

**COMMUNICATION ON PROGRESS REPORT
TO THE UN GLOBAL COMPACT**

MARCH 2021

XLCONCEPT®

TABLE OF CONTENTS

1. PREAMBLE
2. ABOUT XLCONCEPT
3. LABOUR & HUMAN RIGHTS
 - 3.1 Policies
 - 3.2 Human rights
 - 3.3 Child and Forced Labour
 - 3.4 Discrimination & diversity
 - 3.5 Working conditions
 - 3.6 Career management
4. ENVIRONMENT
 - 4.1 Policies
 - 4.2 Energy and GHGs
 - 4.3 Waste management
 - 4.4 Promotion of sustainable consumption
 - 4.5 Consumer Health and Safety
5. COMPLIANCE
 - 5.1 Policies
 - 5.2 Anti-corruption
 - 5.3 Responsible information management
6. AFTERWORD



JANUARY 2021

To our stakeholders,

I am very pleased to confirm that XLCONCEPT affirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption. We also identified UN Sustainable Development Goals (SDG) that are relevant to our business model and align with the activities undertaken to advance our sustainability strategy. The selected SDGs reflect our commitment to continue improving our sustainability performance within our business operations and our supply chain.

This is our first year submitting our Communication on Progress (CoP) report to the UNGC (reporting period January to December 2020), but we have been monitoring and improving our sustainability performance for several years. This includes the implementation of policies in the areas of labour and human rights, business

ethics, environment, sustainable procurement and the development of a Code of Conduct for our employees as well as our suppliers. We have also created a KPI Dashboard to monitor and report our commitment including the impact on selected SDGs, moreover since two years we report according to the GRI standards.

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 sharing this information with our stakeholders using our primary channels of communication.

Sincerely yours,

Joris Albers
Managing Director

ABOUT XLCONCEPT

*The power of ideas,
The strength of adding value to your brands,
The spirit of excellence,
The importance of a passionate team!*

XLCONCEPT is experienced in providing (global) marketing services and supply chain solutions in the area of premiums and promotional items, POSM, GWP, corporate marketing and other promo expenditure.

We design, develop, manufacture and deliver products on behalf of our customers. Most products are tailor-made and branded. Our customers are multinationals or local companies operating in various sectors such as FMCG, Luxury Cosmetics, Banking or the travel industry. With our +/- 50 employees, we have a global footprint; headquarters in The Netherlands and 100% subsidiaries in France, USA, China, Hong Kong, Vietnam and Mexico, we can ensure local presence at our customers sites.

Our Excellences are:

INSPIRING DESIGN: Imaginative, Effective, Relevant! Our teams are up to date on the latest fashion & consumer trends, creative, open minded and practical people.

QUALITY ASSURED: we know how important our customer's brands reputation are, so is ours. Our products meet all applicable regulatory requirements, industry safety standards and client specific requests.

IMPORTANT SUPPLIER BASE: over the years we have built a trusted and contracted supplier base both in Asia and locally, with over 120 selected manufacturers that are compliant and competitive.

E-SOLUTIONS: we have developed an online platform XL-Portal which enables to automate and optimize business processes across the merchandising supply chain.

25+ YRS EXPERIENCE: last but not least, in over 25 years we have built track record of numerous innovative, imaginative and unique promotional campaigns and products

Our vision:

We want to become the most preferred global partner in the development and execution of innovative and sustainable branded merchandise services, supported by e-solutions, with the aim to improve visibility and efficiency in our clients marketing spend.

Our sustainability journey has grown with the business, but in 2016 we decided to join the EcoVadis initiative to better monitor our performance and consequently develop a more robust sustainability strategy. In 2020, we have been awarded the EcoVadis Platinum certification as one of the first companies within our industry!

Our commitment to uphold the Ten Principles of the UNGC, the Sustainable Development Goals (SDGs), and the Women's Empowerment Principles has helped us to develop and implement our sustainability strategy.

At XLCONCEPT we aim to support all 17 of the UN's Sustainable Development Goals, but we prioritise the following 4 because of their relevance to our business operations;



We are committed to ensure that the products we purchase, and supply are safe and comply with all applicable regulation such as REACH. We recognize our responsibility with regards to Consumer Health and Safety, therefore continuously update and improve our quality procedures. Moreover, it is our responsibility to protect our employees and the employees of our suppliers; we provide a safe working environment and conditions in our offices and engage with our suppliers to make sure they have adequate Occupational Health and Safety procedures in place.



We are committed to make XLCONCEPT a positive and stimulating company to work, and that our suppliers provide decent working conditions for their employees with a fair wage and strong employee rights. Our employees and our suppliers are our greatest assets. We continuously invest in creating a supportive and innovative culture, and we work hard to make sure that our suppliers uphold our values throughout the entire supply chain.



We are committed to responsible consumption and production by reducing the material footprint of the products we purchase and supply. We ensure products are sourced and produced responsibly, while also helping our clients to look at more sustainable forms of consumption. We promote sustainable material and product choices, while engaging with our supply chain to ensure productions are feasible.



We are committed to protect and restore terrestrial ecosystems, forests and land in general. We look for ways to reduce our impact or to compensate for the effect that we have caused. We have a waste management system in place to monitor our waste and dispose of it responsibly, at the same time we engage with clients and suppliers to minimize waste cause by packaging. To offset our carbon footprint, we have chosen reforestation programs.

LABOUR AND HUMAN RIGHTS

3.1 POLICIES

Principle 1:

Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2:

Make sure that they are not complicit in human rights abuses

Principle 3:

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

Principle 4:

The elimination of all forms of forced and compulsory labour;

Principle 5:

The effective abolition of child labour; and

Principle 6:

The elimination of discrimination in respect of employment and occupation.

SDGs:

SDG 3: Good Health and Wellbeing

SDG 8: Decent Work and Economic Growth

At XLCONCEPT, we believe that everyone has the right to be treated with dignity and respect. We are committed to respecting and promoting fundamental human rights throughout our own operations and extended supply chain. Therefore, XLCONCEPT has adopted management systems that include policies and procedures, in place to manage social topics including: human rights, child and forced labour, discrimination and harassment, working conditions, social dialogue, health and safety and career management.

Policies and procedures designed to safeguard the labour and human right of our employees;

- **Labour Practices Policy**
- **Occupational Health and Safety Policy**
- **Workplace Discrimination and Harassment Policy**
- **Diversity & Inclusion Policy**
- **Code of Ethics**
- **Employee Handbook**

XLCONCEPT expects its suppliers, contractors and partners to uphold similar standards of conduct. The following policies and procedures set out what we expect from our suppliers when it comes to labour and human rights;

- **Supplier Labour Practices**
- **Supplier Code of conduct**

3.2 HUMAN RIGHTS

3.2.1 Measures

XLCONCEPT promotes a positive culture and the continuous improvement of working conditions with respect to human rights. We support and respect the protection of internationally proclaimed human rights within the staff; including directors, management and other staff, whether directly employed or contracted.

At XLCONCEPT, we provide our employees a safe, suitable and sanitary working facilities. Therefore, we have raised an Occupational Health & Safety Policy and included an Occupational and Workplace Health & Safety manual in our Employee Handbook. The principle of this manual is to prevent risk related to business activities and to maintain a healthy and safe working environment for the employees. Subsequently, to prevent injuries and occupational illness.

Moreover, we protect our employees from workplace harassment, including physical, verbal, sexual or psychological harassment, abuse or threats. To this purpose, we have raised a Workplace Discrimination & Harassment Policy and a Diversity & Inclusion Policy, these policies address inappropriate behaviour and are accompanied by a complaint procedure included in the Employee Handbook.

Our Code of Ethics clearly states our standards and core values, including those with regards to human rights and what is expected from our employees, to reinforce this we have training mechanisms in place to raise the awareness of our employees.

We have also established a whistle-blower procedure for employees to report (suspicion of) misconduct.

Our Supplier Code of Conduct addresses our supply chain and sets out our minimum standards in respect of the human rights of our supplier's employees. XLCONCEPT only works with suppliers who have signed the Supplier Code of Conduct.

3.2.2 Measurable outcome

XLCONCEPT has received no grievances or complaints from employees or others in relation to (potential) labour rights violations.

- Number of Human Rights incidents reported through whistle-blower procedures: 0
- Number of Human Rights incidents reported through our confidential advisor: 0
- Number of confirmed incidents related to Human Rights issues in our Supply Chain: 0

Employee participation and Community engagement are actively promoted within XLCONCEPT. Although 2020 has been a challenging year due to Covid 19, we still managed to develop several activities:

- Employee participation in satisfaction surveys: >95%
- Employee participation in online social events: >90%
- Local community engagements:
 - Donation to Trees for All – carbon offset program
 - Donation to reforestation – plant a tree on behalf of our stakeholders (Xmas card)
 - Donation of samples to Raamwerk - support of persons with disabilities
 - Donation of samples Jarige Job – provide birthday gifts to children from disadvantages families
 - Donation of materials to Ons Tweede Thuis – home for persons with disabilities



3.3 CHILD & FORCED LABOUR

3.3.1 Measures

XLCONCEPT does not tolerate any form of child labour or forced labour throughout its business or supply chain.

All our strategic suppliers must adhere to our Supplier Code of Conduct and our Supplier Labour Practices Policy. Both documents clearly state our standards and expectations regarding our zero-tolerance policy towards child and forced labour.

Suppliers we work with also must have a valid and recognized audit report such as SMETA (Sedex Members Ethical Trade Association) or BSCI (Business Social Compliance Initiative), which address child and forced labour.

Regular Supplier Assessment;

XLCONCEPT is continuously evaluating its supplier base following our Supplier Rating System, suppliers are regularly assessed and rated once per year. Assessment and ranking are based on different factors including risk for child labour or forced labour.

All of our strategic suppliers have been audited, none of them showed an increased risk for child labour or forced labour. If there would have been one, we would have agreed a Corrective Action Plan or if the risk would have been extremely high, the supplier would have been black-listed.

Staff trainings;

All employees participate in a yearly CSR awareness training. The topic of child and forced labour is included in the training along with the standards and values of XLCONCEPT regarding this matter.

Our Sourcing & Procurement staff participate at training from Sedex, BSCI and EcoVadis. Part of the training focusses on the content of the audit and how to read the results, including the part covering child and forced labour.

3.3.2 Measurable outcome

At our headquarter in Amsterdam and Sales offices in Paris, New York and Hong Kong, there is no risk for incidents related to child labour or forced labour. However, most of our suppliers are located in China, these are manufacturing plants where there could be a risk for child labour or forced labour.

Number of Child Labour incidents reported within our supply chain : 0
Number of Forced Labour incidents reported within our supply chain: 0

Overview of our supplier base and their adherence to our Code of Conduct and Supplier Policies, and the percentage holding a valid audit report:

SUPPLIER REPORTING	# of Suppliers	CoC signed	Policies signed	Valid audit
X - supplier (= strategic supplier)	3,00%	100%	100%	100%
A - suppliers (= strategic supplier)	26,00%	100%	100%	100%
B - suppliers	14,00%	90%	80%	50%
C - suppliers	57,00%	100%	62%	56%

Employee participation in CSR awareness training – including the subject of child and forced labour: >90%

Sourcing & Procurement employees participation in audit trainings: >80%

3.4 DISCRIMINATION & DIVERSITY

3.4.1 Measures

XLCONCEPT is committed to an inclusive environment free of discrimination and harassment. XLCONCEPT wants to assure all of its employees that the company is open for everyone, independently of background and interests, and wants to make sure that everyone respects and treats everyone the same.

We respect and value the diversity of our employees, customers and stakeholders and are committed to finding ways to actively support and encourage a diverse workforce and inclusive workplace now and in the future. Our Diversity & Inclusion Policy describes XLCONCEPT's approach to diversity and inclusion and how these attributes are promoted and embedded in XLCONCEPT workplaces. Our personnel is the most valuable asset we have. The collective sum of individual differences, life experiences, knowledge, inventiveness, unique capabilities and talent that our employees invest in their work represents a significant part of not only our culture, but our reputation and company's achievements as well.

To allow such diversity, workplace discrimination and harassment cannot be tolerated! We recognise that the culture of our workplace is a product of the behaviour and conduct of our employees - that is, how employees treat each other, customers and stakeholders while conducting XLCONCEPT's business.

In our Workplace Discrimination and Harassment Policy, we set out our standards and explain how to address and treat discrimination and harassment shown in the workplace; in a fair, sensitive and confidential manner.

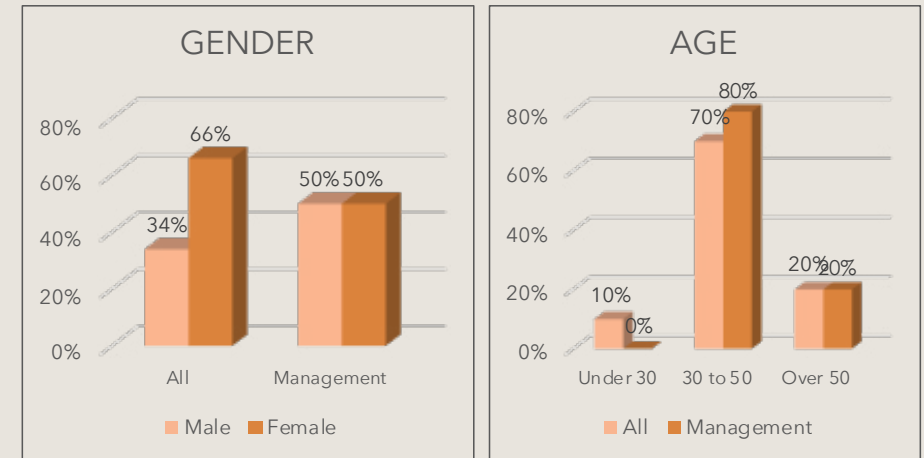
On commencement of employment, new employees receive the XLCONCEPT Employee Handbook which set forth the standards and procedures with regards to discrimination & harassment, the Employee Handbook includes;

- our policy inappropriate behaviour and complaint procedure
- our Code of Ethics which states that XLCONCEPT condemns discrimination & harassment
- our sanction policy
- and our whistleblowing procedure, which ensures that every employee has the right to express or report internally any serious malpractice or wrongdoing within the company and they can stay assured that this can be done without fear of reprisal and standardized procedures are set from XLCONCEPT.

Workplace discrimination and harassment, and inclusiveness are topics in our yearly CSR awareness training. During the training we focus on the procedures in place, how to report inappropriate behaviour and complaints and reconfirm who is the assigned confidential advisor.

3.4.2 Measurable outcome

On the subjects of discrimination & diversity, we report the following:



Number of incidents of discrimination are to be reported:

	2019	2020
# of incidents of discrimination	0	0

Awareness training on the topic of workplace discrimination and harassment:

	2019	2020
Participation rate	68%	75%

3.5 WORKING CONDITIONS & SOCIAL DIALOGUE

3.5.1 Measures

XLCONCEPT is committed to ensure good working conditions including health and safety, fair wages and working hours, and an open and transparent social dialogue.

Health & safety:

To identify work-related hazards, we carry out a yearly tailor-made health & safety risk assessment specific for our line of work (sedentary work) and office facilities. The assessment covers the following topics:

- First aid & emergency
- Fire
- Electrical faults
- Strips and trips
- Equipment handling
- Repetitive strain injury
- Unsuitable work environment
- Stress, harassment & discrimination

- All new employees are informed about the emergency procedure within the first month of employment.
- We also inform our employees about H&S precautions they must comply with in the Employee Handbook, our Health & Safety Policy and during our yearly training programs.

Wages & benefits:

At XLCONCEPT we comply with the minimum wages' standards of the countries where we operate. Moreover;

- We offer additional leave beyond standard vacation days.
- We provide social benefits such as a pension scheme.
- All employees are entitled to a commission to bonus scheme, depending on personal and company performance.

All obligation, entitlements and benefits such as leave, study, travel expenses, e.g. are described in our Employee Handbook which needs to be acknowledged and signed for at commencement of employment. We also ask our employees for reconfirmation when the Employee Handbook has been modified or updated.

To get the input of our employees and insight in their opinions, we conduct employee surveys on different topics. Our goal is to conduct a survey every quarter, in 2020 we have touched some of the following topics; impact of Covid 19 on work, working from home, support and communication from the management team. These surveys are 100% anonymous.

Social dialogue:

The freedom to associate and to bargain collectively are fundamental rights.

XLCONCEPT recognizes the right to collective bargaining and inextricably to freedom of association. We support our employees to make use of these rights in line with all applicable laws and regulations.

XLCONCEPT works closely together with its employees to actively discuss changes and opportunities towards working conditions, Employee Surveys might also be used here as a way to anonymously get input from our employees.

3.5.2 Measurable outcome

Health & safety reporting:

		2019	2020
Total number injury events	#	0	0
Total number of days lost due to injury	#	0	0
Accident frequency rate (lost time rate)	%	0%	0%
Accident severity rate (lost time severity)	%	0%	0%
Absentee rate	%	3,45%	2%
XX% of employees trained on health & safety issues (training on the responsibility of both employer and employee to provide and maintain good working conditions)	%	68%	75%

Social dialogue reporting:

		2019	2020
right to exercise freedom of association and collective bargaining	%	100%	100%

Benefits provided to employees, full-time and part-time:

- Disability and invalidity coverage: all
- Parental leave: all
- Retirement provision / pension scheme: all
- Employee participation in satisfaction surveys: >95%



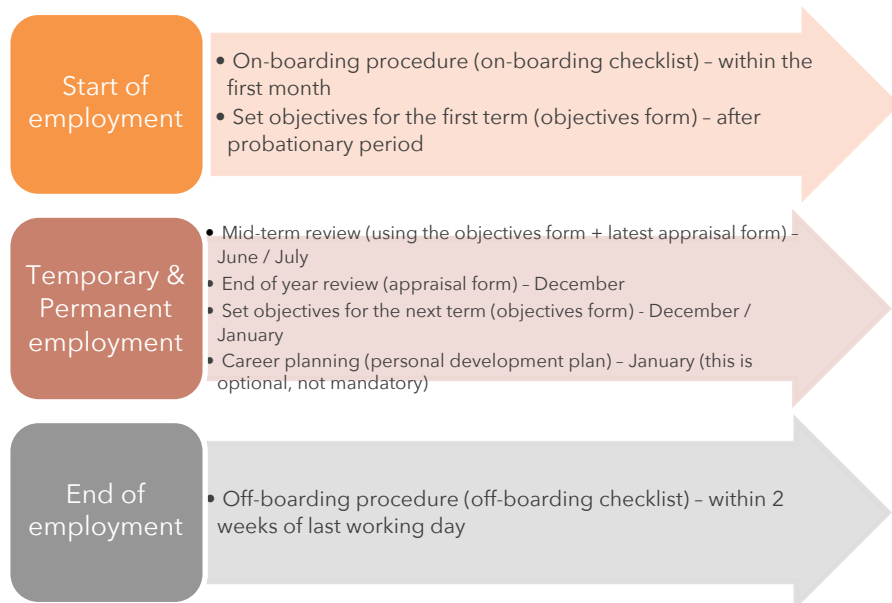
3.6 CAREER MANAGEMENT

3.6.1 Measures

XLCONCEPT strives to involve employees in setting their own goals and recognizing their strengths and weaknesses. We offer employees the opportunity to improve skills and set career objectives. Our goal is to increase employee's motivation and encourage them to grow.

We aim to improve personal development, therefore we have developed a HR Handbook, to explain the possibilities within our organization. The HR Handbook covers the following topics;

1. Employee program



- Employee On-boarding and off-boarding procedures, this is mandatory
- Performance management procedure, also mandatory
 - Employee personal objectives - annually
 - Performance reviews – bi-annually
- Personal Development Plan, we encourage and support our employees to develop a career plan, but this is not mandatory.

3.6.2 Measurable outcome

Career management reporting:

		2019	2020
XX% of employees with career plan (not mandatory)	%	10%	15%
XX% of employees who received annual performance review	%	80%	95%
New hires	#	9	2
Average number of hours of training per employee (all trainings)	Hours	14	15

ENVIRONMENT

4.1 POLICIES

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.

SDGs:

SDG 12: Responsible Consumption and Production

SDG 15: Life on Land

At XLCONCEPT, we recognize that we all have a responsibility towards the environment, therefore we have implemented several policies and procedures, not only to reduce the impact of our business operations on the environment, but also to ensure all products we purchase and supply are safe and compliant. Along with these measures comes the responsibility to increase the awareness of our employees and to motivate them to improve their own behaviour.

XLCONCEPT is not a manufacturer, we purchase the products on behalf of our clients, the products are then manufactured by our suppliers and their sub-contractors. It is therefore even more important to ensure that our supply chain understands our joint responsibility and that we have in place agreements, policies and procedures to ensure our suppliers carry out the XLCONCEPT standards.

Therefore, we have developed and implemented policies and procedures with the aim of increasing awareness (of employees and suppliers) and minimizing our environmental impact in the area of carbon footprint, waste management, sustainable consumption and consumer health & safety.

Policies and procedures to strengthen our internal practices;

- **Environmental Policy**
- **Customer Health and Safety Policy**
- **Code of Ethics**

Policy that ensures our suppliers comply with regulations and take action to continuously improve their efforts with regards to environmental betterment.

- **Supplier Environmental Policy**

4.2 ENERGY AND GHGs

4.2.1 Measures

XLCONCEPT is committed to reduce its carbon footprint and if reduction is not feasible to compensate for it.

In our CSR Actions & Guidelines (Sustainable Office Checklist), we ask our employees to actively contribute to helping our company become more sustainable, to work together to reduce our negative impact on the environment. Our guidelines include;

- more use of public transport or bicycle to come to the office
- carpooling where possible or videoconferencing instead of live meetings
- tips and tricks to reduce the consumption of energy and water
- tips and tricks to reduce waste and how to recycle

This is also addressed during our yearly CSR awareness training sessions.

At XLCONCEPT we monitor the greenhouse gas (GHG) emissions from the energy consumption at our headquarters, our business travels, commuting and other business-related transportation.

For the past 3 years we have chosen to support different programs in order to offset these carbon emission;

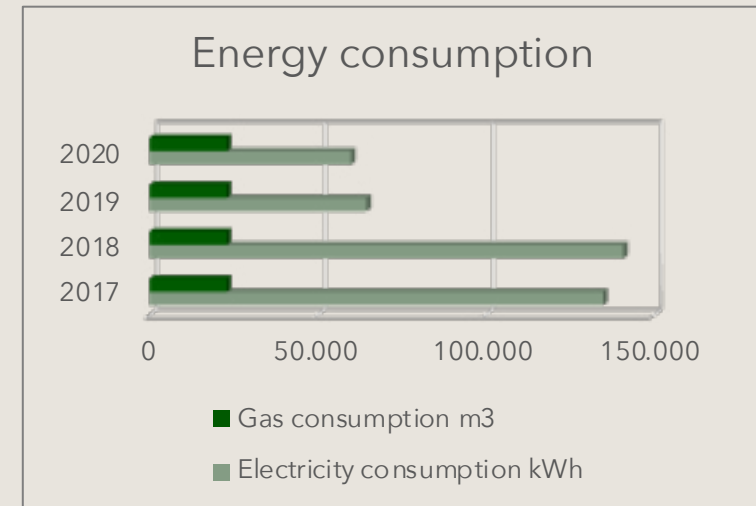
- In 2018: contribution to the Fair Climate Fund – efficient cookstoves (<https://www.fairclimatefund.nl>)
- In 2019 and 2020: contribution to Trees for All - forestry project in Uganda (<https://treesforall.nl>)

Moreover, at our headquarters in Amsterdam we consume renewable energy from Eneco Eco Garanties!



4.2.2 Measurable outcome

On the subject of Energy and GHGs, we report the following:



We compensate our CO2 emissions produced during our business operations on a yearly basis through an official offsetting partnership,

		2018	2019	2020
CO2 emissions - scope 1 and 2 - compensated	tonnes CO2e	197	272	291

4.3 WASTE MANAGEMENT

4.3.1 Measures

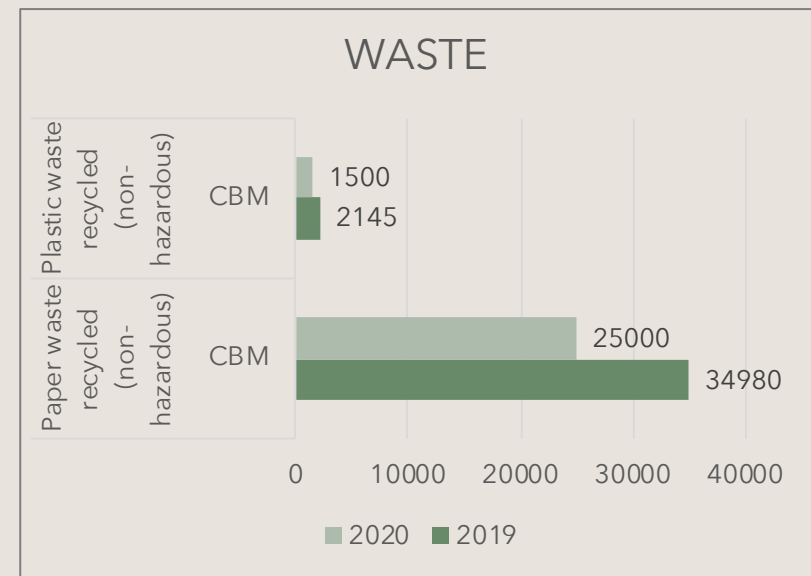
Reduce - Reuse - Recycle is an important motto for XLCONCEPT, not only when it comes to waste management at the office, but more importantly in the development of the products we offer to our clients and cooperation's with our suppliers.

We have a waste management program in place that includes:

- Office waste separation for paper, plastic and glass waste
- Office waste monitoring for paper and plastic waste
- Guidelines for reduction of packaging waste;
 - minimize use of single use packaging
 - minimize use of individual packaging
 - use recycled plastic materials
 - use FSC paper materials
- Cooperation's and yearly contributions to WEEE and Stibat for waste disposal of electric / electronic products and batteries (of the products we purchase and deliver).
 - When we import electric or electronic items such as a power bank of a Christmas decoration with illumination, we are required to report on the total weight and volume and contribute to the processing and recycling of E-waste (www.weee.nl).
- Partnership with non-profit organizations to recycle / re-use out IT equipment and cartridges. By giving these products a second life, we jointly contribute to a better environment.
 - for the recycling of our empty cartridges, we have partnered up with Eeko ccc BV (www.eeko.nl). They make sure the cartridges are ready to be reused and resell them. A part of the proceeds is directly donated to a charity of our choice.
 - for the disposal of our obsolete ICT equipment, we work together with IT donations (www.itdonations.nl), they take care of our old IT equipment such as computers, monitors and keyboards. IT donations then disposes of this equipment in a sustainable and responsible way and the residual value of the equipment is donated to a charity of our choice.

4.3.2 Measurable outcome

- 100% of our electronic waste is disposed of responsibly in partnership with certified companies
- Waste monitoring for plastic and paper
- XLCONCEPT does not produce hazardous waste.



- WEEE reporting:

		2019	2020
Total number of electric / electronic items	pieces	282.398	2.895.680(*)
Total weight	kgs	38.592	34.919

(*) this includes a large order for Christmas decoration lights

4.4 PROMOTION OF SUSTAINABLE CONSUMPTION

4.4.1 Measures

An important pillar of our sustainability target, is to increase year on year the sustainability of the products we purchase and deliver, to that end we have a several measures in place:

- We create awareness on sustainable consumption to all employee during the yearly Sustainable Consumption awareness training
- We create awareness for our employees and clients by developing a Sustainable Materials Book. Our Sustainable Material Book is a guide to understand the features of different materials, their do's and don'ts and sustainability aspects.
- We partner up with companies such as Aware (recycled cotton) and Waste2Wear (recycled polyester) to offer fully sustainable and traceable proposals to our clients.
- We monitor the sustainability of the products we offer and purchase.



4.4.2 Measurable outcome

Since 2018, we monitor the sustainability of the products offered and purchase and strive to increase the number year on year.



4.5 CONSUMER HEALTH AND SAFETY

4.5.1 Measures

In our industry, it is essential to ensure that the products we purchase and deliver are safe and comply with all applicable regulation. XLCONCEPT is keen to meet all requirements, country specific requirements and in some cases additional requirements from our clients.

XLCONCEPT recognizes its responsibility in that sense and therefore we have developed several measures which are described in our Consumer Health & Safety Policy.

- Comply with all regulations required for product safety testing and labelling.
- Ensure chemical properties do not exceed regulated levels by means of safety, and substance tests (REACH Control Process).
- Inform clients, and relevant parties as soon as possible in case something goes wrong, and the final products pose a health risk or threat to the end consumer. Ans is necessary carry out a recall.
- Properly educate relevant employees on customer health and safety procedures, and processes with the provision of a training.
- Disclose consumer safety information on each product, by providing with accurate, up-to-date and relevant information to the public.

For the support and implementation of the measures, we have the following documents in place:

- Our Risk Control Manual, which includes our risk control procedure, our full QA (Quality Assurance) and QC (Quality Control) protocol, the prohibited products & restricted substances lists.
- Our Test & Labelling Manual, which provides information by product categories.
- Our Recall Procedure

4.5.2 Measurable outcome

		2019	2020
% of products labelled with health and safety information	%	100%	100%
% of significant product and service categories for which health and safety impacts are assessed for improvement	%	100%	100%
# of incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services	#	0	0
Recalled products	#	0	0

All products manufactured in Asia are tested by independent (3rd party) inspection and testing companies. All products purchased in Europe (stock holding suppliers) comply with European regulations.

COMPLIANCE

5.1 COMPLIANCE

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

At XLCONCEPT, we have a zero-tolerance policy towards corruption and bribes. We condemn corruption in all its forms and do not tolerate it in our business or the businesses of our partners. Bribery and corruption risk is low in our operations, however it is a greater risk in our supply chain, therefore we have in place several policies and procedures to set forth the standards of XLCONCEPT with regards to fair business practices. We expect our suppliers to meet these standards and ensure that they do not have any breaches in fair business practices within their business operations.

Vulnerability to fraud can also be impacted by the way we handle and secure information and data, for this reason we have implemented several policies setting forth which information and data to secure and how.

Policies and procedures to raise the awareness of our employees;
Fair Business Practices Policy (including bribery and corruption, fraud, anti-competitive practices, responsible marketing, conflict of interest, money laundering and terrorism financing)

Information Security Policy

Data Retention

Code of Ethics

Policies and procedures to set forth the XLCONCEPT standards within the practices of our suppliers;

Supplier Fair Business Practice Policy

Supplier Code of Conduct

5.2 ANTI-CORRUPTION

5.2.1 Measures

Dealing with suppliers based outside of Europe, with different cultures and backgrounds, it is important for XLCONCEPT to maintain our standards when it comes to fair business practices. Each time, we need to assess the risk of corruption when doing business, to that purpose we have several check-points in place.

It all starts with the awareness of our employees;

- Our Code of Ethics states that bribery and corruption are prohibited.
- The Employee Handbook includes a policy on unusual transactions to inform employees how to deal with potential cases of corruption and/or bribery.
- Our Fair Business Practices Policy sets out the objectives we want to achieve, and the measures we take to be as ethical as possible. It covers many topics such as bribery and corruption, fraud, anti-competitive practices, responsible marketing, conflict of interest, money laundering and terrorism financing.
- These topics are included in our yearly CSR awareness trainings.

In addition, we have taken the following measures;

- Our strategic suppliers must adhere to our Supplier Fair Business Practices Policy and Supplier Code of Conduct. Our Standards with regards to Anti-corruption and Ethical behaviour are set out in these documents.
- We perform regular internal audit controls to monitor risks.
- Our whistle-blower mechanism allows employees to report internally on (suspicion of) serious malpractice or wrongdoing in a confidential and safe way.

5.2.2 Measurable outcome

In 2020, XLCONCEPT has received no grievances or complaints from employees or others in relation to corruption or bribery;

- Number of reported incidents due to corruption: 0
- Number of legal cases related to corruption: 0
- Percentage of employees who have signed for the Employee handbook: 100%
- Percentage of employees trained on business ethics (corruption, IT security, anti-competitive practices); 75%

5.3 RESPONSIBLE INFORMATION MANAGEMENT

5.3.1 Measures

In today's digital world, it is increasingly important to have a solid information management system in place to protect information and data and when necessary, to dispose of it in a responsible way.

XLCONCEPT takes data protection and confidentiality seriously, to ensure this we have several measures in place.

Our Information Security Policy describes best practice with regards to all information handling within our organization. And our Data Retention Policy provides information on what type of data is stored, how long it is stored for, and how we retain and dispose of the data.

Along with these policies, we have several mechanisms implemented to ensure that our employees are aware of the information security requirements and have tools to address incidents if they may occur.

- Privacy Regulation for processing personal data (included in the Employee Handbook); this regulation describes how the employer processes Personal Data of its personnel. The regulation also provides an overview of the rights that employees have with regards to Processing of Personal Data
- Whistle-blowing procedure (included in the Employee Handbook); which allows employees to raise concerns or make a report about malpractices with regards to information security in a protected way.
- Data Breach Procedure; explaining what a data breach is and how to report it.
- Data Processing Agreements (GDPR); signed agreements with our business partners in Europe, describing how to handle Personal Data.
- Awareness training; information security is one of the topics included in our yearly CSR awareness training.

Because today's digital world is changing and developing so rapidly, all our policies and procedures related to information security are reviewed and updated at least once per year. Additionally, we perform regular Internal Control Audits to make sure all aspects of data protection are covered.

5.3.2 Measurable outcome

- Number of reported data breach incidents: 0
- Number of legal action related to unlawful data practices: 0
- Number of internal control audits conducted: 1
- Percentage of employees trained on business ethics (corruption, IT security, anti-competitive practices); 75%

AFTERWORD

XLCONCEPT is committed to continue improving its sustainability management system.

Our support of the Ten Principles of the UNGC, the Sustainable Development Goals (SDGs), and the Women's Empowerments Principles, is a key aspect and guidance for the further development and implementation of our sustainability strategy.

In the next year, we intend to;

- Roll-out our Code of Conduct and Supplier Policies to non-strategic suppliers
- Improve the sustainability of the products we offer and deliver. Directly with our suppliers or by means of partnerships.
- Engage with our clients to explore possibilities to jointly offset the emissions resulting from the production and transportation of the goods we purchase on their behalf.



FOLLOW US

XLCONCEPT®

CAROLINE HAMAKER
PILOTENSTRAAT 41B | 1059CH
AMSTERDAM | THE NETHERLANDS

HAMAKER@XLCONCEPT.EU
+31 (0)20 794 2041
+31 (0)6 83 23 40 94