



WE SUPPORT

THE CREON WAY

STATEMENT OF CONTINUED
SUPPORT AND COMMUNICATION
ON PROGRESS / April 17 2020

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

THIS IS CREON

Companies in the business of **branded items** contribute greatly to the welfare of communities around the world by providing manufacturing and administrative employment. This can lead to improved general health, higher educational standards and the possibility of social mobility among people in communities where manufacturing takes place.

Creon takes its social and environmental responsibility very seriously. We are constantly striving to ensure that the manufacture and transport of our products is carried out responsibly and in line with the United Nations Global Compact 10 Principles. At the same time, we must be competitive in our

pricing towards our customers in order to ensure the survival of our business. That is our challenge.

So far, we have been successful in this endeavor and were awarded Best in Sustainability by our branch organization in Sweden, twice. The award had several effects. For us, we were happy to prove that business growth was possible to achieve while adhering to very high sustainability principles. For our competitors, they realized that Creon was pointing the way forward. For our customers, a **Best in Sustainability award** meant that when they sourced their branded items from Creon, they knew they were getting **quality items, responsibly made.**

**CREON IS A SMALL COMPANY, BUT
OUR AMBITIONS ARE BIG. WE ARE
PROUD OF OUR ACHIEVEMENTS.**

STATEMENT

of continued support to Global Compact

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.

In this year's 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.

2016 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. During 2019 we have initiated this way of rating products for our second client.

Even if all our client don't have the rating system yet we can this year, 2020, see that the amount of sustainable products is rising for all of our clients and that we are working closer with our producers towards our sustainable goals. We utilize our tried and tested responsible manufacturing facilities to a greater degree because they have the capacity and certification required by Creon.

Yours sincerely

Camilla Simonsson / CEO

CREON'S APPROACH TO THE 10 PRINCIPLES

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 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.

WHERE IT REALLY MATTERS

COMMUNICATION ON PROGRESS




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.



GOING FROM GOOD TO GREAT

Taking the Profile Store to the next level

BY APPLYING 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.

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.

We will launch a sustainability journey beginning 2020. We have worked on improving the rating levels for it to be an even better instrument in rating items considering different environmental aspects.

SUSTAINABILITY RATING LEVEL

1. Exceeding 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 (for example Fairtrade certified products).



3. Certifications

Maximum CSR and environmental standards achieved and certified (for example GOTS certified products).



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

GOING FROM GOOD TO GREAT

How to rate the products after Creon's scoring system

RATING LEVELS



1. Exceeding industry standards
Points 1-16



2. Improved procedures
Points 17-44



3. Certifications
Points 45-125

(Level 3 is the best rating)

Creon scoring system

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

During the year Creon has developed the system for how the three rating levels are to be assessed and added more aspects, as well as making a better scoring system. The criteria's are now based on three parts; **material, life cycle and social responsibility (CSR)**, where each part is scored 1-5. By multiplying these three parts with each a total amount will be given, which sets the level for the sustainable rating for the product.

During the year, Creon introduced the rating system to a second client and hopefully it will be introduced for more clients during the year.

| | | | | | | |
|-------------|---|----|----|----|-----|--------------|
| | | | | | | GREAT |
| | 5 | 20 | 45 | 80 | 125 | |
| | 4 | 16 | 36 | 64 | 100 | |
| | 3 | 12 | 27 | 48 | 75 | |
| | 2 | 8 | 18 | 32 | 50 | |
| | 1 | 4 | 9 | 16 | 25 | |
| GOOD | | | | | | |

FORMULA MATERIAL X LIFE X CSR = POINTS

GOING FROM GOOD TO GREAT

How to rate the products after Creon's scoring system

We have increased items judged with **Sustainability rating 1** from 138 to 191 items

We have increased **Sustainability rating 2** from 43 to 90 items based on the addition of some form of environmental certification such as Fair Trade, Recycled PET, FSC certified paper, OEKO TEX.

We have increased the amount of items with **Sustainability rating 3** from 12 to 28 due to GOTS or BlueSign certification.

The criteria's

Material

- 1 - Basic material approved according to reach
- 2 - Produced by best options available (if 3-5 not applicable)
- 3 - Produced energy-efficient and with renewable material (PLA-plastic, bamboo etc.)
- 4 - Recycled to some part (less than 100 %) alternative organic material
- 5 - 100% recycled material

Life cycle perspective

- 1 - Basic and has a life cycle on max 1 year and is consumed fast
- 2 - Ends when you have used it but will last longer than a year and is consumed over a longer time.
- 3 - Can be used over and over again with a longer life cycle but will not last forever.
- 4 - Lifecycle forever (more than 10 years), ex steel
- 5 - Can be recycled or reused

CSR and social standards

- 1 - (3 points is the lowest level)
- 2 - (3 points is the lowest level)
- 3 - Manufacturers are chosen based on their commitment to high sustainability and ethical standards.
- 4 - Produced in Scandinavia or within EU
- 5 - Certified products such as GOTS, FSC, Fairtrade, Öko-tex



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.**

OUR AMBITION IS ALWAYS TO:

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, Amfori (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 Amfori 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 2019 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, Amfori, 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 2019

According to our internal **Sourcing Guidelines**, we need to carry out a new social audit every third year. This has also been done during 2019. 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 has also taken a decision to decrease the amount of suppliers to work with, to make a closer cooperation and the production process more transparent and easy to monitor.

THIS YEAR WE HAVE ACCOMPLISHED THE FOLLOWING:

Our CSR group has continued their work towards more sustainable relationships with suppliers, both in terms of compliance and environmental aspects.

Improved cooperation with already assessed manufacturing facilities.

NEW SUPPLIER EVALUATION WHERE WE EVALUATE AND RANK OUR SUPPLIERS IN TERMS OF ENVIRONMENTAL, SOCIAL ASPECTS AND WORK PRINCIPLES.



TARGETS FOR THE COMING YEAR

To improve our compliance framework enabling better possibilities to measure and follow-up CSR data. Develop the supplier evaluation process and make sure that Creon's preferred suppliers are the "leader of the industry" when it comes to social, environmental and legal aspect.

Our goal in 2020 is, through our CSR-group, to develop our risk assessment of suppliers. We hope by addressing questions regarding process and routines that we will be able to get an even better overview of our suppliers. By having a scoring system for the suppliers based on the addressed question we will see which supplier that carries greater risks over others and where we based on our findings should have more focus on controlling suppliers with higher risk. During 2020 we will also try to implement our "from good to great" set up for all of our customers. This is a set up where we try to get the products that has the best impact on the environment for our customers, meaning that 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, Amfori (minimum level C) , ICTI or other equivalent certified factories throughout our supply chain.

ENVIRONMENTAL 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".

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'organic'
certified by Ecocert Greenlife
157007
Creon Promotion AB

**IN MARCH 2016 WE BECAME
THE FIRST GOTS COMPANY
IN OUR LINE OF BUSINESS.**

We have identified textile apparel as the product group with the most negative environmental impact. Therefore, we strive to have as much of our textile assortment eco labeled.

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. It is important for Creon that we adhere to increasing regulatory standards regarding the use of harmful chemicals and other harmful substances in manufacturing. Therefore, we aim to only cooperate with manufacturing organizations and production facilities that have documented qualification, and that have processes in place to monitor and minimize the use of harmful substances.

We have identified textile apparel as the product group with the most negative environmental impact. Therefore, we strive to have as much of our textile assortment eco labeled.

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

TRANSPORT

OUR BUSINESS MODEL IS HEAVILY DEPENDENT ON TRANSPORTS IN OUR EXPORT OPERATIONS WITH FREQUENT AIR SHIPMENTS.

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.

THE GOAL IS TO HAVE 100% OF THE OUTBOUND DELIVERIES TO BE CLIMATE NEUTRAL.

100% OF OUR INTERNAL ENERGY CONSUMPTION STEMS FROM RENEWABLE ENERGY SOURCES WATER

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 2019 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

(VER, GS 913)

Renewable Energy Bundled Project, Ceará, Brazil

(VER, GS 1042)

Water filtration and improved Cook-stoves, Guatemala

(VER, GS 1321)

Landfill Project, Santa Marta, Chile

(VER, GS 3976)

Borehole Rehabilitation Project, Eritrea

(VER, GS 1247)

Wind Power Project, Andhra Pradesh, India

(VER, GS 4603)

Biogas Program, Vietnam

(VER, GS 1083)

Hydro Power Project, Nam Long, Laos

(VER, GS 2707)



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.**

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

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



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 2019 we have signed agreements with several major corporations that place the highest demands on their suppliers in regard to CSR and sustainability – Ambea, Caverion. 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™

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