

# UN GLOBAL COMPACT COMMUNICATION ON PROGRESS

Date: 27<sup>th</sup> March 2023

## 1. Background

A.D. began their association with the UN Global Compact (UNGC) in November 2018.

We pledge to continually upgrade workplace standards in the areas of:

- Human rights
- Labour
- Environment
- Anti-corruption

A.D. re-affirms its support for the UNGC and its 10 guiding principles.

A handwritten signature in black ink that reads 'Amo Singh'.

Amo Singh  
Managing Director

## 2. Progress reporting

This Communication on Progress (COP) reporting period is from June 2021 to March 2023.

This report details the systems and activities at AD Merchandise T/a A.D. that;

- Support the 10 guiding principles; and
- Outline the outcome of each of them.

### 2.1. Human Rights

***Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;***

***Principle 2: make sure that they are not complicit in human rights abuses.***

#### 2.1.1. System

We have international organisational policies and procedures that guide and control the implementation of internationally proclaimed human rights and the exclusion of abuses. The main policies and procedures are:

- **Code of Conduct** - We state our position on international human rights, sustainability standards and principles. It comprises:
  1. Do not engage in or support the use of child labour.
  2. Do not engage in or support the use of forced labour.
  3. Do not engage in or support the use of any form of corporal punishment.
  4. Do not engage in or support any form of discrimination.
  5. Apply with applicable laws and industry standards on working hours.
  6. Freedom of association and the right to collective bargaining are respected.
  7. Provide a safe and healthy working environment and minimise accidents through removing hazard and reducing risk.
  8. Ensure that wages paid always meet legal or industry standards and shall be sufficient to meet basic needs and provide some discretionary income.
- **Our values** – these are the foundation of our business and define the way our employees act.

#### Who we are

Unlike other branded merchandise companies who concentrate on products, we focus on creative solutions, balancing our environmental impact and building genuine relationships with our customers.

#### Promise

At A.D., we want our customers to have a great experience. We nurture our relationships with our clients and suppliers and invest in our team and our planet. That way, we know we can create the most innovative branded solutions, responsibly, creatively and ethically. It's a fresh take on branded merchandise.

## Core Values

### Take care.

We value and celebrate each other. We don't take things for granted; we're grateful for each other, how far we've come and who we are. We care about our customers; being patient, helpful and careful with their budgets. We give back to the community, and we take real responsibility for our environmental footprint.

### Inspire & connect.

We're a tribe; better and stronger together, no matter what. We support and inspire each other and our customers in everything they do. Sharing ideas, working together and staying positive. Something everybody wants to be part of.

### Do the right thing.

We'll always do right by our customers, each other and our planet. Our integrity and authenticity are the reason we're trusted, and why our customers are loyal. Every decision we make has our customers', suppliers and community's best interests at heart.

### Creative at heart.

We're creating experiences as well as solutions and making sure our customer's brands really make an impact. We're finding new ways to inspire our clients and thrive off each other. We're taking the creative space within our industry, and we're doing it with gusto, dedication, passion and the confidence to think differently.

### Never stop evolving.

We're growing our business, our team and our client relationships. We're ambitious, focused and strong in the face of adversity. We'll continually improve our skill set and embrace new opportunities and ideas. Always adjusting to become a better team and encouraging each other to strive for greatness every day.

### No quick fixes.

Innovative solutions with a personal touch mean taking time to understand our customers and their brands. We collaborate with each other to do our best for our clients. Quality counts, and our products are built to last. No short cuts and an excellent service.

### We Greenify®

We're committed to behaving ethically and responsibly. We recognise that however hard we strive to be sustainable, our business creates an ongoing environmental impact through unavoidable carbon emissions, our global deforestation footprint, and plastic pollution. We're doing something about it.

In 2022 we took the following action:

Carbon (tCO <sub>2</sub> e)	724.8
Plastic (kg)	3504
Trees Planted	1368

- **Supply chain management** – The Code of Conduct is implemented through the day-to-day supply chain operations for all vendors globally to qualify vendors (suppliers and factories) that share our values. We define the important nature of the key values with our supply chain to ensure full compliance to legal, environmental, societal and ethical standards.

In February 2023, we introduced a revised Sustainable Procurement Policy.

## **Global Supply Chain Code of Conduct**

### **Introduction**

As a global company with a global footprint, AD Merchandise Limited (AD) is committed to ensuring our entire supply chain upholds our corporate sustainability and social responsibility standards. Operating as a responsible and sustainable business remains fundamental to preserving the strong reputation of AD's brand, delivering sustainable growth, and retaining the trust of our stakeholders.

### **Confidentiality**

To enable AD to conduct business with you as a supplier, it is necessary to ensure that our established relationships with existing customers and also potential new customers are fully and properly protected.

Confidential information or data excludes information which at the time of disclosure is in the public domain or subsequently becomes so other than by breach of this confidentiality agreement.

1. Any information or data disclosed shall remain the property of AD Merchandise and that, subject to a written request at any time, the supplier shall return all information/data back to AD Merchandise and provide written confirmation that all information/data has been destroyed from their possession.
2. The supplier will not use, copy, reproduce, act upon or disclose the information or data for any other purpose than is required to provide the goods requested unless directed otherwise.
3. The supplier shall keep all information and data secure & confidential and have necessary procedures and measures in place to do so.
4. At no time during the life of this agreement will you or any of your subsidiaries or associate companies contact our customers, clients or end users either by direct or indirect means.
5. The supplier shall not without the written authorization of AD Merchandise communicate or allow to be communicated any information or data to any third party outside of this agreement.

6. Upon termination of any such co-operation the supplier shall make no use of any of the information/data provided and shall return and destroy it.

## People

### ➤ **Modern Slavery and Human Trafficking**

This applies to all persons working for us, or on our behalf in any capacity, including suppliers and your supply chain.

AD strictly prohibits the use of modern slavery and human trafficking in our supply chain. We have and will continue to be committed to implementing systems and controls aimed at ensuring that modern slavery is not taking place anywhere within our supply chains. We expect that our suppliers will hold their own suppliers to the same high standards.

Modern slavery is a term used to encompass slavery, servitude, forced and compulsory labour, bonded and child labour and human trafficking. Human trafficking is where a person arranges or facilitates the travel of another person with a view to that person being exploited. Modern slavery is a crime and a violation of fundamental human rights. We expect that our suppliers will hold their own suppliers to the same high standards.

### ➤ **Child Labour & Young Workers**

Suppliers must ensure that child labour is not tolerated in any form.

Any instances of child labour being uncovered in your supply chain must be reported to the relevant local authorities and A.D. be made aware of this immediately.

### ➤ **Human Rights**

Human rights are important to AD and include the right to life and liberty, freedom from slavery and torture, freedom of opinion and expression, the right to work and education, and many more. Everyone is entitled to these rights, without discrimination. We expect that our suppliers will hold themselves and their own suppliers to the same high standards.

### ➤ **Gifts & Hospitality**

AD recognises that trust and confidence in the propriety of its activities is essential to its continuing success and growth. In order to foster the trust and confidence that suppliers have in AD, it is important that AD and its suppliers behave, and are seen to behave, appropriately and honestly at all times. AD aim to protect the reputation of the supplier from impropriety and ensure that all suppliers are dealt with on an equal basis.

### ➤ **Health and Safety**

Suppliers should provide workers with a safe and healthy working environment that meets or exceeds applicable local laws and industry standards for safety and occupational health. This includes the provision of personal protective equipment, machine safety and emergency preparedness.

All PPE must meet the required safety standards set out by law and machines must be regularly serviced with records kept and available for review.

Emergency preparedness relates to accidents, natural disasters acts of God to ensure there are adequate measures in place to protect their employee's safety at all times.

➤ **Equality, Diversity & Inclusion**

Equality is at the core of the business and our statutory obligations as defined by the Equality Act 2010 and the Gender Recognition Act 2004.

As a supplier to A.D. and upon signing of this code of conduct you acknowledge that, you have a responsibility to protect your employees in the work place, remove all barriers to individual development and to maintain and promote an environment that appreciates diversity and is free from discrimination, harassment and bullying. Employees should always be treated with dignity and respect and valued for the skills and talents they bring to the Company.

- Everyone should be treated fairly regardless of ability, age, responsibility for children or other dependents, gender, disability, gender reassignment, marital status, political or religious belief or non-belief, race, colour, national or ethnic origin, sexual orientation, trade union membership or activity, or work pattern.
- Provide fair access to your services.
- Are socially inclusive.
- Are transparent in all that you do.
- Have a zero-tolerance approach to acts of discrimination and have reporting measures in place for employees to report any such instances without fear of reprisal.

➤ **Ethics and Anti-Corruption**

Suppliers are expected to work against corruption in all its forms, including extortion and bribery. AD and its supply chain is committed to the practice of responsible corporate behaviour.

➤ **Financial responsibility (accurate records)**

All suppliers' dealings are expected to be transparently performed and accurately reflected on the supplier's company's financial reports and filings.

➤ **Disclosure of Information**

Suppliers are expected to disclose financial and non-financial information in accordance with applicable regulations and prevailing industry practices.

➤ **Fair Competition and Anti-Trust**

Suppliers are expected to uphold standards of fair business and conduct business in accordance with all applicable anti-trust/anti-competition laws & regulations.

➤ **Conflicts of interest**

Suppliers are expected to conduct business in a manner that avoids any appearance of impropriety.

➤ **Counterfeit Parts**

Suppliers are expected to minimise the risk of introducing counterfeit or diverted parts and materials into deliverable product.

➤ **Intellectual Property**

Suppliers are expected to respect valid intellectual property rights and use commercially reasonable practices to protect the transfer of confidential technology and know-how.

➤ **Export Controls and Economic Sanctions**

Suppliers are expected to comply with applicable export restrictions as well as with restrictions on trade involving certain countries, regions, entities and individuals.

➤ **Whistleblowing and Protection against Retaliation**

Suppliers are expected to establish processes that allow concerns to be raised anonymously with confidentiality and without retaliation.

➤ **Energy Consumption & Greenhouse Gas Emissions**

Suppliers are expected to implement a comprehensive energy reduction strategy and management program whilst looking to increase the use of renewable energy across its operations.

➤ **Water Quality & Consumption**

Where applicable suppliers are expected to effectively reduce, reuse and recycle water with responsible treatment of wastewater discharges to protect the environment & improve overall water quality.

➤ **Air Quality**

Suppliers are expected to routinely monitor, appropriately control, minimise, and to the extent possible, eliminate emissions contributing to local air pollution through manufacturing operations. Where required PPE should be provided to employees to protect hearing.

➤ **Responsible Chemical Management**

Suppliers are expected to identify, minimise or eliminate the use of restricted substances in manufacturing processes and finished products to ensure regulatory compliance.

We have an annual requalification process for all key suppliers.

### 2.1.2. Activities

- Training on the A.D. Code of Conduct for all staff is part of the induction process, training matrix and company handbook.
- Inclusion of the A.D. Code of Conduct to all suppliers and factories annually. We only work with factories, manufacturers and suppliers who share these values.
- We have undertaken a rebranding programme working with an external agency. This includes new brand values and clearer internal team messaging. These went live in June 2021. The AD brand is now well established.

### 2.1.3. Outcomes

Our achievements as a result of the activities are:

- All key suppliers have renewed their commitment to the Code of Conduct as part of our annual trading agreement.
- All new suppliers including Chinese factories have signed up to the Code of Conduct prior to any purchase orders being issued.
- All Chinese factories that we have worked with over the last 12 months have shared acceptable BSCI audits, with principles aligned closely with those of the UNGC.

## 2.2. 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;*

*Principle 6: the elimination of discrimination in respect of employment and occupation.*

### 2.2.1. System

We have internal organisational policies and procedures that define day-to-day operational standards in relation to the right of collective bargaining, elimination of forced labour and compulsory labour, child labour and discrimination.

- Code of Conduct
- Policies and Procedures on Human Resource Management
- Policies and Procedures on Environment and Health & Safety (EHS) Management.

### 2.2.2. Activities

- Training on our Code of Conduct for all employees.
- Revision and communication of HR and EHS policies & procedures that incorporate up-to-date local regulations and operating standards.
- Implementation of HR and EHS policies and procedures – on Diversity & Inclusion and Health & Safety.
- Certification of factories in accordance with our Responsible sourcing guidelines via 3<sup>rd</sup> Party audit service providers.



### 2.2.2. Outcomes

Our achievements as a result of the activities are:

- All staff were trained on the updated HR policies and procedures through training and meetings.
- All new employees were given general health and safety training including an annual Display Screen Equipment (DSE) assessment.
- In December 2020, we moved offices to provide better facilities to staff. These include on-site gym, bicycle store, communal meeting areas alongside a modern and custom fit-out of the office space. The locality is an excellent transport hub.
- We continue to operate a family friendly policy; we have seven team members who have adapted working hours / hybrid working practices.

### 2.3. Environment

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

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

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

#### 2.3.1. System

Our guiding principles and measures are stated in the following policies:

- Policies and procedures on Environmental Management that are generated in accordance with ISO14001 guidelines.

#### 2.3.2. Activities

- We have achieved re-certification on ISO standards - ISO9001 and ISO14001 dated 20 October 2022.
- Awareness training to our team on the Environmental Management System.
- Going paperless in the office.
- Revised our company values to include Greenify®.
- With our contract with Greenify® we have:
  - Planet Positive People - That means that a portfolio of natural climate solutions underwrites each person on our team to rebalance their ecological footprint. Each month, for each employee, we fund:
    - 1. tonnes of nature-based carbon credits.
    - 3kg of nature-bound plastic waste recovered and repurposed.
    - 1 tree planted.
  - We Greenify®
    - We make monthly contributions to a range of natural climate solutions and environmental projects, and since we began to greenify our business in June 2021, we have contributed towards some great programmes, and as our business grows, our contribution to these initiatives will grow too – because rebalancing the impact of our activities is the only truly sustainable business model.
- Continued to promote and marketing sustainable products and solutions. Aiming to lower our carbon footprint and educate our customers.
- All courier parcels continue to use the UPS Carbon Neutral service as standard.

### **2.3.3. Outcomes**

Our achievements as a result of the activities are:

- Reduction of carbon emissions through:
  - All company cars are now electric vehicles with mileage regularly monitored.
  - Offset carbon emissions from courier deliveries using the UPS Carbon Neutral service for all deliveries.
  - Zonal lighting sensors installed in the office.
- 50% increase in the number of environmentally conscious products that we now sell, over 300 sustainable or eco-friendly products now available for our customers to choose from.
- 90% reduction in paper usage.

## **2.4. Anti-Corruption**

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

### **2.4.1. System**

Policies related to anti-corruption and anti-bribery are:

- AD Merchandise Code of Conduct.
- AD Merchandise Anti-Bribery Policy.
- AD Merchandise Anti-Slavery and Human Trafficking Policy.
- AD Merchandise Corporate Hospitality and Gifts Policy.

### **2.4.2. Activities**

- Training on our Code of Conduct and Anti-Bribery policies as stated in section 2.4.1.

### **2.4.3. Outcomes**

- Over 50 suppliers and factories representatives have been briefed on the A.D. Code of Conduct.