

COMMUNICATION ON PROGRESS (COP) TO THE GLOBAL COMPACT

April 2017

Statement of continued support by the Chief Executive Officer (CEO), Mr Mike Oxley:

IPPAG Global Promotions 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.

IPPAG Global Promotions 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, our membership of Sedex and our new Supply Chain Management Program which incorporates 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
CEO

Background Information

IPPAG Global Promotions is a global joint venture company headquartered in London, providing full service solutions for Promotional Materials.

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 local 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 new Supply Chain Management Program.

Supply Chain Management Program

Our Supply Chain Management Program (SCMP) involves the entire range of actions in the organization sourcing, procurement and operational processes, from modelling and documentation, to communication, analysis and performance measurement. Our aim is for *continuous process improvement*, and not simply at a one-time change. This is used not only in our business but our supply chain in which we have a 2-layer approach to how we manage and work;

1. **Supplier Assessment** - Our Supply chain management team are pre-evaluating, reviewing, identifying risks and continually working with the suppliers to improve and mitigate the risk and that not only poor performance but also good performance is fed back to the supply chain.
2. **Performance management** - Operations perform controls as an integrated part of day to day within our supply chain, with effective reporting and monitoring tools.

Both layers work simultaneously which ensures an effective performing and quality supply chain that continuously improves. Throughout our approach we follow the basic principles of Carter's 10 C of supplier evaluations which is used throughout our SCMP in both aspects of our 2-layered approach ensuring we are constantly evaluation and reviewing;

1. Competency – Do our suppliers have the skills to deliver the materials we require?
2. Capacity –Do our suppliers have an adequate “engine room” to produce the goods? Capacity can include equipment, human resources and materials.
3. Commitment –Quality is a key requirement of our business – do our suppliers have the commitment to maintain suitable quality performance?
4. Control – Are our suppliers in control of their policies and procedures? Can they ensure that its performance can be consistent?

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5. Cash –Do our suppliers have adequate financial standing?
6. Cost – What are the cost of products from our suppliers?
7. Consistency –Do our suppliers guarantee a consistent product time and time again?
8. Culture – Do our suppliers share the same cultural and ethical values as we do?
9. Clean – Do our suppliers operate to appropriate ethical and sustainability standards?
10. Communication – how do we communicate with our suppliers and who does it

Layer 1 - Supplier Assessment

Measuring and monitoring our suppliers is a key aspect of our business ensuring that the supplier is meeting the criteria we set including ethical and audit standards (corporate social responsibility - CSR), quality assurance, service levels and performance that we expect, and to also identify room for improvement. This is conducted jointly with our suppliers.

Prior to working with any suppliers we ensure they go through a Supplier Assessment.

Supplier Assessment

We send each supplier a self-assessment questionnaire (SSAQ), which has 144 questions based on 11 different areas relating to; **Ethical Code of Conduct (ETI Base Code)**, **The 10 Principles of the UN Global Compact** and **Sedex SMETA 4 Pillar Audit**. The 11 areas are as follows.

1. Legal compliance / Management Systems
2. Forced Labour
3. Wages & Benefits
4. Hours of Work
5. Freedom of Association
6. Child Labour
7. Discrimination
8. Abuse of Labour
9. Health and Safety
10. Environment
11. Bribery & Corruption / Business Practices

We then have a twelfth section for supplier product categorisation.

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Within the completed questionnaire each question is graded and a RAG (red, amber, green) status given to the supplier.

The supplier RAG is held within our supplier list on our intranet along with the documentation the supplier has provided as part of the survey such as audits (defined list of audit frameworks) under 2 years old, procedure documents etc.

Suppliers rated red are not used but still held on file.

Suppliers rated amber remain under assessment on an order by order basis or until they have improved the areas identified. These suppliers must also be visited prior to any order placed.

Suppliers rated green are classed as approved suppliers.

Please note we then have a preferred supplier program drawn from the approved suppliers with whom we try to consolidate our spend to negotiate the best rates and service levels.

Supplier Assessment to be repeated/updated every two years.

Layer 2 - Performance Management

When the suppliers are used within daily operations the use of the risk and issue log and our MIS becomes a key driver in the management of the performance and quality of the suppliers. Each case is recorded under the following headings with the Issue log:

ISSUE MANAGEMENT LOG												
ID	Current Status	Date Identified	Entered By	Issue Description	Supplier	Expected Resolution Date	Escalation Required (Y/N)?	Priority	Impact Summary	Action Steps	Actual Resolution Date	Final Resolution & Rationale

Each issue is reviewed and updated until a resolution is achieved, and as a result we then try to improve the process and work with the supplier to ensure it doesn't happen again. Within 4 weeks of any closure of an issue it is reviewed again to ensure it was the best improvement or has it highlighted other problems. Our aim is for continuous process improvement.

We are also looking at risk and how we can mitigate these not just when an event happens but at any time, no matter how small or insignificant. Having things mitigated before they occur can then reduce the chance of it happening. All risks and migration are recorded on the risk and issue log and reviewed constantly.

We believe that it is important to hold regular review meetings where both parties seek to understand how they can make the relationship perform better. Meetings between ourselves and suppliers should be two-way, with both parties learning from each other. We can also improve own performance as a result of supplier feedback.

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There are three different aspects to the monitoring of supplier performance that we adopt:

1. Gathering factual, and therefore objective, information about their performance such as lead-times from order, quality standards being met, pricing compliance and on time delivery performance against agreed delivery lead times. This information is obtained as described in the Layer 1 above and through our risk & issue log and MIS system
2. We obtain experiences of our staff who use the suppliers on a daily basis (for example, in respect of service, attitude and response rates). We try to be as objective as possible, although in some cases it may, inevitably, be subjective and this again is recorded within our MIS against the supplier. As we are a large organisation we hold annual surveys/meetings with our procurement leads to gain further experiences
3. The supplier's experience of working with us and how we can help them make the process more efficient for them.

Suppliers are then reviewed each year with a grading.

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Human Rights Principles

Assessment, Policy and Goals

IPPAG Global Promotions 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. Please refer to Appendix A.

All our preferred suppliers are signatories to our Ethical Policy. Our goal is to ensure all our suppliers are signatories to, and meet or exceed, our Ethical Policy by 31st March 2018.

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 local 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 IPPAG Global Promotions can and will provide copies of these audits, which we hold on file. I.e. SMETA, BSCI, SA8000 etc.

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

All our preferred suppliers must sign a Conditions of Purchase agreement with IPPAG Global Promotions 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 IPPAG Global Promotions 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, IPPAG Global Promotions may, at its sole discretion terminate any agreement or contract that it has with the supplier with immediate effect.

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Labour Principles

Assessment, Policy and Goals

IPPAG Global Promotions expects employers to follow Labour principles, to treat their workforce fairly and with respect. In order to make our position clear and ensure high standards through our supply chain we have created our Supply Chain Management Program (SCMP) and have documented an Ethical Policy incorporating Labour Principles as detailed in Appendix A.

Our goal is to put all our suppliers through our SCMP program to be completed by 31st March 2018.

Implementation

We send each supplier a self-assessment questionnaire (SSAQ), which has 144 questions based on 11 different areas relating to; **Ethical Code of Conduct (ETI Base Code), The 10 Principles of the UN Global Compact and Sedex SMETA 4 Pillar Audit**. The 11 areas include:

- Legal compliance and Management Systems
- Forced Labour
- Wages & Benefits
- Hours of Work
- Freedom of Association
- Child Labour
- Discrimination
- Abuse of Labour
- Health and Safety

Within the completed questionnaire each question is graded and a RAG (red, amber, green) status given to the supplier.

The supplier RAG is held within our supplier list on our intranet along with the documentation the supplier has provided as part of the survey such as audits (defined list of audit frameworks) under 2 years old, procedure documents etc.

Suppliers rated red are not used but still held on file. Suppliers rated amber remain under assessment on an order by order basis or until they have improved the areas identified. These suppliers must also be visited prior to any order placed. Suppliers rated green are classed as approved suppliers.

Please note we then have a preferred supplier program drawn from the approved suppliers with whom we try to consolidate our spend to negotiate the best rates and service levels.

Supplier Assessment to be repeated/updated every two years.

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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. In order to make our position clear we have documented an Environmental Policy. Please refer to Appendix B.

Our goal is to put all our suppliers through our SCMP program to be completed by 31st March 2018.

Implementation

We send each supplier a self-assessment questionnaire (SSAQ), which has 144 questions based on 11 different areas relating to; **Ethical Code of Conduct (ETI Base Code)**, **The 10 Principles of the UN Global Compact** and **Sedex SMETA 4 Pillar Audit**. The 11 areas include detailed questions regarding the environment.

In meeting our commitment we will as a minimum, meet legal statutory requirements of environmental regulations and standards to which we subscribe in addition to the following standards.

- **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; IPPAG Global Promotions 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**
We encourage our employees to act in an environmentally conscious manner, and will encourage awareness of environmental responsibilities throughout the company.

IPPAG Global Promotions is working to continually carry out and improve our impact on the environment.

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Anti-Corruption Principles

Assessment, Policy and Goals

IPPAG Global Promotions 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.

In order to make our position clear we have documented a Bribery, Gifts and Hospitality policy. Please refer to Appendix C.

Implementation

We send each supplier a self-assessment questionnaire (SSAQ), which has 144 questions based on 11 different areas relating to; **Ethical Code of Conduct (ETI Base Code), The 10 Principles of the UN Global Compact** and **Sedex SMETA 4 Pillar Audit**. The 11 areas include detailed questions regarding the bribery and business practices.

All our business and supply our partners must sign up to our standards set for bribery.

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 IPPAG Global Promotions.

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