

Selection & evaluation of suppliers

Stieler & Co. A/S



CONTENTS.

03

Introduction

03

The Stielor approach

04

Responsible sourcing

04

Supplier selection

06

Encouraging a safe and healthy
working environment

1. Introduction

Stieler & Co. supplies promotional items, gifts and merchandise in Denmark. We do not have own production, which means we work as third-party between end-consumer and supplier. Since our inception +20 years ago, we have worked closely with both domestic and international partners. We have established a wide global network of suppliers and sub-suppliers from Europe, China and the Far East. With a global network we recognize our responsibility to impact our suppliers, thus we believe our supply chain to be the area of which we have our biggest impact and opportunities to improve social, ethical and environmental conditions.

2. The Stieler approach

Stieler & Co.'s ambition is to actively manage a responsible supply chain, and promote sustainability and contribute positively toward the development of the society. The overall focus in our CSR strategy is driven by following ambitions:

- + We strive to create positive value for all shareholders. Both present and future associations with Stieler & Co. shall create long-term value by an enhanced corporate image.
- + We believe that by working responsibly and sustainably we can reduce our negative impact and develop innovative solutions to advance our positive contribution to the environment and society upon which we depend for our future growth.
- + We recognize the complexity of global procurement and the risks can occur when buying promotional products. Therefore, we take every effort to select and monitor our global network of suppliers, and manage their performance over time to establishing long lasting collaborative relationships.

We have implemented a responsible supply chain management system, which is based on CSR- and product/quality compliance.

3. Responsible sourcing

As our business model is based upon sourcing, we always emphasize the importance of quality and eliminating risk. As agents and third-party suppliers are associated with higher risk, due to their independent network of suppliers, we strive to choose direct suppliers i.e. to buy directly from the manufactories.

At Stieler & Co. we handle risk of adverse impacts on the CSR principles in the supply chain by requiring our suppliers to establish necessary processes to create CSR improvements. During the past year all suppliers has received Stieler & Co.'s "Code of Conduct". The "Code of Conduct" outlines the minimum standards for partnering with us. Together with our own representatives in Hong Kong and China, Stieler & Co. developed a set of stringent guidelines, which we use to identify and select suitable partners. Along with our own quality standard guidelines, we use the "CSR Compass", developed by the Ministry of Business and Growth Denmark and the Confederation of Danish Industries, to ensure a reliable and transparent platform for our business.

4. Supplier selection

When we select suppliers our efforts are focused on a question of weighting resources against importance of the supplier, and the CSR risks that are particularly relevant. The process when selecting and eliminating suppliers, consist of five stages. Stieler & Co.'s selection process plays an important role in reducing risk, costs and response time. Thus, the efficiency and value a supplier provides is reflected in the end product by improved quality and increased accuracy.



When we engage in a dialog with new suppliers, the first stage is to request the suppliers to read and comply with our "Code of Conduct". To eliminate the risk of adverse impacts on our CSR principles, we include suppliers where we have a justified suspicion of adverse CSR performance.

Preventive activities will depend on the resources we have available to engage in a dialog with the specific supplier. We focus our efforts on suppliers with highest commercial impact. It is typically these suppliers we can influence the most, since we are an important partner for them. Together with our representatives in Hong Kong and China we visit the suppliers we are particular dependent on.

In the past few years we have categorized our suppliers in an internal database. This provides a solid overview on suppliers of high commercial importance. At Stielor & Co. we recognize we cannot help suppliers to move from one stage to another without a risk assessment system. In 2018 we prioritize to optimize our supplier database, in order to identify suppliers of high-risk. When risk suppliers are identified, we rank them irrespective of the supplier's importance to our activities.

We will rank them in regards to their compliance. We make this distinction with the purpose to secure a management system which enforces responsible business practices across our supply chain. The categorization will present the compliance stage of which the supplier belongs. Thus, it will include the requirements needed for the

suppliers to increase on the list. We will classify our suppliers as A, B and C, to indicate if any improvements are needed.

Category A

Suppliers comply with our "Code of Conduct". These suppliers meet our requirements, and no supporting documents are needed for future employment.

Category B

Suppliers partially comply with our "Code of Conduct". Improvements are required and supporting documents are needed for future employment.

Category C

Suppliers in this category are not in compliance. Compliance documents are needed in order to achieve or do business. If these suppliers will not meet our requirements for documentation and our "Code of Conduct" compliance, they will immediately stop supplying Stielers & Co.

In 2018 focus is on suppliers in category B and C. We will enter a dialogue, and secure guidance and a close cooperation of ongoing improvements. In first stage, we select suppliers and send a self-assessment questionnaire. This self-assessment questionnaire will enable the supplier to react to the requirements we have set in our "Code of Conduct".

In second stage we will follow up on the answers given. We expect for most suppliers, follow-up will take place over phone or email, however a visit might be necessary in particular cases.

5. Encouraging a safe and healthy working environment

With a long history working in China and the Far East, we recognize the area of working conditions needs extra attention. The managers should appoint one or more

representatives with the responsibility to formulate written policies and procedures with respect to health, safety, social welfare and facilities management.

The representatives will monitor policies and procedures and secure they are communicated and respected. It is important the management team and the representatives understand the impact of having healthy and motivated employees. We encourage our suppliers to maintain a positive, safe and healthy working environment, by motivating them focus on benefits that reduces sickness. By encouraging and promoting a good a healthy workforce, our suppliers can improve: productivity, morale, employee engagement and performance.