promotion & Werbung and PRESENT PERFECT Projektentwicklungsges. mbH.

The PRESENT PERFECT team consists of around 35 permanent members of staff distributed between the two company locations of Hamburg and Berlin.

For several decades, PRESENT PERFECT has been recruiting staff via the combined work and training programme for marketing communication, and thus boasts a team of experts that includes 'old hands' and young career-starters. The managing directors of the various PRESENT PERFECT companies are all actively involved in day-to-day business and are always available to both clients and colleagues. The in-house IT department, which currently comprises three permanent employees, ensures the smooth execution of our full-service projects and webshop solutions. Thus, we generate the majority of our added value ourselves in-house.

Human Rights

Principle 1: We support and respect the protection of internationally proclaimed human rights

Principle 2: We make sure that we are not complicit in human rights abuses

Principle 4: the elimination of all forms of forced and compulsory labor;

Principle 5: the effective abolition of child labor;

The Present Perfect Group is fully committed to the United Nations Universal Declaration of Human Rights. In order to demonstrate our commitment to upholding human rights, we implemented our Labour Policy and Code of Conduct in 2018. Both documents reflect human rights related aspects. Both policies are reviewed by the management team on an annual basis and are made available to all internal and external stakeholders via our website.

Our offices are based in either Hamburg or Berlin. According to the Verisk Maplecroft Human Rights Risk Index 2016, Germany has a low prevalence of human rights-related risks. Nevertheless, we have implemented several measures to ensure the prevention of any human rights related incidents including child and forced labour.

As part of the launch of our sustainability management system, a whistleblower mechanism was introduced in 2018. Overseen by our company lawyer, Arne Brauer, the email address whistleblower@hh.present.perfect.de was created through which anonymous complaints regarding any human rights issues can be reported. All staff was informed about this mechanism during the human rights training and through an official announcement letter on our information board.

From July 2018 to July 2019, no human rights related incidents were reported via the whistleblower mechanism.

Labour Principles

Working conditions

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 6: the elimination of discrimination in respect of employment and occupation

At Present Perfect, we strive to create a healthy, safe and inspiring work environment for our employees. To ensure that our high standards regarding fair working conditions and health and safety are met, we introduced our Labour Policy in 2018. This policy covers aspects such as non-discrimination, freedom of association and collective bargaining, career management, general working conditions according to the standards set out by the ILO and health and safety at work.

To put our policy into practice, a variety of measures were implemented during the reporting period.

To promote anti-discrimination within our organisation, we ensure that recruitment of staff is based on skills, performance and experience rather than age or gender. Aside from outlining our general recruiting process, these non-discriminatory aspects are also communicated to the applicants. During our reporting period, 30% of our new recruits were above 50 years old and the share of women in the organisation was 60%.

Gender distribution 2018/2019

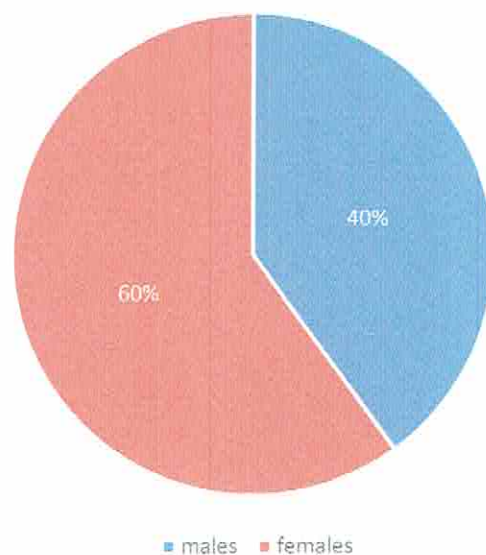


Figure 1: gender distribution

At Present Perfect, we grant all employees their right to freedom of association and collective bargaining. To strengthen this commitment, we established a works council consisting of two representatives from each of our companies. These representatives are elected for 24 months and meet every six months with the first meeting having been in November 2018. The works council represents 100% of our employees.

As a service provider, we consider our employees as our biggest asset. Therefore, we encourage our staff to pursue continuous training and skill development programs. In annually conducted performance review meetings, potential courses and programs are discussed. During the reporting period, 100% of our employees received a performance review and 80% took up the offer to complete a skill development program. In 2018, we also rolled out our own sustainability training program, in which we introduced our employees to our Labour Policy and Code of Conduct. This training was attended by 100% of our staff.

Apart from furthering our employees, we also strive to retain talents by being an attractive employer for them. This includes the provision of apprenticeships to attract young talent, the offer to pay for child-care services, subsidies for glasses, an employer’s pension scheme and an outplacement service in case management decides that an employee has to be let go. In the reporting period, 85% of our employees signed up for the pension scheme, 25% took advantage of the subsidies and eight apprentices were able to work for us. We also try to accommodate our staff with respect to their work balance and offer flexible working models. In the reporting period, 25% of our employees used the opportunity to work from home, 15% were on a part-time contract whilst 100% of employees were offered a permanent contract. All our staff are paid above minimum wage. Within this period, five new employees started to work for the Present Perfect Group.



Figure 2: part-time vs. full-time employees

Health and safety

To ensure a healthy and safe working environment, we started out by conducting a risk analysis evaluating any health and safety risks potentially occurring in our offices. Some of the potential risks identified include stress due to office noise and repetitive strain injuries from sedentary work. To prevent these risks from occurring, we provide standing desks in our offices so staff can choose between sitting and standing. With respect to general office noise, we provide noise cancelling headphones so employees are undisturbed while working. During the reporting period, four standing desks were available to staff and six employees requested noise cancelling headphones. We also encourage our employees to keep fit by participating in the annual B2Run corporate run. In 2018,

85% of our staff took part in the race and our team in Hamburg was awarded the first prize and deemed the fittest company. Health and safety aspects were also covered as part of our sustainability training which 100% of all staff attended.

Our approach to maintain a healthy lifestyle is reflected by our health and safety KPIs: in the reporting period, we had 0 incidents and only 6 days of combined sick leave.

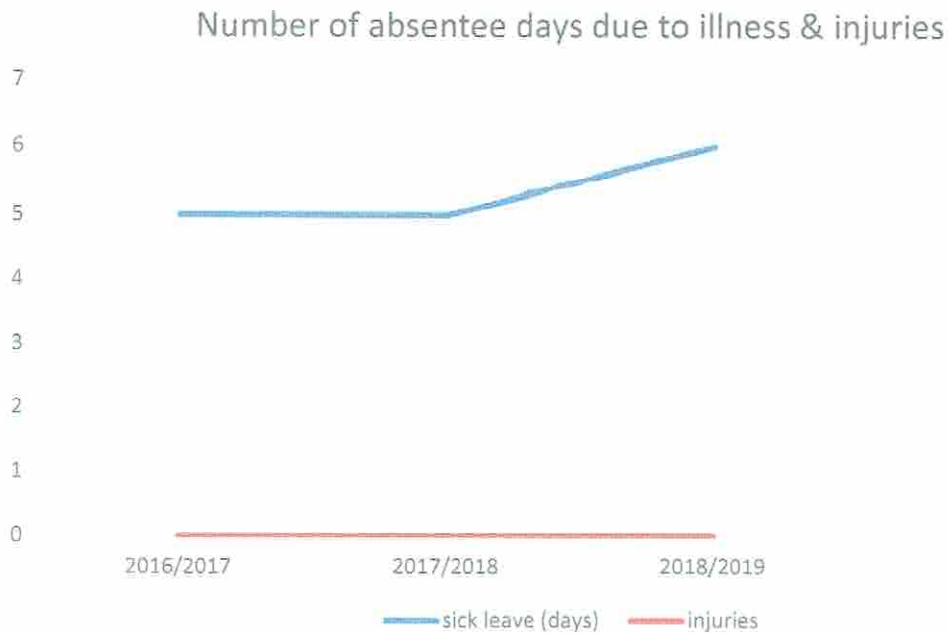


Figure 3: number of absentee days due to illness & injuries

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;
Principle 8: undertake initiatives to promote greater environmental responsibility; and
Principle 9: encourage the development and diffusion of environmentally friendly technologies

In 2018, the Present Perfect Group implemented its first Environmental and Sustainable Procurement Policy. This policy aims to provide guidance to all employees on how to reduce our company’s energy consumption, greenhouse gas emissions, and amount of waste generated as well as on how to promote environmentally sustainable merchandise products.

Energy and greenhouse gas emissions

Due to our office-based activities, the sources of our energy consumption and greenhouse gases stem from the usage of IT equipment, office lighting and heating as well as travel to and from work and client meetings. To reduce the associated impacts, we have started to replace lightbulbs with energy-efficient LED lamps throughout our offices. The percentage of LED lights installed increased from 10% to 12% during the reporting period. Similarly, we only use energy-efficient printers which are certified with the ‘Blauer Engel’ label due to its energy-saving properties. Our data is stored in a cloud datacenter rather than on a local server which reduces the energy usage and associated greenhouse gas emissions in the office. During the reporting period, our electricity consumption has reduced from 180kWh to 174kWh per day.

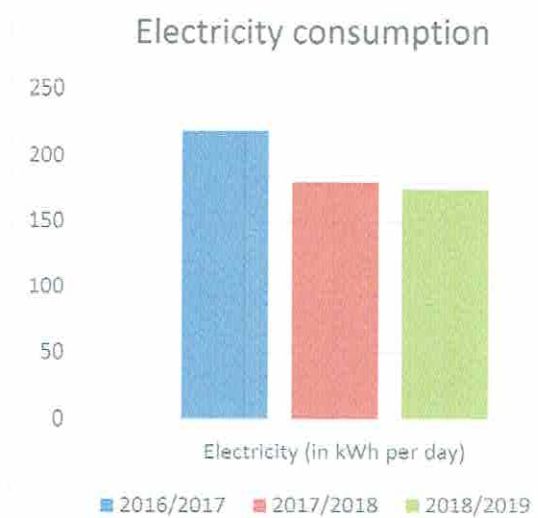


Figure 4: electricity consumption

Apart from having implemented energy saving measures, we also plan to change our energy source as such – upon termination of our current contract with our energy provider in 2020, we will switch to a green energy provider for electricity and heating in our offices. Once the provider change has been completed, we will start calculating our greenhouse gas emissions across the entire group.

In the meantime, we have been working on further reducing our carbon footprint from travel by increasingly replacing onsite meetings with web-meetings using Skype as a video-conferencing tool. We also acquired an electric car (Smart Car) and provide our staff with a ‘Bahncard’ – a discount card on train journeys - to encourage low-emission travel. The percentage of all trips undertaken by train rather than by car or plane accounts for 25% of all business travel (up from 20% in 2018).

Due to these measures, we have been able to further reduce our fuel consumption from our petrol and diesel cars from 8,700 liter to 8,200 liter during the reporting period.

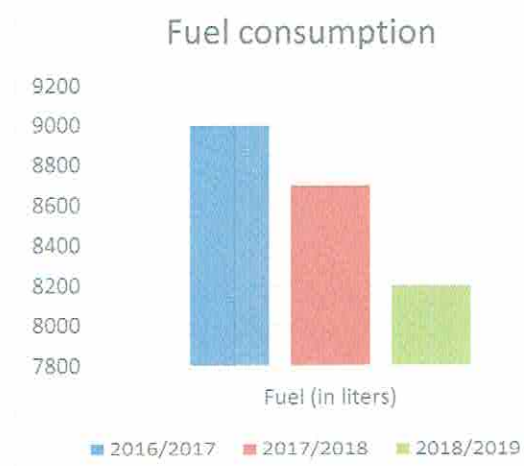


Figure 5: fuel consumption

Resource efficiency and waste

As part of our day to day business activities, our resource use is limited to office supplies such as paper and cardboard, plastic foils and cartridges. To ensure maximum resource efficiency and minimum waste generation, we act on the following maxim: refuse – reduce – reuse – recycle.

At Present Perfect, we refuse to use new resources wherever possible. By using a 3D printer to develop prototypes for our corporate customers for instance, we managed to save 5 kgs of material during the reporting period. In order to reduce our material input such as copy paper, we have set all our printers to automatically print double-sided. This way, we were able to reduce our cartridge use from 4,5 kg to 3,9 kg and our copy paper use from 295 tonnes to 279,3 tonnes. Generally, we are trying to reuse intact cardboard boxes and plastic foils from our inward freight as packaging material where possible. Recycling is common practice across all our offices in Germany which means we separate our waste into cartridges, paper and cardboard, plastic foils and residual waste. The percentage of recycled cartridges accounted for 100%, of recycled plastic foils 45% and recycled residual waste 60% during the reporting period. The disposal of our cartridges is managed by our IT equipment supplier.

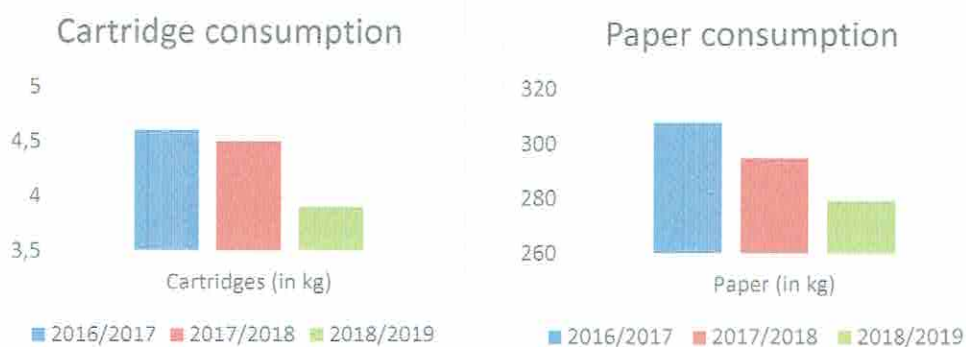


Figure 6: cartridge and paper consumption

Due to our resource efficiency and waste management measures, we have been able to reduce our annual amount of waste produced from 60 tonnes to 58 tonnes during the reporting period.

Advocacy

As promotional product and merchandise retailer we believe that it is our obligation to promote the use of sustainable alternatives. To exercise our responsibility as sustainability advocate, we have increasingly been educating our internal stakeholders such as employees as well as our external stakeholders such as our clients and suppliers on sustainability issues. Our employees have undergone extensive sustainability training during the reporting period as part of which 100% of staff in all offices were informed about all sustainability issues associated with our operations and our sustainability strategy. We have also started to engage with our suppliers and customers by launching a sustainability section on our website and promoting sustainable products in our newsletter.

When selling products, we also ensure that full details on all sustainability aspects are being communicated to the client, either as part of the product label or the product data sheet. This includes information on the composition of the product or its recyclability.

Compliance

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

At Present Perfect, we condemn all types of corruption, including extortion and bribery. Instead we believe in transparency, honesty, integrity and fairness which are values we uphold in our day-to-day operations. These values are reflected in our internal Code of Conduct which was introduced in 2018 and covers aspects such as human rights, compliance with the law, child and youth protection, respectfulness and equal opportunities at work, anti-corruption, data protection, and responsible marketing. In the reporting year, 100% of our employees received a Code of Conduct training and confirmed their acknowledgement by signature.

Anti-corruption

According to Transparency International's Corruption Perceptions Index 2017, Germany has a 'low' risk of corruption. Nevertheless, we established some pre-emptive counter measures such as a whistleblower mechanism and a procedure for gifts and business travel. Any breaches relating to our Code of Conduct can be reported anonymously to our Ombudsman Mr. Arne Brauer via whistleblower@hh.present.perfect.de. Present Perfect guarantees full anonymity and immunity to the whistleblower.

Our procedure for gifts and business travel defines that employees may freely accept gifts up to 35 Euros. Gifts above 35 Euros require approval by management and are to be rejected if identified as accepting advantages.

During the reporting period, 0 incidents in relation to corruption, anti-competitive practices or general business ethics issues were reported through the whistleblower mechanism. Equally, 0 fines had to be paid due to business ethics breaches.

Responsible information management

With the advent of the EU-DSGVO (Datenschutz-Grundverordnung), the European data protection law in May 2018, Present Perfect launched its own data protection strategy. This includes guidelines on data protection as part of the Code of Conduct, a data protection management system, an access control system, a data storage and back-up system, a record retention schedule and an incident response procedure. Employees also must sign a non-disclosure agreement and are to anonymise paper waste with sensitive information in order to protect client data. In the reporting period, 0,5% of all paper waste was anonymised and 100% of all staff received IT security training.

Due to the small size of our organisation, our data protection concept was implemented by an external advisor rather than an internal data protection officer. Therefore, any data security breaches are to be reported directly to our Managing Director Jörg Grube. Incidents will be investigated and addressed immediately.

During the reporting period, 0 incidents in relation to data security breaches were reported.

Apart from data protection aspects, we also consider it our duty to conduct responsible marketing. In our internal as well as external communication we always ensure correct and clear messages when promoting our merchandise products. For instance, we avoid stereotypical statements about gender roles, religion or other ethnic features and provide evidence for our marketing statements. Before accepting order of unethical products such as addictive substances, we ensure that the product complies with our core values defined in our Code of Conduct.

When creating a product, we make sure to minimise any potential risks during the concept phase and strictly adhere to health, safety and environmental laws and regulations. We inform clients about any potential residual risks and commit to initiate product recalls if necessary.

It is our goal to labels all of our products in relation to their ethical, environmental and health and safety aspects.

Sustainable Procurement

As organisation which sells merchandise products, ensuring the sustainability of our procurement practices is paramount. In our environmental and sustainable procurement policy, guidelines on how to foster sustainable practices within our supplier base as well as to promote the sustainability of purchased goods are set out.

With respect to sustainability within our supplier base, a sustainable procurement process was implemented during the reporting period. As a first step, potential suppliers are being screened according to sustainability criteria with the help of our supplier assessment form. Once a supplier passes our assessment, a contract which includes sustainability clauses is sent out along with a supplier code of conduct. This document is to be returned signed and strictly adhered to. To check on the truthfulness of their statement, random supplier audits such as SEDEX audits are conducted if deemed necessary. In the reporting period, 7% of our contracts included sustainability clauses, 6% signed our supplier code of conduct, 7% completed our supplier assessment form and 2% of our suppliers were audited.

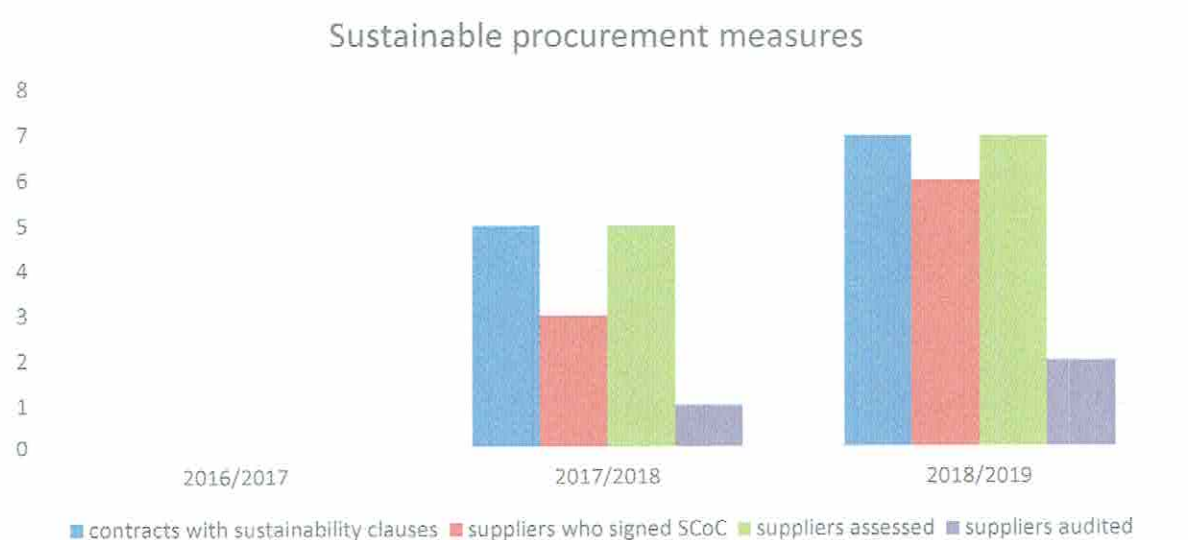


Figure 7: sustainable procurement measures

In terms of promoting the sale of sustainable products, several measures were introduced in 2018 and 2019. A new product evaluation tool was created which allows us to assess the sustainability of a product based on its life cycle. To verify the validity of their claims, evidence such as certificates, product test reports or product plans are requested. Over time, we would like to rate all our products using this tool to create transparency for our clients and promote sustainability aspects as important factor in their decision-making process.

As a long-term goal, we would like to increase the share of sustainable products in our portfolio. During the reporting period, the percentage of sustainable products available to our customers was increased from 50% to 90%.

Apart from increasing the share of sustainable products to sell, we have also focused on procuring sustainable alternatives for our daily office work. This includes certified and/or recycled office paper and cartridges, energy-efficient IT equipment such as computers and printers as well as fair trade coffee and tea and organic milk. In the reporting period, 100% of all office paper was either chlorine-free, recycled or certified, 90% of all computers and 80% of all printers were energy-efficient, 100% of all cartridges recyclable, 80% of all coffee, 85% of all tea and 100% of all milk was fair trade certified or organic.

Sustainable procurement for merchandise as well as office products was covered in our sustainability training attended by 100% of all employees.

Outlook

Whilst we have achieved a lot in the last year, we aim to continuously improve our sustainability management system.

Our main goals for the upcoming reporting period will be to switch our energy supply to green energy, to calculate our carbon footprint and to keep extending our sustainable procurement activities. With respect to the latter, we aim to have 100% of our suppliers assessed taking social and environmental criteria into account and to have 50% of our products sold rated using our product evaluation tool. At the end of 2019, we plan to launch our new sustainability section on our website as well as our webshop featuring all rated sustainable products.

Imprint

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