



Lesmar Ltd
The Barn
Wheathampstead Place
Wheathampstead
St Albans
AL4 8SB
UK

26th February 2014

COMMUNICATION ON PROGRESS (COP) TO THE GLOBAL COMPACT

Statement of continued support by the Chief Executive Officer (CEO)

Lesmar Limited is committed to behave in a socially and ethically exemplary way and we believe that we are responsible for all the people who take part in the production and support of our products and services worldwide.

Lesmar and its partners are committed to a high level of Corporate Citizenship, through our Code of Conduct, our partnership with the United Nations Global Compact Initiative and our Social Auditing Program.

Please find below our Communication on Progress which demonstrates our intent to continue with our efforts to support the principles of the Global Compact.

Yours sincerely,

Mike Oxley
Managing Director



Background Information

Lesmar Ltd - we specialise in creative product ideas and designs for merchandise that promote our client's branding. Whether the items are to be given away for promotional purposes, or sold retail, we find and design new ideas that are going to be popular with the end-users of the products and offer good value for money for our clients.

Due to the diverse nature of our business, which involves global sourcing, there are many requirements which we purchase directly from factories in both high and low risk countries (Maplecroft definition) in addition to small urgent requirements where we purchase from EU wholesalers and use local printers and embroiders. On this basis we need to have a multi-tiered strategy for implementing our commitment to the ten principles of the Global Compact, which is controlled through our preferred supplier network.

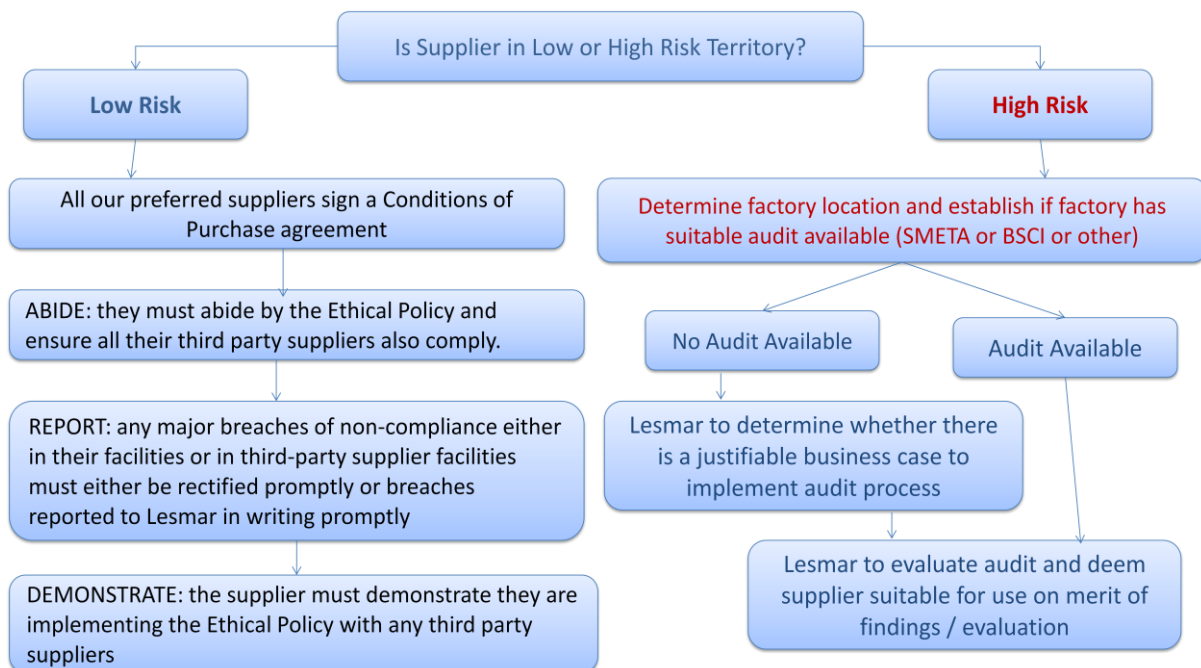
Preferred Supplier Program

- Detailed supplier assessment.

We assess and score suppliers according to the following areas: Spend, Product Quality, Pricing, MOQ's, Inspections & QC Procedures, Delivery, Samples, Complaints Procedure, Co-operation & Service, CSR and Audits/Accreditations. Scores are weighted according to our priorities. 68-93 points are an 'A' preferred supplier. 48-67 points are a 'B' preferred supplier. Less than 48 points are a 'C' preferred supplier.

- Auditing to become a Preferred Supplier.

After the detailed supplier assessment, to become a Preferred Supplier the process varies according to whether the supplier is located in a high or low risk territory based on the Maplecroft definition (for example Europe and North America are considered low risk and China and India are considered high risk) as detailed below.





Human Rights Principles

Assessment, Policy and Goals

Lesmar expects employers to respect fundamental human rights, to treat their workforce fairly and with respect. In order to make our position clear we have documented an Ethical Policy based on the Ethical Trading Initiative Code of Conduct. Please refer to Appendix A.

Implementation

Due to the nature of our business there are large requirements which we purchase from factories in both high and low risk countries (Maplecroft definition) in addition to small urgent requirements where we purchase from EU wholesalers and use local printers and embroiders to decorate the items. On this basis we need to have a multi-tiered strategy for implementing our Ethical Policy.

For suppliers based in High Risk countries (ref: Maplecroft)

Independent third party audits are conducted on all our preferred suppliers and we ensure they achieve reasonable evaluations before any work is contracted. On this basis Lesmar can and will provide copies of these audits, which we hold on file. I.e.; Social Audits, SMETA, BSCI, SA8000

For suppliers based in Low Risk countries (ref: Maplecroft)

All our preferred suppliers must sign a Conditions of Purchase agreement with Lesmar before we conduct business, which in summary, confirms the following.

1. The supplier is prepared to abide with the Ethical Policy in Appendix A and ensure that any third party suppliers in the supplier's supply chain also comply with Appendix A.
2. Any major breaches of non-compliance either in their facilities or in third-party supplier facilities must either be rectified promptly or breaches reported to Lesmar in writing promptly.
3. The supplier must demonstrate they are implementing the Ethical Policy with any third party suppliers. There are three options for demonstrating implementation.
 - i. Third party independent auditing.
 - ii. Internal auditing if thorough and established procedures are in place.
 - iii. 'Self-certification' for factories in Low Risk countries.

If the supplier fails to comply with either of the above, Lesmar may, at its sole discretion terminate any agreement or contract that it has with the supplier with immediate effect.

Measurement of Outcomes

- Lesmar have in place a Supplier Evaluation Program which evaluates our key suppliers (both in high risk and low risk countries) using a specific grading criteria which covers areas of Human Rights, Labour, Environment and Anti-Corruption. Each supplier is reviewed/evaluated to give a score and grade accordingly and logged on the Lesmar supplier database.
- In 2013 Lesmar targeted evaluating 10 of their high risk key suppliers and 15 of their low risk key suppliers which was achieved. They are now marked as S1 preferred suppliers on our database.

Labour Principles

Assessment, Policy and Goals

Lesmar expects employers to follow Labour principles, to treat their workforce fairly and with respect. In order to make our position clear we have documented an Ethical Policy based on the Ethical Trading Initiative Code of Conduct. Please refer to Appendix A.

Implementation

Lesmar employees are entitled to Health Insurance and Pension Scheme

Lesmar has a Discrimination Policy – please refer to Anti-Discrimination Policy

Lesmar Ltd's High Risk preferred suppliers sign a copy of The Ten Principles of the United Nations Global Compact.

Lesmar Ltd's Low Risk preferred suppliers sign a copy of our Supplier Agreement which includes our Ethical Policy (the International Standard – ETI Base Code, Ethical Trading Initiative Code of Conduct).

Measurement of Outcomes

- Target was for 10 High risk key suppliers to sign to the Ten Principles of the United Nations Global Compact, which was achieved.
- Target was for 15 Low risk key suppliers to sign our Supplier Agreement (our Supplier Agreement which includes our Ethical Policy (the International Standard – ETI Base Code, Ethical Trading Initiative Code of Conduct)).
- We renewed our registration with Sedex.



Members of Sedex – the not for profit membership organisation dedicated to driving improvements in responsible and ethical business practices in global supply chains.

Our Sedex number is S000000047914 www.sedexglobal.com

- SMETA audit - Our target was to increase the number of suppliers in our supply chain with SMETA audits from 10 suppliers to 25 suppliers which was achieved.



Charter Members of BPMA, therefore providing continuity and quality of supply, providing regulatory certification/ documentation, constantly scrutinising to ensure compliance with accreditation standards.



bpma Membership Number: 40908

International Partnership for Premiums & Gifts



UK member of IPPAG – a Cooperative of over 25 market leading promotional item wholesalers & distributors spread across the world www.ippag.net

IPPAG (The International Partnership for Premiums and Gifts) is a Swiss based Cooperative created in 1965.

The Cooperative's purpose is to produce shared resources, output and added value for all its member companies, based on the open exchange of information, and resulting in commonly developed initiatives and projects.

The IPPAG committee has made an upmost priority of developing and implementing a vast CSR program throughout the group of IPPAG members and it's supply chain.

IPPAG have Preferred Partner Suppliers which we use regularly because for all these suppliers IPPAG is currently implementing the use of SAI's Social Fingerprint supplier assessments. Details below;



Social Fingerprint® leverages SAI's experience from creating the SA8000 standard for decent work. It is based on a management systems concept and breaks it into component processes so that suppliers can take much more targeted steps towards improvement. It helps suppliers to go beyond looking at code violations, to evaluating the processes that are essential to a high-level of social performance. The program's process-based approach is a practical way to drive improvement regardless of which corporate or industry code is being used.

The IPPAG Preferred Partner suppliers take the online course "Social Fingerprint®: Getting Started in Your Company." It explains the process-based approach to social compliance. The course includes a self-assessment with questions separated into nine categories – the suppliers are scored on a scale of 1-5 (5 = highest) in each of the categories, noted below:

1. Management Systems/Policies & Procedures
2. Internal Social Performance Team
3. Worker Involvement & Communication
4. Complaint Management & Resolution
5. Level & Type of Non-Conformances
6. Progress on Corrective Actions
7. External Verification & Stakeholder Engagement
8. Training & Capacity Building
9. Management of Suppliers & Contractors

Suppliers see their Social Fingerprint® score in each category and have ongoing access to 90 improvement tips.

- **Lesmar target was to receive 5 completed SAI Social Fingerprint assessments from our key suppliers, from which 2 were received.**



Environmental Principles

Assessment, Policy and Goals

We ask our employees and suppliers to take into account the effect their activities have on the environment at all times.

Lesmar is committed to minimisation of waste and the recycling of materials.

Where appropriate energy management will be used to help our consumption and also to save energy for the general environment.

Implementation

In meeting our commitment we will endeavour to:

- Legal

As a minimum, meet statutory requirements of environmental regulations and standards to which we subscribe.

- Recycle and use of Recycled Materials

Recycle and reuse any materials possible and use environmentally friendly products where possible including paper, tins, packaging etc.

- Waste Management

Minimise waste product wherever possible and make sure waste materials are disposed of in an environmentally safe manner and in accordance with regulations.

- Suppliers

Work in partnership with suppliers and customers to ensure best practice is followed for supply of goods and services. Suppliers sign our Code of Conduct which states; Lesmar expects all factories, suppliers and any third party factories to be committed to minimisation of waste and the use of harmful chemicals, and also committed to the recycling of materials.

- Energy

Manage all energy supplies and water supplies to obtain optimum consumption through management initiatives. We will also endeavour to cut vehicle emissions by using eco friendly transport or public transport where possible.

- Company Awareness

Lesmar encourage its employees to act in an environmentally conscious manner, and will encourage awareness of environmental responsibilities throughout the company.

Lesmar is working to continually carry out and improve our impact on the environment.

Measurement of Outcomes

ISO14001 certified. Certificate number: E1309/190701

Lesmar are a WEEE registered company (Waste Electrical and Electronic Equipment) Our reference: **WEE/FC0360QW**

Lesmar ensure that when sourcing products from Non-EU countries they comply with all EU directives such as CE, REACH and ROHS. All certificates are stored.

Target was to find 5 more suppliers with ISO14001 certification than we currently have which was achieved.



Anti-Corruption Principles

Assessment, Policy and Goals

Lesmar pride ourselves on our reputation for acting honestly, openly, fairly and ethically wherever we do business. Our reputation is built on our values as a company, the values of our employees and our collective commitment to acting with integrity throughout our organisation.

We are committed to acting professionally and fairly in all of our business dealings and relationships wherever we operate. We take a zero-tolerance approach to corruption in all its forms and do not accept it in our business or in those we do business with.

Implementation

We uphold all laws relevant to countering bribery and corruption in all the jurisdictions in which we operate and will actively co-operate with law enforcement authorities in the investigation and punishment of any act of corruption or bribery by any person employed by or associated with Lesmar.

As a UK registered and operating company, we are bound by the Bribery Act 2010, described as "the toughest anti-corruption legislation in the world" (Breslin (2010) p.362

Measurement of Outcomes

Target was for 10 High risk key suppliers to sign to the Ten Principles of the United Nations Global Compact, which was achieved.

Target was for 15 Low risk key suppliers to sign our Supplier Agreement (our Supplier Agreement which includes our Ethical Policy (the International Standard – ETI Base Code, Ethical Trading Initiative Code of Conduct).