



UN Global Compact

COMMUNICION ON PROGRESS

JUNE 2021-MAY 2022

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CHIEF EXECUTIVE'S STATEMENT

Concept 4 is pleased to publish its Communication on Progress, focusing on the last 12 months from June 2021 to May 2022. This report outlines the steps that we have taken to promote the United Nations Global Compact (UNGC) principles within our company, as well as throughout our supply chains and our stakeholders.

More than ever, in these particularly difficult times, we remain committed to the principles of the UNGC. Our Goal is to operate and manage a business fully in line with our values. We aim at creating a safe and healthy workplace, not only for our colleagues, but for all stakeholders working with us on our project, while developing useful goods that will have the less possible environmental impact.

Considering the world has changed, we believe that the Global Compact principles and the Sustainable Development Goals (SDGs) are a real opportunity for all companies to make the world better while developing their business model.

We are fully committed, through them, to make our contribution to this “New World” and to promote inclusion, respect, and sustainability in all our operations.



Pascal Vieilvoye

Chief Executive Officer



CONCEPT 4: WHO ARE WE

Experts in design, product development, sourcing, and production; we are a one stop solution for brands & retailers offering quality beauty accessories, cosmetics, fashion accessories, packaging and lifestyle products.

We offer an open and creative environment to facilitate innovation where each individual feels the value of its contribution. Alongside our headquarters in Hong Kong, we have offices in China, India, France and the USA to ensure quality service worldwide.

We merge our areas of expertise to deliver the right product at the right price in a timely manner. We follow the process from initial concept through to production with an extensive team of experts in product, sourcing, production & quality.

We focus on the following core categories: color cosmetics, toiletries, beauty tools, wellness, beauty devices, bags, pouches, hair accessories, jewelry, sunglasses, fashion textiles & beauty textiles, primary & secondary packaging, home fragrance, home, gifting & lifestyle.

We have a wide breadth of clients from both the fashion and beauty world, from direct selling, to luxury beauty brands, high street garment retailers, subscriptions boxes and luxury fashion houses. We have recently become the sole agent in Asia for two of our key clients.

We have a design & NPD team dedicated to making collections with a sustainability focus. Aiming to offer solutions to meet difference customer's sustainability strategies.

OUR SUSTAINABILITY VISION, MISSION AND STRATEGY

Our Vision: To become the most trusted sustainable solutions supplier in the Cosmetic and Fashion Accessories Industries. Solutions that are viable economically, but also with positive impacts and benefits for people and the planet.

Our Mission: We consider ourselves as change agents with our suppliers and want to collaborate with them for the better. We aim at improving the environmental performance of our value chain and help our customers achieve their own sustainability goals. We relentlessly look for innovative ways to develop more sustainable products collections and minimize our impacts on the environment.

Our Strategy: Based on the result of our materiality analysis, the mapping of high impact areas against our value chain and our company strategy.

Concept4 focuses on sustainability where it has the most impact and where it also aligns best with the sustainability goals of its customers.

Namely:

- Design and product development of eco-friendly products
- Responsible, sustainable & ethical sourcing
- Apply the same standards to the way we operate internally
- Focus on people and women specifically

OUR SUSTAINABILITY CERTIFICATIONS

WE ARE ANNUALLY ASSESSED BY:



WE ARE CERTIFIED BY:



WE ARE MEMBERS OF:



OUR ROLE: UN SUSTAINABLE DEVELOPMENT GOALS



Concept 4 welcomes the adoption of the United Nations Sustainable Development Goals into our sustainable goals and we continue our commitments towards global sustainable development under this framework.

Based on the nature of our operations and supply chain, we believe our engagement can be most productive around the following SDGs at this stage:



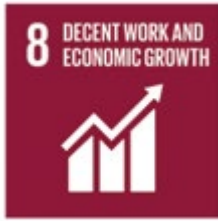
3. Ensure healthy lives and promote well-being for all at all ages:

Good physical and mental health are essential to a human life. With clear evidence of the link between health, safety and productivity, Concept 4 take special care in ensuring that our workplaces, and those of our suppliers, demonstrate this.



5. Achieve gender equality and empower all women and girls:

With most of the factories in our supply chain having 70-95% female employees, through our compliance operations and programs, we strive to ensure that the workplaces we engage with are models for gender equality and non-discrimination in all respects.



8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all:

We believe that workplaces of our supply chain should demonstrate the best principles of decent work in terms of health and safety, and to provide their workers respect, opportunity and growth. Through our compliance, we enforce basic compliance and educating factory managers the importance of decent work and how to achieve it.



12. Ensure sustainable consumption and production patterns:

We strongly believe that products and materials that can be reused, remanufactured, recycled or recovered and maintained in the economy for as long as possible can help to make the transition towards a greener and more socially inclusive global economy. We therefore take all opportunities to propose sustainable products and materials to our clients to avoid or minimize the generation of waste, especially hazardous waste, and prevent or reduce greenhouse gas emissions.

Throughout this report, we provide more detail on the initiatives and actions we implement throughout our operations and our supply chain, which help us support the achievement of the SDGs.

THE 10 PRINCIPLES OF THE UN GLOBAL COMPACT

Human Rights

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.

Labour

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.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

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

HUMAN RIGHTS & LABOUR

Concept 4 respect for human rights is deeply ingrained in our values, in how we run our business, interact with stakeholders, and engage with our global community. At Concept 4, we value diversity and equal opportunity and do not tolerate discrimination or harassment of any kind. Concept 4 is committed to our employees, customers, and the communities where we live and work with respect to human rights and labour practices and the high standard of conduct expected of our employees worldwide.

Our commitment:

A Safe and healthy workplace: Provide and maintain a safe and healthy work environment for every employee, on-site contractor and service provider;

Fair employment practices: Comply with applicable laws and industry norms on employees pay, work hours and conditions. Provide fair and competitive compensation commensurate with the employees' position;

Freedom of association: Respect employees' rights to freely associate, organize and bargain collectively in accordance with applicable laws and regulations;

Diversity and equal opportunities: Ensure no discrimination in hiring and employment practices with regards to race, religion, sex, age, physical ability, political opinion, social or ethnic origin or sexual orientation;

No forced or child labour: Not tolerate any form of forced or child labour;

No harassment: Provide a workplace that is free from any form of harassment, including verbal, physical, mental and visual harassment;

Open dialogue and resolving concerns: Encourage employees to take their concerns up directly with management and create an environment where open dialogue is the preferred way of resolving issues. Provide employees on-site contractors and service providers with a mechanism to report concerns confidentially, anonymously and without fear of reprisal, as governed by the applicable company procedures

Our Initiatives:

Workplace – Our office building performs the annual safety check included but not limit to fire distinguisher, lift and fire drill for our office building as per the safety requirement. From the company, we provide comfort office area around 180sq.ft working area per person. Also with air purifier installation and sensor for monitoring air quality.

Working Pattern – Flexible working hours and remote work from home.

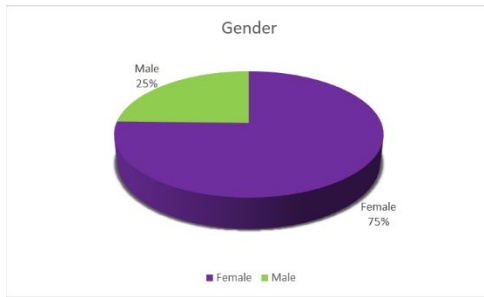
Charity Miles – Encouraging colleague to join the team for indoor & outdoor activity (run, walk, bike..etc..) at Charity Miles, it is more than just a sport tracker. It converts miles into a donation for your chosen charity.



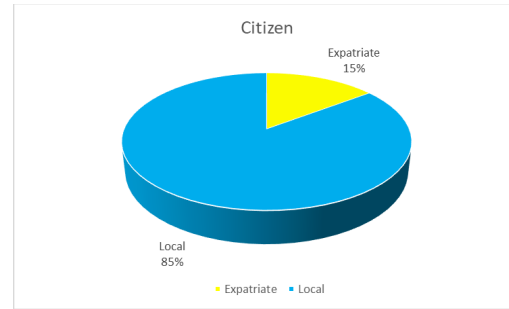
Insurance coverage – Standard Insurance coverage for persons who working in the office and all visitors from outside

Hiring – All qualified persons who are holding the valid work permit are considered. Below is our current staff proportion as at today.

Gender Proportion



Citizen Proportion



Employment – All staff employment is copied with the related countries' Labour Ordinance. The working hours, terms and pay is defined with mutual agreement both employer & employee. All employees pay is decided based on the job specification

Employee Handbook – Per our employee handbook, all discrimination and sexual harassment are clearly stated as gross misconduct. It causes summarily dismissed without any tolerance

Communication – The Management Team is based in Hong Kong and open for communication with all staff on their concerns, comments, or complaint by email, phone call or in-person. Any message under anonymous are also welcomed through company suggestion box which is put at public area (pantry). If any incident, staff can report to their Department Head by written as per our Whistleblowing policy. All information will be kept strictly confidential.

Management holds the responsibility to manage human rights and labour issues across Concept 4 Group. Employees are encouraged to report any violations directly and confidentially to the Company Director as per our Whistleblowing

Policy. In the period of June 2021-May 2022, there weren't any breaches reported.

Supply Chain – Concept 4 established a Supplier Code of Conduct that outline what is expected of suppliers, including the requirement to respect and uphold local legislation and internationally recognized standards on human rights and labour practices, which covers : Freedom of Association and the Right to Collective Bargaining, Prohibition of Discrimination, Compensation and working hours, Workplace health and safety, Prohibition of child labour, Prohibition of forced and compulsory labour, Environmental and safety issues.

We evaluate our suppliers in an annual basis and assess if these requirements are respected during on-site audit/reaudit on Corporate Social Responsibility (CSR), which covers following aspects related to human rights & labour: Disciplinary Practices, Working Hours, Wages and Benefits, Child & Forced Labour, Freedom of Association, Discrimination, Harassment and Abuse, Working Conditions, Health and Social Facilities, Occupational Health and Safety (OHS), Canteen and Dormitories.

ENVIRONMENT

Concept 4 is committed to safeguarding the environment it works in. We acknowledge the impact that our business has on the environment we operate in, and we strive to minimize it as much as possible.

Concept 4 2020-2021 Environmental Data

	2020	2021
GHG Scope 1 emissions (tCO ₂ e)		0
GHG Scope 2 emissions (tCO ₂ e)		101.04
Electricity(kWh)	89,392	157,771
Water(cu.m)	119	97
Paper (reams)	265	268

Remark: The electricity usage in 2020 was decreased due to work from home arrangements due to Covid

Our Initiatives:

Carbon Footprint Reduction plan – For sustainable support for environment, we aim at 30% reduction in GHG Scope 2 emission in 2022, through usage reduction and purchase of Renewable Energy Certificates (RECs) to off-set the carbon emission from local electricity supplier. We aim to achieve a 100% reduction at the Hong Kong office by 2025 against the baseline year 2021 through RECs.

Reduce waste & recycle the materials

Internally, following are what we implemented in our offices:

- Full recycling of our waster, including IT waste
- Removal of plastic bottles and disposable waste in kitchen

- Purchase ONLY recycling paper within premises (from toilet paper to business card and printing papers)
- Reusing packing materials (cartons, paper, plastics, polybag etc)
- Use of recycle polybags internally ONLY
- Work from home one day per week to reduce commute work and CO2 for transport

Sustainable Sourcing

Concept 4 is committed to promote responsible sourcing and minimize the environmental impacts across our supply chain. We take every opportunity to propose sustainable product design and responsibly-sourcing raw or recycled materials.

- For bags, proposal always include recycled materials, eg recycled polyester lining
- For each product with oil, propose a solution with RSPO oil
- Always propose FSC products for paper and wood
- Propose Recycle polybags for packaging
- For textile product, propose OEKO-TEX and GRS solutions
- For cotton product, propose BCI cottons solution

Regarding our supply chain, we include an Environmental Management System (EMS) section within audit of our suppliers in an annual basis to ensure environmentally-responsible manufacturing. This includes Waste management, Wastewater & effluents management, Water use/management, Emission to air management, Energy use and GHG management, Land use and biodiversity and Hazardous Substances Management /Soil & Groundwater Pollution Prevention.

ANTI-CORRUPTION

We consider corruption as an obstacle to economic and social development around the world and has negative impacts on sustainable development. Concept 4 therefore is committed to a strict anti-corruption and anti-bribery approach. This approach extends to all employees in all offices, our business partners and our supply chain.

Our Initiatives:

- Concept 4 has developed the Anti-corruption Policy and Guidelines on Gifts, Entertainment and Hospitality and signed by all employees and our supply chain stakeholders.
- Our Whistleblowing policy enable staff to report actual or potential bribery activities to their direct line manager or directly and confidentially to the Company Director. Upon receipt of any concerns or reports under these policy, senior management will follow the investigation process. In the period of June 2021 to May 2022, there were no material cases of corruption across the company. The employees continued to demonstrate integrity and good ethical behavior across all areas of operation.
- To build up our awareness in regards to anti-corruption, we based on the Corruption Perception Index (CPI) from Transparency International to score/rank our clients and suppliers and provide regular updates to our employees globally.
- Compliance training for newly joined and existing staff are conducted. All staffs are required to attend the training against corruption held by ICAC, an organization operates by the Hong Kong Government, at our office once per year.

- To further enhance our management on anti-corruption, Concept 4 is in the process of ISO37001 Anti-bribery Management Systems certified by the end of 2022.