



Compacon

professionals in
promotions & premiums

Communication on progress report to the UN Global Compact 2021

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1.1 Past achievements, future goals and statement of continued support.

By publishing this annual Communication on Progress (COP) report, we want to provide insight into how we have set up our sustainability management system within our organization.

In addition, we would like to show how we implemented affiliated policies in the areas of:

- Labour and Human rights.
- Environment.
- Sustainable procurement.
- Code of Conduct for suppliers and employees.

We work with a KPI dashboard to properly implement our goals and ensure a proper monitoring. We have included the SDG’s we specific work on in this dashboard. As this will be a permanent part of our annual reporting we and you are part of what we have achieved in the past year and what are goals are for the near future.

The actions we take to achieve our goals will be described in more detail in this report. Just to give a better insight in our company.

We have signed the 10 principles of the UN Global Compact and to add extra force to this please find below our commitment that we will continue to follow it:

27th of May, 2021

To our stakeholders:

I am please to inform you that Compacon has made its commitment to the support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-corruption. In this annual Communication on Progress we will report on the result we achieved and we will set our goals for the future.

We will also take you through how we weave these into our business strategy, culture and daily operations. In addition, we will share this information with our stakeholders through our communication channels.

Sincerely yours,
Ton Löbker
CEO

About us.

2.1 History, way of working, locations.

Started in 1992 in the Netherlands, the Compacon name was abbreviated from the words 'Company Congratulations'. We set out to become your creative partner for effective use of promotional products, premiums, and gifts. Many years later and with lots of fun along the way, Compacon has become a well-known brand in the world of promotional products. We take great pride in our work and are grateful to work with the biggest brands in the world. Since joining Plato Group in 2017, we have been able to serve a larger variety of clients.

Our values.

Creative

Compacon is your creative sparring partner when it comes to the effective use of promotional products, premiums, and gifts. Promotional products and gifts should surprise recipients, spark joy, and promote a call to action. Our team of experienced marketers will take the best ideas to our in-house design studio to develop creative concepts that make your brand's message received loud and clear. Whether you need adaptations to your existing product promotions or need something designed from scratch, we can do it.

Compliant

CSR is important to everyone, but it is especially important within our industry, because of the range of products we offer. That is why we are proud to be a fully compliant partner in ensuring fair and safe products for all of our customers. Compacon only works with factories adhering to social compliance standards. Additionally, we have established processes in accordance with ISO 9001 and 14001 and we also hold those certifications ourselves. We are also proud to mention that we have the Ecovadis Platinum status.

Service oriented

As one of the only promotional product companies in Europe with an in-house printing facility, Compacon is uniquely able to manage the entire value chain from idea generation to finalized products. Our services include but are not limited to fulfilment centres, warehouses, and IT solutions for purchasing, and webshops. This array of core services also enables us to offer a fully integrated webshop solution, Promonline®. With Promonline® we develop a custom webshop for your company that utilizes tools like Brand-on-Demand and aggregated procurement through GroupBuy which brings down costs for you. With Promonline®, it has never been easier to efficiently and effectively manage your promotional product assortment. We take care of storage, warehouse management, and logistics for your products.

International

Big international brands require international, professional support. Luckily, we have worked with some of the biggest international brands since 1992, supporting their use of promotional products, premiums, and gifts. And we are adaptable to your needs. We respect your corporate structure and can work with your separate business units at the local level or the corporate level. We operate as part of Plato Group, a leading European company in the promotional industry for major brands like Clipper Gifts, IGO, and Compacon. Whether you need regional or global programs that are managed centrally but supported locally, we are able to execute any idea you have.

Multinational work is our specialty.

Brand of Plato Group.

After 25 years of commercial success, Compacon joins Plato Group in 2017, one of Europe's leading advertising products with its Clipper Gifts and IGO brands. Plato Group serves more than 350,000 customers across Europe with a commercial presence in 13 European countries. Plato Group is a leading player of promotional items since 1945 with three brands, Clipper as a wholesaler, Compacon as a full-service distributor specialized in key accounts, and IGO as an E-commerce distributor.



Locations.

Our vision is that multi-nationals need (and expect) local support from a full-service partner as we are. Also, we believe that our way of working also meets the needs of customers in other countries. Therefore, we have opened since 2017 offices in Belgium, France, Germany and Denmark.

About Compacon NL.

We have been active since 1992 and have built a fine organization of which we are proud. Our head office is located in Barendrecht, a city near Rotterdam. Every day, with 31 professionals, we work here with great pleasure for and with our clients. Our annual turnover is approximately Euro 10,000,000.

As an organization we want to continue to develop, for example by adding new services to our portfolio and, when the opportunity arises, strategic acquisitions. In this way, we will remain a leading player in the industry and work towards a stable future.

In 2020, the opportunity arose to make a takeover. This brought us into contact with several wonderful customers who are driving our company forward. The company we took over was located in Amsterdam. Since we also welcomed a number of new colleagues as a result of the takeover, we decided to open an office in Amsterdam. The new colleagues all come from the neighborhood and for that reason it is much more efficient to let them operate from there. Meanwhile, 4 colleagues are working from our new office.

Compacon supports all 17 Sustainable Development Goals as formulated by the United Global Compact:



For 2021 and 2022 we have a strong focus on SDG'S:



3. Labour & human rights

Applicable UNCG Principles and Sustainable Development Goals for this subject.

Human rights

- Principle 1: Businesses should support and respect protection of internationally proclaimed human rights; and
- Principle 2: Make sure that they are not complicit in human right abuses.

Labour

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right collective bargaining;
- Principle 4: The elimination of all forms of forced labour and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

Sustainable Development Goals:

SDG 3: Good Health and Well-being.

SDG 4: Quality Education.

SDG 5: Gender Equality.

SDG 8: Decent work and Economic growth.

SDG 10: Reduced Inequalities.

SDG 16: Peace and Justice Strong Institutions.

Everyone has the right to a good workplace where they feel comfortable and valued. So that, under good conditions, they can develop themselves into the best version of themselves. We communicate this to our employees and expect the same from the suppliers we work with. By jointly committing to the same standards, we ensure that we can achieve maximum impact.

3.1 Policies

Below you can find all relevant policies related to the subject Labour & Human rights:

- Labour policy.
- Code of conduct vendors.
- Business Ethics.
- Corona protocol.

By intertwining our policies into the way we work, we create awareness among our employees and partners. In this way, our policy on working conditions and human rights helps us make the right decisions every day. From how we want to deal with each other to selecting the right supplier, we have laid down all our values in our policy. In this way, we as an organization can do our bit to improve working conditions and human rights.

3.2 Child and forced labour.

3.2.1 Measures

- **Supplier code of conduct:** in this document we set clear requirements for our suppliers regarding child labour: under no circumstances we accept goods that contain children under the age of compulsory education that comply with local laws and/or have been produced under conditions adverse to the health, education and development of children, forced labour and freedom of association. And Forced labour and freedom of association: the supplier must allow its employees the freedom of association and the right to collective bargaining. The supplier must not traffic individuals or use non-voluntarily labour including, but not limited to, prison, indentured or bonded labour. The supplier confirms that no identity papers or deposits from employees are held. By signing this, the supplier endorses and commits itself to our requirements.
- **Self Assessment Questionnaire:** This is an addition to the code of conduct described above. Here we zoom in further on the current policy in the field of child labour and forced labour. This gives us insight into how the manufacturer ensures that both do not occur. We explicitly ask for both and one should answer yes or no. There can be no doubt about this. We also ask them whether social audits are carried out on a regular basis (BSCI/SMETA). If this is the case, we request the reports to assess them.
- **Supplier Audit Report:** if desired or deemed necessary, we have the option of having a social audit carried out by an independent organization. We are affiliated with SEDEX through our parent company.
- **Training of staff:** within our organization contact with manufacturers outside Europe is always through our colleagues from the purchasing department. They are real specialists in this area and know the best. They regularly attends training courses in order to keep their knowledge up to date. In addition, they share their knowledge with the rest of the organization. To create awareness of the possible risks, they have included all colleagues involved in their way of working.

Note: if a possible new supplier does not sign our Code of Conduct or does not complete the SAQ, we exclude a collaboration as we need to be sure that they have the same standards as Compacon has.

3.3 Discrimination & diversity.

3.3.1 Measures:

- **Code of Conduct:** in this document we clearly describe our position on discrimination : The supplier ensures that it will not engage in or support discrimination in hiring, compensation, access to training, promotion, termination or retirement of its staff based on race, national origin, religion, gender, sexual orientation, union membership or political affiliation. The recruitment of its employees is made based on ability to do the job.
- **Measures for integration of employees with disabilities:** We would like to be a social employer by giving people with a distance to the labour market the opportunity to develop within our organization. Due to the experience, they have gained, they may later join us or start working for another organization. Every day we welcome about 50 colleagues in our head office, who are given the opportunity to develop and contribute to society again.
- **Employee handbook:** every new employee receives a copy of this document. This describes what can be expected from the employer and what is expected from the employee. We want to highlight how we deal with discrimination & harassment: We want to ensure that relationships between employees are appropriate and harmonious. We outline our guidelines, and we ask you to always behave professionally. 1) we expect that you maintain professionalism and keep personal discussions outside of our workplace. 2) We won't tolerate sexual jokes, malicious gossip and improper comments. If you witness this kind of behaviour, please report it to HR. 3) Everyone in our company should be hired, recognized or promoted because of their skills, character and work ethic. We would not like to see phenomena of nepotism, favouritism or conflicts of interest, so we will place restrictions on hiring employees 'relatives. We reject all forms of harassment. In the handbook we have clearly described how we deal with this and how one should act when confronted with it: To build a happy and productive workplace, we need everyone to treat others well and help them feel safe. Each of us should do our part to prevent harassment and workplace violence. Harassment is a broad term and may include seemingly harmless actions, like gossip. We can't create an exhaustive list, but here are some instances that we consider harassment: 1) Sabotaging someone's work on purpose. 2) Commenting derogatorily on a person's ethnic heritage or religious beliefs. 3) Starting of spreading rumours about a person's personal life. 4) Ridiculing someone in front of others or singling them out to perform tasks unrelated to their job. 5) Violence in our workplace is a serious form of harassment. It includes physical and sexual assault, destruction of property, threats to harm a person or property and verbal and physiological abuse. 6) Sexual harassment.
- **Whistle-blower mechanism:** in case a colleague feels he or her is being harassed whether by a colleague, customer or vendor the person is asked to contact the manager or our HR department. Anything that will be disclosed remain confidential and immunity is guaranteed via our retaliation policy.

3.4 Working conditions.

3.4.1 Measures:

- Within our organization, we have temporary and permanent employment contracts. Employees earn at least the minimum wage, are entitled to 27 holiday days per year (FTE), receive a holiday allowance of 8% of the gross annual salary in May, can take out collective health insurance and start building up a pension from the age of 21. Part of the pension is paid by the employer, and this part increases as the employee grows older. A working day starts at 8.30 am and ends at 5 pm. We have a lunch break from 12.30 till 13.15. We adhere to the guidelines set out by ILO.
- Decisions are taken based on relevant and objective criteria, not based on any personal preferences.
- **Employee handbook:** In this document, which all our employees receive, we zoom in on the responsibilities of the employer and employee. It also contains all the necessary information on working hours, how we deal with overtime, what kind of contracts we offer, how many days off one is entitled to and what the established frameworks are for taking these days. In addition, you can find the details of the people you can contact if you have any questions.
- **Employee satisfaction survey:** This year, we conducted an employee survey for the first time. We strive to be a good employer and think it is important to find out whether our employees also judge us this way and where we can improve. The survey was conducted in May, and we are now awaiting the results. We hope that around 70% of our employees participated. The results will be shared with the organization; we feel it is important to be transparent about this regardless of the outcome and to include people in any improvement plans that arise from this. The survey will be completed anonymously.
- **Supplier Code of Conduct:** as we act within our organization, we also expect this from our suppliers. In our Code of Conduct, we clearly mention that the supplier must maintain reasonable employee work hours based on the limits on regular and overtime hours allowed by local law, or where local law does not limit the hours of work, the regular work week of no more than 48 hours. The supplier ensures that wages and benefits paid to employees are at least consistent with local laws or legislation governing minimum wages and benefits. Overtime, when necessary, is fully compensated according to local law, or at least a rate equal to the regular hourly compensation. Employees should never be forced working overtime and are permitted reasonable days off.

3.5 Social dialogue.

3.5.1 Measures

- **Supplier Code of Conduct:** in our Code of Conduct we state that the supplier must allow its employees the freedom of association and the right to collective bargaining.
- **Employee handbook:** in our handbook, our employees can find our views on social dialogue. We believe that everyone has the right on the freedom of association and the right to collective bargaining.

3.6 Health and safety.

3.6.1 Measures:

- **Risk assessment:** Every year, we carry out a risk assessment in our office to gain insight into the dangers within our premises. We work in an office environment and do not encounter machinery or chemical substances. However, we have taken actions to ensure that cables are not in danger of being tripped over.
- We work with several colleagues in open spaces, and in order to prevent noise nuisance, we have installed sound-absorbing columns and cabinets. In addition, we have created special rooms in the departments where people can isolate themselves if they wish. If an employee needs an adapted workplace or resources during the performance of his or her work, we provide these.
- **Training programme:** Every year, several employees take a company emergency response course. These persons are known within our organization, and they are also responsible for the contents of the first aid kit. We have also installed an AED device in our building and have made this known to our surroundings. The employees who participate in the course are also familiar with the use of this machine.
- **Fire drill and maintenance of fire extinguishers:** We carry out an annual fire drill so that we can check the existing procedure and our colleagues are aware of the procedure. They know their tasks and they know where we gather. We also have a maintenance contract with a certified organization that checks our extinguishers annually.
- **Corona protocol:** In April 2020, we wrote a special Corona protocol with the aim of creating a safe working environment within our office for the people present. We have installed walkways with disinfection machines in several locations and provided all desks with a cleaning kit so that people can clean their own desks. Even though we work with a very small group of people in the office, approximately 85% of the employees work from home, we have equipped all workstations with splash screens. We also have strict rules for people with symptoms or people who have been in contact with people who have complaints. We have shared this protocol with all our colleagues.

- **Supplier code of conduct:** Our Code of Conduct describes the requirements we place on our suppliers regarding health and safety. The supplier must verify that fire prevention, fire protection and dangerous substance spillage procedures are in place at manufacturing facilities and in any dormitory housing provided for employees, and that all requirements in this regard are communicated to all employees. Manufacturing facilities must be well lit and ventilated, aisles must be clear and accessible, protective railings must be placed on stairs and cages on lifts. Electrical wiring must be checked on a regular basis to ensure that it is in good condition, free on lint and dust. Machinery should be properly always maintained. Hazardous materials should be properly stored and disposed of. Employees should be well provided with safety and protection equipment.
- **Providing a safe, appropriate and hygienic workplace:** We do this by facilitating an adjustable workplace. We also work with good quality monitors and other ICT equipment. When extra equipment is needed on an individual level, such as screen raisers, adapted mice or footrests, we make sure that these are available. Since April 2020, most of our employees work from home, and we have also provided resources such as laptops and chairs when setting up a workplace. As for our building, it is equipped with many windows for plenty of natural light and climate control for a good working temperature. In addition, we have installed screens to prevent noise nuisance and we have several rooms available where people can sit down when they need more rest. Several times a week an external party cleans the premises to make sure that everything is neat and tidy. When most of our colleagues are back in the office, we will provide lunch and fresh fruit again.

3.7 Career management.

3.7.1 Measures:

- **Annual performance assessments:** We schedule an annual evaluation with our employees. During this meeting, we go through the year and discuss things that we have noticed. What went well and what could be improved? Were the set goals achieved? We ask our colleagues to prepare well for this meeting so we can have a good substantive discussion in which we can formulate objectives for the new year together. We look very clearly at the wishes of the colleague and how we can fulfil them. We record the evaluation in the assessment form. We share this document with the colleague concerned and ask them to read and sign it.
- **Career plans available to all employees:** we have implemented Performance management, the purpose of this is to ensure staff understands the responsibilities that comes with the job and have specific goals to meet, provide staff with actionable and timely feedback on work, invest in development opportunities that help staff grow professionally, recognize and reward staff in financial or non-financial ways.
- **Skill/talent development programs:** Within our organization, we attach great importance to the training and further education of our colleagues. To facilitate this, we recently launched an online academy. Through this platform, we will offer all employees job-related training. In addition, there will also be general training courses, such as time management. The purpose of the platform is to offer everyone the opportunity to continue to develop themselves. It is also possible to follow an external training course, one should however describe why this is applicable.

Creativity is an important part of our profession. In order to stimulate this and offer our colleagues new insights, we took a 2-day training course in Design Thinking in 2021. The aim of this training course is to look at issues in a different way in order to jointly arrive at very creative proposals. The course was very well received, and the material learned is often applied.

In 2021, we enrolled two new colleagues in a multi-day course provided by the industry organization. The colleagues who participate learn even more about the profession and what it involves. This is a welcome addition, especially in the current situation where we still work at home a lot. The first days are now behind us and the participating colleagues are very enthusiastic! This is something we will certainly be doing more of in the future in order to give everyone the opportunity to develop further.

4. Environment.

Applicable UNCG Principles and Sustainable Development Goals for this subject.

- 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.

Sustainable Development Goals:

SDG 7 : Affordable and clean energy.

SDG 12: Responsible consumption and production.

SDG 13: Climate action

SDG 15: Life on Land

As an organization, we are specifically committed to SDG12. We are active in an industry that is all about generating attention for companies in order to support our clients in achieving their goals. By informing and alerting our clients to the available sustainable options with which they can achieve their set goals, we ensure maximum impact on the recipient and minimum impact on the environment. In addition to the possibilities in the product area, we also investigate the possibilities of minimizing packaging materials and producing locally or within the EU in order to reduce our emissions.

4.1 Policies

Below you can find all relevant policies related to the subject Environment:

- Environmental policy
- Customer Health and Safety policy
- Code of ethics.
- Supplier environmental policy.

The policies helps us to make the right choices based on clear principles. As an organization, we are committed to reducing our impact on the environment. Only when our goals are known throughout the organization is it possible to achieve them. Whether it is through product training that enables our employees to advise our customers properly or through our policy when choosing a new company car. All the choices we make ensure that we reduce our impact and we have embedded them in our policies and shared them with our colleagues.

4.2 Energy and GHGs.

4.2 Measures

- **Making our vehicle fleet more sustainable:** When we look at our immediate surroundings, we can have an influence by making our fleet more sustainable. We encourage employees who drive a car for business purposes to choose an electric model by making a higher budget available. In addition, we have made facilities available at our office where several cars can be charged simultaneously. Through a national platform for charging points, we have made our charging points available to all drivers of electric cars so that even when we are not using them, people from outside our organization can charge their cars.
- **Energy consumption office:** The energy we consume in our office is 100% generated under sustainable conditions (generated by wind and solar power).
- **Monitoring of greenhouse gas emissions:** By charting our own emissions, office and fleet, we want to monitor whether we are on course to meet our targets. By making this transparent in figures, this is clear immediately. The measure that will have the greatest impact on our emissions is making our fleet more sustainable, as described earlier.
- **Inhouse measures:** We have installed LED lightning where possible, our cleaning company uses ecofriendly products, we have installed reusable towel rolls and we have fitted the windows with screens to counteract heat and limit the use of air conditioning. Throughout the year we collect samples which we donate to charity.
- **CO2 reduction management level 1:** As part of the Plato Group, we are part of a larger organization. As a group, we started CO2 reduction management in 2021 as an addition to our ISO14001 certification. 31st of May 2021 we have been informed by Lloyds Register (external accredited certification organization) that they have nominated us for certification after a phase 1 and phase 2 audit. Annually Lloyds Register will perform an audit to check if we still comply.
- **Key Supplier selection:** We attach great importance to delivering high-quality products that meet our customers' requirements. To ensure this, in the past we had almost all our orders delivered from our own warehouse. This enabled us to carry out the final quality control before the products were delivered to the customer. Our company grew steadily and every day we received and dispatched more and more shipments. This was the moment for us to start thinking about how we could reduce the number of transport movements without compromising our quality standards. We concluded that we could guarantee our standards by working with Key Suppliers. These are suppliers with whom we have a long relationship and a good track record. These suppliers are allowed to ship orders directly to our customers on our behalf. An annual evaluation takes place with these suppliers, unless we think that more frequent evaluations are necessary. As a result of this change in our way of working, some 90% of our orders now go directly to the final delivery address. This change in our way of working enables us to deliver faster and reduce the number of transport movements (and therefore emissions) without compromising our quality requirements.

- **Local productions:** Traditionally, most of the products we supply have been manufactured in Asia. However, we see a trend that we are increasingly able to accommodate production within Europe. From a quality and cost perspective, it is becoming increasingly interesting to produce closer to home. In addition, this has a considerable impact on CO2 emissions. Our colleagues from procurement are constantly looking for new possibilities and keep the other colleagues informed about the latest developments.
- **Selection of logistic partner:** When selecting a new logistics partner, in addition to good conditions we looked for the party with the best European network and a clear vision in the area of sustainability. We spoke to several parties and after a good comparison, we entered a partnership with DHL. Thanks to their strong European coverage, we can deliver to our customers quickly and efficiently (with as few movements as possible). Also, in the area of sustainability, we found DHL to be the best fit for us. They want to deliver emission free to all consumers in the Netherlands by 2025 and they want to reduce the logistic emissions to 0% by 2050. Finally, just like us, they consider corporate social responsibility important.

4.3 Hazardous materials and waste management.

4.3.1. Measures:

- **Waste processing:** We do not store any hazardous substances in our office that need to be disposed of separately. Of course, we do produce the necessary waste within our office environment. By separating various waste streams, we want to deliver our waste to the waste disposal company in the best possible way. We have had containers placed for paper and cardboard, plastic, residual waste. These are collected separately by Suez, a waste processor with whom we have worked for many years. We selected them partly because of their sustainability policy, for example, they want to reduce their CO2 emissions by 45% by 2030.
- **Print management:** In order to reduce our paper consumption, we have made various adjustments within our organization in recent times. For example, we implemented a new ERP system in 2016. One of the advantages of this system is that we can now store all documents digitally much more easily, making printing unnecessary. As a result, we started to dispose of our desktop printers in 2017. We have now disposed of all of them (around 15) and these have been replaced by 2 multifunctional printers that use less ink. The cartridges are automatically sent when they need to be replaced, the empty cartridges are returned so that they can be refilled. These measures have enabled us to reduce our paper consumption by 50% in recent years.
- **Paper catalog:** In the past, we ensured that our customers received our catalogue at least once a year. Depending on the relationship, this was either delivered or sent. We think a paper catalogue is a thing of the past and we only send it on request. We have made all our catalogues digitally available, so that our customers can always look.
- **Reducing packaging materials:** Of course, it is very important to us that our products are delivered to our customers in a good way. However, we want to do this with as little packaging material as possible. That is why we bought an air cushion machine a few years ago. Because of this, we no longer need to use single-use filling material. The machine uses air cushions that are made of PE-HD2 material. This is a sturdy plastic which makes it possible for the recipient to use it again when sending a shipment. In addition, this material is highly recyclable.
- **Coffee:** We love good coffee! But in a sustainable way. That is why we collect the capsules, which are 100% recyclable, and return them to the manufacturer. The coffee we drink is also produced under sustainable conditions.
- **Create sustainable awareness with our staff:** To make sure that all our employees are aware of the waste separation measures we have taken, we explained them to everyone shortly after the containers were installed. In addition, we have put stickers on the waste bins stating what is and is not allowed in them. This reminds our employees of this and helps them to separate their waste. In addition, we have put reminders on the exits of the offices within our building to check that the lights and air conditioning are switched off when leaving the office. In this way, we want to limit the use of energy as much as possible to the times when it is necessary.
- **Code of conduct:** We safeguard this in our Code of Conduct towards our suppliers, by signing this document they agree to our conditions. This document describes our commitment to minimize the negative impact that we, as an organization, have on the environment. The supplier also states that they comply with the Reach and RoHs requirements as these apply within the EEA, that waste is disposed of properly without causing additional damage to the eco system, that water used during production has no harmful effect on the local water supply and that they do not waste energy and take measures to reduce energy consumption.

4.4 Promotion of sustainable consumption.

4.4.1. Measures:

- Sharing knowledge about sustainable opportunities within our industry:** Within our industry, sustainable raw materials are being used more and more frequently. This could be, for example, raw materials that are biodegradable or materials that have already been recycled. But we also take the method of production and the location of production into account. By providing our customers with good advice, we achieve impact because less harmful raw materials are used. This is only possible if our employees are well-informed about the latest developments in this field. By working closely with our suppliers, we regularly organize product presentations in which all developments are discussed and explained. In addition to our suppliers, our colleagues from procurement also provide regular updates. We also notice that during brainstorming sessions and meetings, colleagues inform and enthuse each other about sustainable products and how we can use them. All these information flows within our organization ensure that we can properly advise our customers and surprise them with our proposals.
- Create awareness of paper consumption among all our stakeholders:** Within our organization, as previously described, we have taken various measures to reduce paper consumption. We also communicate this to our customers by, for example, digitizing our catalogues and providing our e-mails with a Think Before You Print message.
- Informing customers about sustainable options:** Of course, we can keep up to date with the latest developments in our industry in terms of sustainability, but it is at least as important that our customers are too. We try to achieve this through various means of communication. For example, we regularly send online newsletters, we post (both product and informative) on our social media channels, we share knowledge via our website and we participate in trade fairs. In addition, we always try to offer our customers a sustainable alternative when we receive a request. We substantiate why we offer the alternative and what the advantages are. In this way, we give the customer choice and create awareness of the possibilities with them. Most of our customers appreciate this, and we regularly receive a response such as "I would never have thought of that myself".
- Collaborate with suppliers with a strong sustainable vision and collection:** Within our organization, we have expressed a strong preference for working with suppliers that have a sustainable character and/or an extensive sustainable assortment. We have made this part of the process of selecting our key suppliers. Within our key suppliers, we see that more and more products within the current range are being replaced by a sustainable model, and more and more products with a sustainable character are being added. Compared to a few years ago, the range of products has improved in quality and become much wider. We also see that more and more specialists are becoming active in our sector who really add something in the area of sustainability. A good example is our cooperation with a supplier of erasable notebooks. This makes them last much longer. In addition, this product has a strong social character; by purchasing a notebook, they ensure that a child in a developing country can learn to write and develop. Another great collaboration is with a textile supplier that is completely transparent in the entire production process and only supplies organic or recycled cotton. This means that we know that the farmer who grows the cotton is paid well, and that this method of production has far less impact on nature. By entering these partnerships, we can still provide our clients with gifts that have a high impact on the recipient but a low impact on the environment.

4.5 Customer Health and Safety.

4.5.1. Measures

- **Product compliance:** We comply with all laws and regulations on product safety. We have safeguarded this internally in our customer health & safety policy. In this policy, we have clearly described what Reach and WEEE mean, among other things, and that we must comply with them. Other matters that we have included in this policy are what we do about risk prevention (making a risk analysis per product group, boarding procedure for new suppliers in which they indicate that they meet our standards). Furthermore, all projects that we import from outside the EU must go through our purchasing department. They are the specialists in this field and have the knowledge to guide a project from start to finish in the right way. To support this way of working, they have documented how they handle in their Way of Working. Based on this, they have provided internal training so that everyone is aware of it. We guarantee this to our suppliers in our Code of Conduct. This describes the requirements a supplier has to meet, including product liability, CE Marking, CE Standard Toys EN71-1/2/3/9/10/11, No use of PVC softeners (phthalates), Use of AZO free colorants, Use of lead-free paints & inks, Low cadmium (max. 100 ppm), Cadmium free batteries, Directive dangerous waist, Bromine-containing fire retardants, Flammability textiles, RoHs and Wee.
- **Recall procedure:** In our recall procedure, we have carefully described the actions to be taken in the event of a recall. We have described both the internal actions, actions towards the supplier and actions towards the customer. In addition, it is also described who is part of the recall team. By describing this procedure in detail, everyone involved knows how to act when we are faced with a recall. Fortunately, we have not had any recalls in recent years. We do check the procedure annually during an internal audit and an external audit. This ensures that the procedure is up to date so that no misunderstandings can arise.
- **Own production and import:** When we start our own production in Asia, we have mapped out the requirements for the product in question beforehand. We obtain this information from reputable test institutes with which we cooperate. We share this information with the manufacturer in a spec sheet that is drawn up by our colleagues in procurement. This way, it is completely clear in advance what the requirements of a product are. When we receive the customer's approval of the digital proof, we have the factory make several samples. Two of them come to our office and are presented to the customer for final approval. The other models go to the test Centre to determine whether they meet the legal requirements. If the customer and the test Centre agree, mass production is started. If the product is of high risk, another test is carried out during production to determine whether the mass production also meets all the requirements.

5. Compliance.

Applicable UNCG Principles and Sustainable Development Goals for this subject.

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

Sustainable Development Goals:

SDG 3: Good Well-Being.

SDG 8: Decent work and economic growth.

SDG 16: Peace and Justice Strong Institutions

We are aware that there is always a possibility that we will have to deal with unethical behavior. We assess the risk in any cooperation we enter, and through our internal procedures and way of working we contribute to our commitment: to exclude any form of unethical behavior.

5.1 Policies.

Below you can find all relevant policies related to the subject Compliance:

- Fair Business Practices Policy (incl. bribery and corruption, fraud, anti-competitive practices, responsible marketing, conflict of interest, money laundering and terrorism financing)
- Information Security Policy.
- Data retention Policy.
- Code of Ethics.
- Supplier Fair Business Practice Policy.
- Supplier Code of Conduct.

By taking measures and making everyone in our organization aware of this, we limit the chance of unethical behavior in our company or in parties with whom we work. In addition, we make sure that our employees recognize unethical behavior and know how to act when they do encounter it.

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5.2 Anti-corruption

5.2.1. Measures:

- **Regular audits:** Compacon tests its own processes annually by means of internal audits. We check whether they are still up to date and followed up. We use an audit plan and a separate system to record the results. This tool also allows us to record any issues and monitor progress. Our processes are also assessed annually by an external, accredited auditor. Because of our size as a group, we are also obliged to have our books checked annually by an accredited auditor. During this audit, payments and working methods, among other things, are reviewed.
- **Code of conduct:** We can only achieve our goals if our partners have the same standards. We are clear with our partners: we reject any form of corruption and fraud. We have described this in our Code of Conduct: a supplier must refrain from being involved in any type of corruption in a direct and indirect manner. Including bribery, extortion and discounts. We have also described our position on fraud: a supplier must ensure there are no fraudulent practices throughout its operations, should refrain from engaging in business with other companies and suppliers that engage in fraudulent activities of any kind. If a supplier does not sign the Code of Conduct, we will not do business with this party.
- **Business Ethics Policy:** All our employees should be familiar with our business ethics policy. In it, we explain topics such as anti-competitive practices, bribery, corruption and fraud. In addition, we describe the measures we have taken. Examples are that we reject any form of unethical behavior, that we carry out an annual audit to check that we have not engaged in fraud, bribery and corruption in any way. Should one come across unethical behavior, everyone knows how to act and who to contact within our organization. Every employee is required to review the policy annually and sign it.
- **Whistle-blower mechanism:** All our employees must have the opportunity to report any unethical behavior they encounter. This process must be known to everyone, it is important that everyone feels free to do so and that this is possible without consequences. For this reason, we have implemented a whistle blower procedure.
- **Sensitive transaction:** All our transactions are monitored. The way we do this is laid down in our sensitive transaction procedure. All commitments we make are controlled by a different person from the person who made them. For example, a purchase order is checked by the employee who receives the corresponding confirmation. This person then checks it for discrepancies. The invoice is then checked by a colleague from the administration, the check is made based on the order and the confirmation. The invoice is paid by an authorized person and before this is done the amount, name and account number are checked. Payments can only be made by authorized persons who must identify themselves by means of MFA.

5.3 Responsible information management.

5.3.1. Measures:

- **Incident response procedure data breaches:** In this procedure we have described how we should act when we are confronted with a data leak. Which persons should be informed internally and what actions should they take is described, as well as the stakeholders we should inform. To date, we have not had to deal with a data leak. We do check the procedure annually and update it if necessary.
- **Processor's agreement supplier:** We have concluded a processing agreement with all our key suppliers who may ship goods for us and receive data from us for this purpose. Matters that we lay down in this agreement includes both parties are aware of the Personal Data Act including the notification of data leaks, only employees directly involved have access to the data files, all involved have a duty of confidentiality, data may not be processed outside the EU, in the event of an incident we are informed in writing and by telephone within 24 hours, the processor has taken all measures (both organizational and technical) to handle data responsibly. In this way we guarantee the safety of the data we supply to our suppliers.
- **Awareness training:** All our employees, regardless of role, take an online cyber security training course. This training is divided into blocks and each month a different subject is covered. This way, everyone is aware of the risks that can arise when we lose our focus for a moment.
- **Statement of Applicability:** In order to deal responsibly with the data we receive from our customers, we follow the guidelines as described in the statement of applicability linked to the ISO 27001 standard (data security). By following these guidelines, we have mapped out all risks and have been able to cover them. Because we believe that we owe it to our customers to organize everything as well as possible when it comes to data security, we have decided to have ourselves certified ISO 27001 in 2022. In December 2021, the Phase 1 audit will take place and in the first quarter of 2022 the Phase 2 audit will follow.
- **Clean Desk policy:** A tidy desk looks neat! And it ensures a safe workplace where casual passers-by cannot discover any data. How we do this is described in our clean desk policy.
- **On and off boarding procedure:** It is always nice to welcome a new colleague, but of course it is important that we know who will be joining our team. All the steps we take in this respect are described in our onboarding procedure. Here we have described things like how we give someone access to our systems and files and what rights they need. If someone leaves, we follow our offboarding procedure. Herein, we have described the steps we need to take when someone leaves. This includes denying access to the server, files and e-mail.
- **Password policy:** In our password policy we have described what a password should be. In addition, it should be reviewed every 90 days. Users are automatically notified of this. In the unlikely event that the colleague fails to do so, he or she will no longer be able to log in and the password will have to be revised by our IT partner. The computer must be locked when not at the desk, and if no action is taken for 10 minutes, this happens automatically.

- **Cyber security training:** Since 2020, we have offered our employees online training in the field of cyber security. We find this very important, because dangers are coming more and more from this angle. The training consists of various modules, ranging from how to recognize a harmful file to how to use social media channels in a safe way. This makes it an excellent training for both business and private use, because you can also apply the knowledge in your own environment.

5.4 Anti-competitive practices.

5.4.1. Measures:

- **Business ethics policy:** We have defined in our policy that under no circumstances will we illegally gather knowledge about our competitors in order to trade with insider information. We also state that we do not discredit our competitors in any way. We prohibit creation of cartels, fixing prices with competitors to create an oligopoly, agreed terms with competitors about market share and predatory pricing. We rely on our own strengths and are known within our industry by both our customers and suppliers as a reliable organization that honors its commitments. The policy is known to all our employees and should be signed by them as soon as it is read.
- **Whistle-blower mechanism:** All our employees must have the opportunity to report any unethical behavior they encounter. This process must be known to everyone, it is important that everyone feels free to do so and that this is possible without consequences. For this reason, we have implemented a whistle blower procedure.
- **Code of Conduct:** We expect all our suppliers to adhere to the same standards and values that we do. By signing our Code of Conduct, the supplier indicates that he agrees with it and will act accordingly. This document states that we reject all forms of unethical business practices.

6. Sustainable procurement.

Compacon helps organizations to achieve their goals by selecting the right product. Often our customers want to generate attention for a new product or service they introduce or they want to surprise their customers or employees in a fun way. It is up to us to find out which product is most suitable for this purpose. Our core business is therefore the supply of products, with or without processing. Because of our role in the chain, advising the customer and involving products from suppliers, we can generate the most impact through sustainable purchasing. To this end, we have drawn up various policies and brought them to the attention of our colleagues. By including sustainability as an important selection criterion when choosing our key suppliers, we ensure that our purchasing is as responsible as possible. This is in line with our goal to continuously look for opportunities to become more sustainable.

SDG17: Partnerships for the goals.

Policies.

Below you can find all relevant policies related to Sustainable procurement:

- Sustainable Procurement Policy.
- Supplier Environmental Policy.
- Supplier Labour Policy.
- Supplier Fair Business Practice Policy.

In our policies, we have carefully described the guidelines we follow. By taking measures that are linked to our policies, we ensure that, when purchasing goods, we base our choices on the right principles based on our sustainability policies. In this way, we aim to achieve our objectives.

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6.1 Measures.

- **Code of conduct:** When we partner with a new supplier, it is important that they are aware of our standards on sustainability. We inform them about this through our Code of Conduct. In this Code, for example, we have described that we are committed to minimizing the negative impact that we as an organization have on nature and that we expect them to do the same. By signing the document, the manufacturer also confirms that they are compliant with RoHs & Reach standards as they apply in the EU. We have also described the way in which the supplier deals with the waste, which must not be disposed of in an inappropriate manner, so that it has as little impact as possible on biodiversity and the ecosystem. Finally, we would also like to mention that we expect our suppliers to use energy wisely and to take measures to minimize their use. In addition to safeguarding environmental issues, our Code of Conduct also takes a stand on the circumstances and conditions under which productions are made. In this way, we make clear what our conditions are in the field of labour conditions and human rights. By signing the Code of Conduct, the manufacturer indicates its endorsement of and compliance with it.
- **Supplier Self Assessment:** In addition to the Code of Conduct, we also ask the supplier to complete a Self-assessment. In this assessment, suppliers go deeper by providing more insight into how they have safeguarded issues such as Sustainability within the organization and how they have implemented them. They also must indicate which certifications they hold; for example, if they indicate that they are ISO 14001 (environment) certified, we ask them to provide the certificate as evidence.
- **Buyer Training:** Our buyers regularly participate in trainings, seminars and presentations facilitated by suppliers. In this way, they stay abreast of the latest developments in the field of sustainable procurement and can immediately implement new insights into their way of working. They also attend monthly meetings with all sales employees to inform them of the latest developments.
- **Raw material exclusion:** Articles produced by Compacon shall not contain palm oil or derivatives thereof.
- **Onsite supplier audits:** We have the possibility of having a social audit carried out on site by a certified body. In this way, we can have an independent report drawn up when we deem it necessary. In addition, as part of the Plato Group, we have access to the Sedex database so that suppliers with whom we work or want to work can share with us the results of previous audits.
- **Supplier assessment REACH compliance:** At Compacon B.V., we realize that all our products must adhere to all safety standards that are described in national and international legislations. Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) regulation is an overarching law, that helps to protect individuals against hazardous substances such as but not limited to lead, cadmium and AZO colorants in the European Union. Within our operations, we make sure to comply with REACH regulation. This is done by conducting third-party laboratory tests to make sure that all materials in our products are REACH compliant. Please refer to appendix for some examples of laboratory test reports that are requested from our suppliers each time products are produced, as followed from our Product Risk Analysis Procedure.
- **Use of promotional products:** What better way to show what we do and what we stand for than to look at the promotional products we use ourselves? Throughout the year, there are various times when we surprise our customers with a nice product, for example around the summer or at a trade fair that we participate in. Our goal for 2022 is for 100% of these gifts to be sustainable. By doing so, we will show what we consider important and what is already possible in our sector in the area of sustainable products.

Social engagement.

Volunteer day.

Many years ago, we started our annual Volunteer Day. We found and still find it very important to be involved with local social issues together with all our colleagues. By closing our office for one day a year and having all our colleagues participate, we help a good cause and raise awareness among our people about what is going on in society and how we can contribute.

in 2019 we rolled up our sleeves with all our colleagues and started working at a local hospice. This is a place where people in their final stages of life can go and be lovingly cared for and cared for by a wonderful group of volunteers. The hospice has an enormous garden that the temporary residents can use together with their families. Because people depend on volunteers and maintenance takes a lot of time, we have made ourselves available for a day to help them with this. From pruning to minor repairs, we've done everything we could help with. We think it is important to be able to give something back in this way, it is also good to be aware that good health is a great good.

For 2020 we had big plans for the next charity day. This time we would go plastic fishing in the port of Rotterdam. With several boats we would help to clean up the harbor. This goal is closer to what is currently very important to us, our suppliers and customers. How do we all ensure that the world remains a beautiful place. Normally only our employees participate in the charity day, but this time we also wanted to share our suppliers. As a result, we double the number of people who participate, and we can do more work. If the situation allows, we still want to organize this day in 2021. If this cannot be realized, we will do this in 2022.

Charity.

Since 2017, we have been part of the Plato Group, a group in which the social character is very important. This is reflected in our workforce as described earlier, but also in the fact that 85% of the profit made by the group is donated to Charities. In order to organize this properly, a foundation was set up in 2003 to select the good causes. Charities that have been donated to in recent years include Doctors Without Borders, KIKI Foundation, SOS Children's Villages and the Salvation Army.

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OUR KPI'S

2020	Goal	Year
100%	100% of suppliers in risk countries have signed our Code of Conduct	2021
80%	85% of our suppliers in risk countries have additional certification concerning ethical processes.	2021
0	No reports within the organisation of discrimination and harassment.	2021
100%	Organisation of training for all employees on the subject of labour & human rights.	2022
N/A	Organisation of Volunteer day.	2021
70%	80% of employees have participated in employee surveys.	2022
0	No reports of safety incidents within our organisation.	2021
N/A	2 new training courses developed and made available via Plato Academy.	2022
100%	All our Key Suppliers have been evaluated.	2021
20%	Our fleet consists only of fully electric cars.	2025
N/A	We offset our CO2 emissions.	2022
50%	All colleagues involved were able to attend training on hazardous substances and material.	2022
100%	Product training sales department sustainable products.	2021
N/A	12 posts on social media with a sustainable character.	2021
N/A	All products that we give away ourselves are sustainable.	2021
15%	30% of our turnover through the sale of sustainable products.	2022
0	0 Recalls.	2021
100%	All of our employees have followed a business ethics training.	2021
0	0 cases of legal actions related to unlawful data practices.	2021
0	0 cases reported data breaches.	2021
N/A	ISO 27001 certification.	2022
0	0 cases reported anti-competitive practices.	2021

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OUR SUSTAINABLE DEVELOPMENT GOALS



7. Outlook.

In the near future, we want to expand the impact we can have. Currently, we are focusing on SDG3, SDG4, SDG5, SDG8, SDG10, SDG12 & SDG16, However, as described earlier, we support all 17 Sustainable Development Goals as defined by the United Global Compact.

We continuously strive to optimize and improve our processes in order to create more impact. We also attach great value to the input we receive from recognized external parties who annually test our processes in the area of quality and environmental management (ISO 9001 and ISO 14001) and in the area of sustainable enterprise (Ecovadis Platinum). In this way, we gather as much information as possible that we can implement within our organization. We are ambitious and want to continue to increase our contribution; a good example of this is the planned ISO 27001 (information security) certification by 2022. We will be one of the first companies in our sector in the Netherlands to work towards this demanding certification. We will continue to challenge ourselves and take our colleagues along so that objectives and working methods are clear in order to pursue the highest possible goal together.

8. Imprint.

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