

Who we are and why we're here



We create big ideas to inspire and deliver the necessary step change towards business that are simply sustainable.

We believe that this will be achieved through collective ambition and action-led approaches that are built to respond to the fast pace of change.

Less talking, more walking.

This change is more than communications, more than business operating in isolation. We believe in doing things differently in order to engage all audiences differently.

This means breaking the mould on conventional approaches to strategy, performance and communications.

This means taking a systems view of the issues and building strategies that are as agile as they are ambitious. Something that we have been doing for 20 years, with some of the world's leading businesses.

Wherever the journey starts, together with our clients, we will help to make the step change happen, delivering positive growth and business impact by making sustainability creative, tangible and actionable.

20 years

led by founders Penny Baxter and Nigel Salter

55%

of our clients are from outside the UK

29

New clients in 2017

About this report

This is Salterbaxter MSLGROUP'S 12th Communication on Progress submitted to the UNGC.

It covers the calendar year January to December 2017. As part of Publicis Groupe we are also covered in their Group CSR and Annual Reporting documents and their commitment to the UNGC.



Section One talks about our business and our approach to delivering value to society through our work as well as our actions internally.



Section Two restates our commitment to the UNGC 10 Principles and highlights some of our activities that make progress against each of these.



Section Three is where you'll find our responsible business policies and procedures.

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Statement from our new leadership

This is our 12th Communication On Process to the UN Global Compact and the first to be addressed from a new leadership team.

The strength of Salterbaxter has always been the dedication of all of the staff to our guiding Purpose – to delivering positive growth by making sustainability creative, tangible and actionable so that businesses are competitive whilst being fit for a future in which we all thrive.

And so at the beginning of 2018, when our two founders Nigel Salter and Penny Baxter stepped down after almost 20 years at the helm, they left safe in the knowledge that the team would continue to drive ever greater positive impact in more organisations all around the world.

This is what we have always stood for and it what we will continue to pioneer.

Salterbaxter is the hub of expertise on sustainability within MSL and Publicis Groupe. Our sphere of influence and power to challenge within this global organisation and client network provides us with exciting opportunities to shape the global business agenda.

For instance, we were proud to be named by our clients in the top ranking of the UK's leading management consultancies in Sustainability by the Financial Times newspaper.

Reporting to the UN Global Compact each year gives us an opportunity to reflect on the changing dynamic between business and society and how we ourselves live up to it. The UNGC is a true global movement for corporate sustainability and its values and principles are central to our own way of thinking as well as how we work with many of our clients. We remain committed to the UNGC and outline the progress made and actions taken in 2017 through this report.

As we evolve as a business, we continue to reflect on how we can embody what we advocate. Through taking actions such as understanding the big and small nuances around diversity, how we share knowledge and live our values through our behaviours, we can become a better place both to work for and with.

We hope you join and follow us in the next phase.



Jeremy Cohen Managing Director



Kathleen EnrightDeputy Managing Director

Helping business and brands step up

Our ambition is to help business and brands Step Up to the challenge of the changing relationship between business and society through our smart

Our impact reaches further through our clients, some of the world's largest companies, embedding sustainability in their DNA and driving transformation.

strategy, insights and creativity.

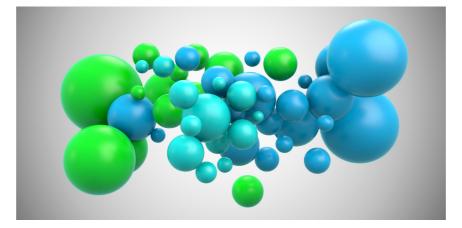
Some examples of our work from 2017 included:



ASICS | Aligning brand and sustainability purpose

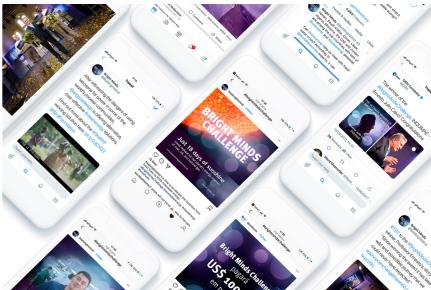
ASICS are one of the world's leading sports brands. We have worked with them for a number of years on their sustainability reporting. 2017 saw the

opportunity to help them align a brand refresh programme with a sustainability narrative resulting in the clear ambition 'Moving body and mind to create a stronger world'. This ambition sat at the top of a framework that has created a structure for sustainability communications going forward. As a result, outputs that followed included product information labelling around environmental impacts and a social campaign with their charity partner Right to Play.



Xeros Technology Group | Cleaning up some of the world's most polluting industries

Xeros Technology Group (XTG) has developed a disruptive new polymer bead that has the potential to transform industrial processes that have typically used large amounts of fresh water, polluted the environment and created hazardous working conditions. Polymer beads replace water and as a result processes use up to 70% less water, 70% less chemicals, 70% less effluents and 50% less energy. Salterbaxter helped XTG define their Purpose 'Giant Steps - to help the world use water more resourcefully' and four big 2022 goals around the transforming industries, improving biodoversity, and of course saving billions of litres of fresh water. We also created an identity, messaging and a number of brand assets. We then applied these to two very different exhibition opportunities: the Consumer Electronics Show (CES) in Las Vegas and an Innovate UK event in Shanghai.



DSM | A renewable revolution for societal change

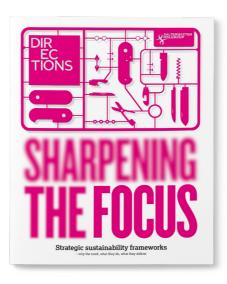
DSM are a science-based company using technology and innovation to create ingredients and materials that 'can change the world'. They wanted to evolve their existing open innovation programme from a campaign to a movement for societal change. Believing that the solutions to some of the world's biggest problems already existed - we just needed to help DSM find them.

So we developed the Bright Minds Challenge: a public competition on renewable energy, designed to identify and connect with a global community of scientists and technologists across the world to surface solutions that made renewable energy more scalable, efficient and accessible to all.

Using a data-led approach to identify influencers and innovators, the campaign reached deep into niche science and technology communities and built a global movement behind the competition. The finalists and ultimate winner were announced at key events in New York and Amsterdam, with DSM and its partners pledging support to take the winner – Professor Ernest Calvo's INQUIMAE solution for extracting lithium using solar power – through to execution.

Contributing to the debate through thought leadership

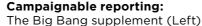




Throughout the year we share our insights in the form of publications and events focused on current and leading-edge sustainability topics and trends. The sustainability landscape is extremely dynamic and continually evolving. It is key that we both challenge and support the ever-changing agenda as remaining at the forefront and shaping best practice is of course business-critical.

In 2017 we published two supplements: one about the value of sustainability frameworks in communicating strategy and approach and another about maximising the reporting effort by building a strategic communications plan into the process.

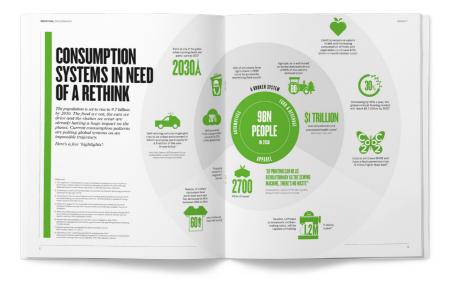
www.salterbaxter.com



Sustainability frameworks:

Sharpening the focus supplement (Right)





In November, our Sustainable Business Forum focused on system change - Fixing Food: How Disruption will Save the System. We had an amazing range of contributors reflecting the scope of and interest in the challange. They included Tim Lang, Professor of Food Policy at City, University of London's Centre for Food Policy; Nigel Topping CEO of the We Mean Business coalition; Anne Babkine, Brand, CSR & Corporate Communications Director, Elior Group; Dr. Lee Howell, Member, Managing Board & Head of Global Programming, World Economic Forum; and Kate Hofman, CEO and Co-Founder, GrowUp Urban Farms - London's first commercial aguaponics urban farming business. The event stimulated a valuable debate for attendees which was then reflected in the publication that followed -The Big Shift: Getting to Grips with Systems Change.

https://forum.salterbaxter.com

A focus on system change at our Sustainable Business Forum and in our 17th Annual Directions report

A food focus for If Only

If Only is our internal programme that brings us all together to tackle the sustainability challenges we care passionately about, and to seek innovative ways to raise awareness and change behaviour.

Following the launch of the Common Ground initiative by Ban Ki-moon in the autumn of 2016, we placed an emphasis on issues relating to SDG 2: Zero Hunger. "Following the launch of the Common Ground initiative we wanted to make a contribution.

So we have applied an SDG 2 lens across all our If only activities so as to raise awareness of the food system issues relating to the goal.

At the centre of this was Innovation Day. 50% of the social entrepreneurs we worked with across London and NYC had food at the heart of their business either as an issue to solve or a means to solve issues.'



Senior Consultant and If Only Programme Director

The If Only framework



Mission:

Inspire, innovate, impact

We will make change happen by inspiring each other to innovate and make a positive impact on sustainability challenges.

Think it, do it

Awareness is not enough.
Action is key. We will find new
ways to interact, motivate
each other to participate and
make an impact. We will do
this through:

- Supporting social businesses via our Innovation Day
- Engaging themes that lead to understanding and drive behaviour change

Measure and report

Together we will create an inspiring place to work where our people thrive.
We will also improve the management of our business impacts through:

- KPI scorecard
- UN Global Compact Communication on Progress including our annual performance report



Think it, do it: For One Table

One Table

In 2016, Publicis Groupe joined the Common Ground pact alongside five other major holding companies (WPP, Omnicom, Publicis Groupe, IPG, Dentsu Aegis and Havas). Each of the holding companies pledged its support to one of the United Nations Sustainable Development Goals (UN SDGs) to build a better world for everyone. Publicis Groupe were assigned SDG 2: Zero Hunger.

In 2017 Publicis Groupe, in collaboration with Salterbaxter and Sapientrazorfish, launched One Table, on the United Nations' International Volunteer Day. One Table is run day-to-day by Salterbaxter, and it aims at promoting action on improving nutrition, reducing food waste and reinforcing sustainable supply chains, all of which are major issues in the countries and cities where our Publicis Groupe colleagues live and operate.

The goal of One Table is to mobilise our entire organisation to come together to do what we do best as communicators, makers, and storytellers to help end hunger. By showcasing the numerous initiatives happening across the Groupe to support Zero Hunger, we will amplify the positive impact our agencies are already having, and inspire more to focus their efforts on areas that directly impact the Zero Hunger Goal.

Some highlights have included:

Leo Burnett MEA invited clients, colleagues and Publicis Groupe agencies to help end world hunger by submitting a personal wish for the New Year, making a donation to local SDG2 charity on behalf of every wish made.

BBH London worked with Tesco, a leading UK supermarket, to engage customers and their supply chain to reduce waste, eat healthier and improve their agricultural sustainability. The project which went across TV, print and online media included recipes from customers on how best to use-up food waste.

ZenithOptimedia France and Australia, Salterbaxter UK, Leo Burnett US, Publicis Health France, and BBH US all took time out of their busy agency schedules to volunteer for local causes to raise awareness, raise money, and welcomed food-social enterprises into their offices.

Sapientrazorfish have an ongoing relationships with non-profit Natural Resource Defense Counsel. The multi-year campaign (over multiple media channels) called Save The Food shows consumers how a few simple actions can curb food waste while reducing carbon gas emissions. Each piece of campaign content, easy to digest and easy to share through social media, further amplifies the campaign's message and educational goals.

http://publicisgroupeonetable.com/

Think it, do it and change behaviour

If Only seeks to make change happen by inspiring each of our colleagues to innovate and make a positive impact on sustainability challenges.

If Only initiatives in 2017 responded to the One Table programme and were themed all around SDG 2.

We created 5 pledges for 5 days of the week that we rolled out across the year focusing on how we can all shop, cook and eat more sustainably. Teams organsied a number of challenges and activities around each pledge:

- Meat Free Mondays, where we championed vegetarian food for breakfast, lunch, and dinner.
- Trim Back Tuesdays, where we were encouraged to cut out sugary snacks and snacks generally!
- Waste Less Wednesdays, where we examined our behaviour around food waste.
- Think Twice Thursdays, where we invited our colleagues to challenge their shopping habits – including food labels, food miles and packaging.

 Food Mate Fridays, which saw employees from across the London office bringing in food to share at a lunch-time pot luck.

Activites included:

- A food waste cook off where the more confident cooks amongst us made recipes from food we might typically throw away - banana skin curry anyone?
- Prizes for completing challenges such as Meat free Mondays and Waste Less Wednesdays.
- A food description competition challenging how and what we are being sold under labels such as 'artisan', 'organic', 'protein' etc.









Scaling up Innovation Day and going global

Social entrepreneurs build businesses that tackle social and environmental challenges.

For one day a year we dedicate our time to supporting social entrepreneurs, using our skills and experience to help them increase their impact by boosting their communications.

Innovation Day 2017 was our sixth annual event, and for the first time went international with a parallel event in our New York office. In our focus on SDG 2 - Zero Hunger, half of the enterprises specifically focused on food issues, and a quarter directly tackling food poverty and food waste.

We continue to work with UnLtd, who offer the UK's largest network of social businesses and support hundreds of individuals each year through its programmes to identify the social businesses. Our partners from the beginning, UnLtd help us identify entrepreneurs for whom our support can make a difference and help them scale up their impact. This year UnLtd also helped us make the event go international by putting us touch with one of their US partners, Blue Ridge Labs, a social enterprise tech incubator.

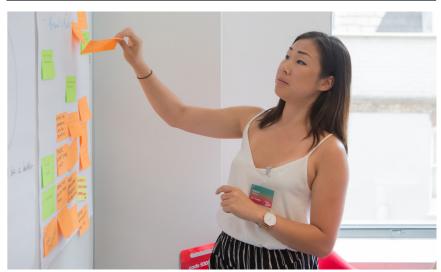
At Salterbaxter we dedicate all our staff to the entire

day with strong support from other Publicis agencies. More than 40 people from MSL signed up with up to 15 volunteers each from Arc, August, CNC, Poke, Publicis, Saatchi & Saatchi and Sapient Razorfish. With 200+ participants, 2 locations supporting 12 entrepreneurs, Innovation Day 2017 was our largest event to date.

The dynamic atmosphere on the day in both locations was exhilarating for all who took part. The entrepreneurs were delighted with the outcomes and the experience; first time participants relished the opportunity that the day brought, and experienced hands were reminded how much can be achieved when we come together to solve big challenges.

Needless to say that once again, Salterbaxter colleagues demonstrated an enormous commitment to delivering a positive social impact by designing an amazing event for all. The day continues to set a precedent for more collaborative working and skills sharing throughout all the agencies and launched new networks and friendships across our London and New York offices and the Groupe. The hope is that this will also lead to Innovation Day events in even more locations next year. Amsterdam are already onboard.

Watch the Innovation Day 2017 here: **bit.ly/2n00ug7**

























Feedback from the day

Meg Doherty, Fat Macy's, London

"Three months on your work has all been so useful - we've used all of the social media assets, and are talking with a designer about the cook book idea. We sent out the press release to all journalists and have been adding the mission statements to all external work. All in all such an enormous help to have your team working with us. Thank you!"

Nemo Shaw, UnLtd Award Manager, London

"A huge thanks for all your efforts and I can't state enough how great an impact it has on the Social Entrepreneurs."

Jimmy Chen, Propel Founder and CEO, NYC

"Thank you so much for your time and thoughtful advice! We have already started discussing ways to put your contributions to use in how we talk about the company and our work."

Robert Lee, RLC Founder and CEO, NYC

"We really appreciate the team taking a full day to help us think through some of the issues we've been needing to work through. Plus we now have a great campaign for Restaurant week."

Hannah Calhoon, Director, Blue Ridge Labs, NYC

"Thanks so much again for including us in Innovation Day - I know both Propel and Rescuing Leftover Cuisine really appreciated all the advice and guidance and that they've got a lot of work to do as a next step!"

agencies from across
Publicis Groupe
participating

social entrepreneurs in one day

200+
participants on the day in London and NYC

social entrepren

social entrepreneurs supported since 2011

Measure and report

As a sustainability-focused business, measuring our impact on people and the environment is a central priority for us.

We want to practice what we preach! As we share our working spaces in both Baker Street, London and Broadway, New York with other Publicis businesses, our direct control over some areas is limited – in particular our environmental impact. As a result we continue to evaluate the meaningfulness of the indicators we can measure and manage. This section reviews some of the measurements and indicators that we track.

65% female employees

days of training per employee

members on the executive management board

3 male,5 female

"At the end of 2017 we were very pleased and excited to see Publicis Groupe sign up to the CEO Action for Diversity & Inclusion™ pledge, the largest CEO-driven business commitment to advance diversity and inclusion in the workplace.

I'm looking forward to be representing Salterbaxter on this taskforce and helping to shape the Groupe's strategy locally at Baker Street. This is a real opportunity to make a positive impact on a sector that has continued to have challenges. It is imperative that we are proactive in ensuring our business reflects the world in which we live and that our people work in an environment which all kinds of people thrive."

Tracy CheungOperations Manager

Performance update: Social

We are continuing to report on the indicators that are important to us as well as the ones that are material to our business success.

In addition, going forward Publicis Groupe has signed up to the CEO Action for Diversity & Inclusion™ pledge, the largest CEO-driven business commitment to advance diversity and inclusion in the workplace. The initiative was collectively formed and is led by a steering committee of CEOs and leaders from Accenture, BCG, Deloitte US, The Executive Leadership Council, EY, General Atlantic, KPMG, New York Life, P&G and PwC. Network agencies based at 82 Baker Street responded by setting up an Employee Resource Group with representatives from all the brands including Salterbaxter to define an agenda. The group has senior management representation and aims to launch in 2018. As part of the taskforce established, we look forward to defining the strategy and measures for success.

Average daily hours:

8 (target 8.5)

For the third year in a row we have achieved our work-life balance target. We believe that this demonstrates that our efforts in monitoring and managing workload is contributing to an improved work-life balance. Key to this has been a more formalised 'time off in lieu' policy that has ensured that colleagues get time back in recognition of a heavy workload. However, we do also recognise that there specific teams that continue to longer hourse and that there is still work to do on process and planning to help the areas that are overstretched.

Staff formal training days (cumulative days per person): 0.8 (target: 0.5) Staff informal training days (cumulative days per person):

4 (target: 2.5)

We are extremely pleased to have exceeded both the formal (i.e. externally provided) and informal (i.e. in-house mentoring, knowledge-sharing sessions) training targets. We believe that this is the result of our training and development planner aligned with our new appraisal system, access to Groupe wide opportunities (eg. Viva Women and events) and a more strategic approach to knowlegde sharing. We are also much more disciplined in how we record training time.

Length of service:

5 (down from 6.3 in 2016)

In 2017, six people celebrated 10 years in the business and the summer party was thrown in their honour. We believe that this indicator shows that we have been able to provide new opportunities for many of our most experienced staff. However, despite this average length of service went down from 6.3 to 5 years. This is still a relatively high number for our industry but the decrease reflects that we need to work hard to ensure that we offer career development opportunitites in line with personal ambition.

Students: 0 (target: 2.0) **Interns:** 1 (target: 3.0)

In 2017, we took on one sustainability intern for a paid internship. We have also continued to retain links with Nottingham Business School providing research topics and sustainability careers advice.

With regard to student placements we have retained the KPI despite failing to hit the mark in recent years. Relationships with design courses in the past have proved frutiful in terms of providing a great experience for students, mentoring responsibilities for our employees and recruiting great talent. So we are aware that this is a missed opportunity and would like to change our track record in 2018.

Performance update: Social (continued)

I feel proud to work for Salterbaxter:

Not measured (target: 85%)

In order to avoid employee survey fatigue our internal survey was postponed in order to align with MSL and Publicis Groupe's broader employee engagement practices. However, in 2017 no employee survey was conducted, which we consider a missed opportunity. Therefore we will run our own Salterbaxter survey in 2018 to ensure that alongside our compnay meetings, bi-annual reviews and monthly 1-2-1 line management meetings, we meet our own standards for open and honest dialogue and feedback.

Volunteering day participation:

12% of employees (target 60%)

Getting our employees to use their contractual volunteering day allowance remains a challenge. 6 employees participated in volunteering activity, 3 of whom were following connections made with social entrepreneurs during Innovation day. We must continue to promote the day and encourage take up.

Additional social indicators

Indicator	2016	2017
Average number of full-time employees	47	50
Average number of contractors	9.2	10.8
Average sick days per person	3.1	1.4
Average age	38.9	39
Gender ratio male:female ¹	34:66	35:65

¹Percentage increase and decrease for gender ratio is as follows (male:female) +2.8:-1.5

KPIs	2016 Achievement	2017 Target	2017 Achievement
SOCIAL			
If Only participation days	3	2	2.6
Employees proud to work at Salterbaxter	77%	85%	n/a
Number of student placements	0	2	0
Number of interns	1	3	1
Volunteering day take up	26%	60%	12%
Average hours	8.3	8.5	8
Staff training formal (days per employee - c)	0.5	0.5	0.8
Staff training informal (days per employee - c)	6.5	2.5	4

Performance update: Environment

In 2016 we moved to a Publicis Groupe shared building at 82 Baker Street with centrally managed premises including utilities, waste management and stationery procurement.

As discussed in our report last year, the move came with benefits and challenges and these became apparent in our first year of performance data in comparison with our previous office space. For example, electricity usage per head reduced dramatically due to the modernity of the building, whilst waste per person increased due to a lack of best practice recycling behaviour building-wide and supporting infrastructure.

We therefore stated that we would review and redefine what we can meaningfully measure and influence. Our conclusion is that we must align our reporting on environmental indicators with Publicis Groupe. And whilst we can of course continue to apply best practice behaviours and try to influence operations and procurement at Baker Street, reduction targets are redundant. Numbers are calculated by building headcount of which we are approximately 50 of 600+ people.

We are therefore unable to compare our performance with that of others in the building with whom we share every aspect of the infrastructure, or set meaningful targets against which we can measure progress.

Publicis Groupe measures a number of other environmental indicators including water usage which of course in some of the network's international offices could have a material impact.

Going forward measures and targets must be set at Groupe level and campaigns driven building-wide. It is therefore our role and responsibility to see if we can influence this in coming years.

For more on the Groupe's approach please visit:

http://publicisgroupe-csr-smart-data.com/en/
disclosure/305-5

http://rse2017.publicisgroupe.com/en/

environnement.html

Looking forward



"2017 was a big year for Salterbaxter. Not only did it mark the 20 year anniversary of our founders, Penny and Nigel, but it turned out to be their last full year in the business."

In their time Salterbaxter evolved and became the leading creative and strategic sustainability consultancy, helping businesses adapt to the changing relationship between business and society and help position them to thrive in a world where all actors must work together for the planet we need.

Their legacy also ensured a unique agency culture centred around empowering all of us to make a positive impact – whether its employee-driven initiatives such as Innovation Day or inspiring knowledge building and shaping thinking on the issues that matter.

Looking forward Salterbaxter will continue to engage businesses in the transition, and have welcomed a new leadership team that will drive us forward. As part of this change we have looked internally to see what we need to step up, and have created three new internal initiatives with the purpose of building on our culture, our knowledge and our desire to do more and more great work that makes a positive impact.

In 2018 we also hope to see Salterbaxter's closer alignment to MSL, in turn opening up more opportunities to promote our sustainability work across Publicis Groupe. How can we come together to create more opportunities for us all, benefit of our clients and ultimately make a bigger positive impact on our world – a new challenge for a new era.

Caroline Carson

Senior Consultant, Sustainability and Communications

PINCIPES of the second COM DECT

The 10 Principles of the UN Global Compact



Labour

5





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.

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.

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The 10 Principles of the UN Global Compact (continued)

M Environment

Anti-corruption

8

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.

Principle 10:

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

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Human rights



Principles

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.

Our approach and actions

Approach

We continue to endorse the Guiding Principles for Business and Human Rights introduced by the UN Human Rights Council in 2011, as well as the Universal Declaration of Human Rights. We welcomed the Modern Slavery Act becoming law in 2015 as evidence that modern forms of slavery must be recognised as issues facing our society today in order to be systematically addressed and combated.

We take a proactive approach and assess the real and potential impacts of our business operations, direct and indirect across our value chain. As our business continues to grow in the US we must apply the same standards when working with new suppliers in new territories.

Through our work and influence, we support and encourage our clients to report their human rights challenges in line with best practice and help them to analyse the importance of the topic to their business through materiality assessments.

Publicis Groupe take a systematic and zero tolerance approach to human rights abuses, assessing the real and potential impacts of business operations across the value chain. As a subsidiary of Publicis Groupe, we report through the Groupe on this topic, however we publish our Anti-Slavery and Human Trafficking Policy in this report (see page 26).

For more information about Publicis Groupe's approach and policies please see their latest Report: http://publicisgroupe.com/#/en/responsibility/ governance-reporting-rse-csr

Actions

We take a number of steps to ensure that we deliver a positive impact on the human rights of our employees:

- We promote the right to education, and encourage the development of skills through formal and informal training and mentoring, including participation in workshops and talks with different agencies.
- · Through the way we manage the business and the salaries paid, we promote the right to adequate standards of living.
- Through the way we manage the business we promote the right to freedom of
- · We promote the right to safe and healthy working conditions through managing the work environment and through a comprehensive Health and Safety policy. All new employees, both permanent and contract staff, are inducted in this as part of our new starter process. We have staff trained in first aid and fire risk assessment, prevention and response.
- · We have a well communicated grievance procedure that ensures employees are familiar with how to raise concerns about staff, treatment or any other aspect of our work.
- · As our business evolves and expands into new territories we continuously review our approach to ensure that we live up to best practice approaches.

More on this topic is covered under the Labour Standards principles on the following page. Further detail can also be found under 'Our People' in this report.

Labour

Principles

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.

Our approach and actions

Approach

A culture in which all staff are treated fairly and each individual's merits are promoted equally is not just a good business practice or a regulatory requirement – it is also essential to a happy and productive workforce. Publicis Groupe's commitment is embodied by "Viva la Difference" – which embodies respect, celebration and encouragement of human diversity. We're an equal opportunity employer so of course there are no exceptions to this mantra; we live the difference every day, all employees at all levels. We strongly support instruments that promote global labour standards such as the ILO Core Conventions. Please see page 30 for more information on the new Diversity and Inclusion group initiated at the end of 2017.

As a UK-based professional services SME, our risk of contributing to detrimental impact on labour rights is very low. However, we firmly believe that excellent labour practices are fundamental for attracting, developing and retaining talented people in a competitive field. We regularly review and update as required our Employee Handbook, which covers staff benefits, our Human Resources policies and procedures including grievance mechanisms and Health and Safety. All employees are free to join a union if they wish.

Through our collaborative partnerships with clients and suppliers, we also encourage them to consider the direct and indirect impacts of their operations on labour rights.

For more information about Publicis Groupe's approach and policies please see their latest Report: http://publicisgroupe.com/#/en/responsibility/governance-reporting-rse-csr

Actions

- Publicis Groupe has signed up to the CEO Action for Diversity & Inclusion™ pledge, the largest CEO-driven business commitment to advance diversity and inclusion in the workplace.
- Performance against objectives and compensation are formally reviewed on a twice-yearly basis supported by informal monthly check-ins with line managers.
- Informal mentoring takes place between staff outside of formal line management.

 This includes Publicis-supported events such as the Viva Women speed mentoring

sessions which meant that there were a few of our employees attending the event as well as one of our employees mentoring at the sessions.

- We implemented new measures to not just monitor but proactively manage employees' workload so that working hours are manageable. As a client-focused business we need to be agile and responsive to client needs which does require some flexibility, however we have guidelines and training for managers for assessing workloads and allocating lieu time when earned.
- Women continue to make up a majority of all staff at every level. Across 2017 women made up two-thirds of all employees and four out of seven senior management positions.
- We are an equal opportunities employer with regards to both our employees and recruitment processes.
- All permanent staff have access to health insurance, dental cover, discounted gym membership and a range of other wellbeing services.
- All permanent staff have access to an Employee Assistance Programme which can
 offer a range of services including bereavement counselling, online resources and
 articles on health, family, money and work matters
- The company also provides a pension scheme according to UK legislation.
- Several employees have taken up opportunities to participate in a number of initiatives including:
 - Egalité a Publicis-wide employee network for lesbian, gay, bisexual and transgender (LGBT) professionals and allies. Salterbaxter has continued to support the network and grow awareness in induction sessions and promoting events.
 - Viva Women, an international network of women focused on supporting women to succeed and lead. In 2017, Viva Women events included 'Miss representation - what role does advertising play in gender acceptance?', a talk with Lesley-Anne Alexander, CBE the founder of the MicroLoan Foundation and speed mentoring events to connect aspiring talent with experienced professionals.

Information on our social indicators can be found in 'Measure and Report' in this report.

Environment

№ Principles

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.

Our approach and actions

Approach

Since the business was founded more than 20 years ago, we have been working to elevate awareness and communication on environmental issues. Our day-to-day work involves helping businesses address and communicate the major challenges facing society in the short, mid and long term.

As an office-based professional services business, our own impact on the environment is relatively minimal. Our greatest impact is through our influence. However, we encourage more environmentally responsible behaviours as a way of spreading positive change and recognise our responsibility to do what we can.

The Groupe's motto for environmental policy is 'Consume less & better' which has been developed around the EU's 2030 strategy (https://ec.europa.eu/europeaid/policies/european-development-policy/2030-agenda-sustainable-development-en) and thus defines specific objectives. The four priority focus areas are:

- Reducing employee transport and its impact through the introduction of teleconference and conference call systems.
- Reducing energy consumption and improving energy efficiency (by seeking to limit the impact relating to electricity, heating and air conditioning).
- Reducing consumption of natural and raw materials (mainly paper and water).
- Recycling and organised (non-hazardous) waste management systems.

Actions

- Having conducted an operational review in line with ISO 14001 in 2012 we are aware of most significant environmental impacts. Up until our move into a shared Publicis-managed building in March 2016 we were able to measure them and set targets accordingly. However, the management of the facilities and procurement is no longer directly controlled by Salterbaxter and this has impacted on what we can control, influence and measure. On page 16 in 'Measure and Report' you can read about the conclusions we have made 2 years on from our move and the increasing alignment with Publicis Groupe's systems.
- Environmental topics remain a core component of our If Only programme. A focus on the different issues relating to SDG2 Zero Hunger will encourage further understanding of global environmental challenges and how they relate to the food we consume. Please see pages 8-12.
- Environmental challenges closer to home with regard to our own operational environmental footprint will also continue to be front of mind, and best practice behaviour will be encouraged through the sharing of information and the provision of the right tools, eg. non-recycling bins and programming printers to provide duplex printing.
- Print specifications for client publications and our own marketing materials aim to keep their environmental impact to a minimum.
- We use our positive influence to help our printing suppliers improve their environmental credentials.
- Our in-house printing uses FSC-certified paper for colour prints and having recently moved to new shared facilities we are seeking to influence the central procurement purchasing of only recycled, FSC or PEFC-certified paper as the standard. We will update on our progress in our next report.
- We recycle as much office waste as possible, from printer toners to IT equipment.
- We also encourage positive sustainable behaviour through everyday business processes including providing recycling bins, isolating a single non-recycling bin to one area of the office only, and upgrading printers to provide duplex printing.

Anti-corruption

In Principles

Principle 10:

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

Our approach and actions

Approach

Publicis Groupe's anti-corruption policy was revised and strengthened in 2015, as an extension to the work carried out in previous years. Training for managers and support teams (Re:Sources) continued in 2016 and at Salterbaxter we are committed to operating ethically and against all forms of corruption at all times.

Publicis Groupe's Code of Conduct, known as JANUS, addresses the issues of gifts, conflicts of interest and inappropriate or unethical relationships, either with clients or suppliers, competition and unfair practices. JANUS is shared with all staff in inductions. The Groupe's legal experts play an important role in terms of awareness and the application of laws and regulations concerning corruption. Based in the shared services centres (Re:Sources) and functionally under the Groupe's Legal Department, these legal experts keep an eye on laws and regulations dealing with corruption.

They ensure agencies are made aware of the issues, work on prevention and lay down compliance procedures adapted to local markets. The aim is to maintain strict standards that comply with current applicable regulations. Progress has been made in developing new training programmes to facilitate improvement.

We share all information that is shared at a Groupe level to the rest of our teams when appropriate - this is the top-down approach that we have adopted.

Actions

- Our Employee Handbook details our policy and procedure on receiving gifts, and only permits us to accept gifts of no substantial financial value.
- Our client hospitality is restricted to very occasional end-of-project celebration meals, when teams on both sides are thanked for their hard work.
- In 2016, we implemented Publicis Groupe's Anti-bribery and corruption policy and all staff were asked to declare any conflicts of interest and sign this. This has now been incorporated into our induction process.



Anti-slavery and human trafficking policy

The following UK policy on anti-slavery and human trafficking has been drafted in order to comply with the Modern Slavery Act 2015 (the 'Act'). It extends to all of our business dealings and transactions in all countries around the world in which we do business.

Policy Statement

Modern slavery is a crime and a violation of fundamental human rights. It takes various forms such as slavery, servitude, forced or compulsory labour and human trafficking, all of which have in common the deprivation of a person's liberty by another in order to exploit them for personal or commercial gain.

The Groupe has a zero-tolerance approach to modern slavery and is committed to acting ethically and with integrity in all its business dealings and relationships and to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in its business or in any of its supply chains.

Salterbaxter is committed to ensuring there is transparency in its business and approach to tackling modern slavery throughout its supply chains, consistent with its disclosure obligations under the Act. Salterbaxter expects the same high standards from all of its contractors, freelancers, suppliers and other business partners. As part of its contracting processes, Salterbaxter includes specific prohibitions against the use of forced, compulsory or trafficked labour, or anyone held in slavery or servitude, whether adults or children, and it expects that its suppliers will hold their own suppliers to the same high standards. This policy applies to all persons working for Salterbaxter or on our behalf in any capacity, including employees at all levels, directors, officers, Salterbaxter workers, seconded workers, volunteers, interns, agents, contractors, freelancers, external consultants, third-party representatives and business partners ('Salterbaxter Staff').

This policy does not form part of any employee's contract of employment and may be amended at any time.

Responsibility for the Policy

The Groupe's UK Compliance Officer has primary and day-to-day responsibility for implementing this policy, monitoring its use and effectiveness, dealing with any queries about it, and auditing internal control systems and procedures to ensure they are effective in countering modern slavery and human trafficking. Management at all levels are responsible for ensuring those reporting to them understand and comply with this policy and are given adequate and regular training on it and the issue of modern slavery in supply chains.

Suppliers

Suppliers of Salterbaxter are required to comply with the supplier code of conduct (the 'Code') provided to them. The Code sets out minimum behaviours, standards and practices Salterbaxter expects to see from its suppliers to ensure compliance with the Act. Salterbaxter expects all who seek to have a business relationship with Salterbaxter or any member of the Publicis Groupe (the 'Groupe') to familiarise themselves with the Code and act in a way that is consistent with it.

Anti-slavery and human trafficking policy (continued)

Staff

All Salterbaxter Staff must ensure that they read, understand and comply with this policy.

The prevention, detection and reporting of modern slavery in any part of Salterbaxter's business or supply chains is the responsibility of all Salterbaxter Staff. Salterbaxter Staff are required to avoid any activity that might lead to, or suggest, a breach of this policy.

You must notify your manager or Salterbaxter's compliance officer as soon as possible if you believe or suspect that a conflict with this policy has occurred, or may occur in the future.

You are encouraged to raise concerns about any issue or suspicion of slavery and/or human trafficking in any parts of Salterbaxter's business or supply chains of any supplier at the earliest possible stage. In order to help identify modern slavery, there are a number of indicators that you should be aware of. Not all the indicators will apply in every case, and some may not be immediately apparent. The indicators include, but are not limited to:

(a) Restricted freedom

Victims of slavery and/or human trafficking may not be in control of their passports or other travel or identity documents. They may have false identity documents or are unable to move freely.

(b) Behaviour

Victims of slavery and/or human trafficking may be unfamiliar with the local language or may act as if they are instructed by someone else. They may show fear or anxiety and be distrustful of authorities.

(c) Working conditions

Victims of slavery and/or human trafficking may have no contract or be unable to negotiate working conditions. They may be forced to work under certain conditions or work excessively long hours over long periods. They may lack basic training or professional licences.

(d) Accommodation

Victims of slavery and/or human trafficking may not know their home or work address. They may live in poor or substandard accommodation, or have no choice where they live or who they live with.

(e) Finances

Victims of slavery and/or human trafficking may receive little or no payment, or have no access to their earnings. They may be disciplined through punishment or fines. They may be forced to open bank accounts or forced to sign documents to receive social security benefits, credit agreements or loan agreements.

(f) Appearance

Victims of slavery and/or human trafficking may suffer injuries that appear to be the result of an assault, or the result of the application of control measures.

For a full list of potential indicators please visit http://www.gla.gov.uk/who-we-are/modern-slavery/ who-we-are-modern-slavery-spot-the-signs/

If you believe or suspect that modern slavery, human trafficking and/or a breach of this policy has occurred or may occur you must notify your line manager or Salterbaxter's compliance officer or report it in accordance with our Whistleblowing Policy as soon as possible.

If you are unsure about whether a particular act, the treatment of workers more generally, or their working conditions within any tier of Salterbaxter's supply chains constitutes any of the various forms of modern slavery, raise it with your line manager or Salterbaxter's compliance officer.

Salterbaxter encourages openness and will support anyone who raises genuine concerns in good faith under this policy, even is committed to ensuring that no one suffers any detrimental treatment as a result of reporting in good faith their suspicion that modern slavery of whatever form is or may be taking place in any part of Salterbaxter's business or in any of its supply chains.

Anti-slavery and human trafficking policy (continued)

Detrimental treatment includes dismissal, disciplinary action, threats or other unfavourable treatment connected with raising a concern. If you believe that you have suffered any such treatment, you should inform HR immediately. If the matter is not remedied, and you are an employee, you should raise it formally using the Grievance Procedure, which can be found in our Employee Handbook.

Communication and awareness of this policy

Training on this policy, and on the risks Salterbaxter faces from modern slavery in its supply chains will be provided as necessary.

Salterbaxter's zero-tolerance approach to modern slavery must be communicated to all suppliers, contractors and business partners at the outset of our business relationship with them and reinforced as appropriate thereafter.

Breaches of this policy

Any employee who breaches this policy will face disciplinary action, which could result in dismissal for misconduct or gross misconduct.

Subject to the relevant contractual terms, Salterbaxter may terminate its relationship with other individuals and organisations working on its behalf if they breach this policy.



Data privacy

In late 2017, an initiative was launched to prepare Publicis agencies in the UK in readiness for the EU General Data Protection Regulation (GDPR), effective as of 25 May 2018. Salterbaxter assigned two staff to take the role of Data Privacy Stewards (DPS).

GDPR programme

The programme was rolled out centrally and led by the legal team in conjunction with the Global Security Office, beginning with a data audit and creation of a Personal Data Register, followed by training for the DPS. The DPS are responsible for identifying risks, taking remedial actions as required, staff training and ensuring compliance with GDPR regulation.

Salterbaxter are committed to protecting data privacy responsibly, in compliance with client requirements and any applicable data privacy laws worldwide.

The Groupe Data Privacy Policies have been developed to ensure the following:

- The Personal information that is collected and used is done so in accordance with GDPR regulation.
- The Personal information we hold on behalf of clients is properly protected so we can help clients comply with their own obligations under the law.
- Requests from individuals for access to their own personal information are adequately managed.
- Requests from third parties for access to personal information are adequately managed.

The IT department in each region remains responsible for ensuring that the systems and infrastructure are in place to secure data and all Personal Information. The Groupe have a top-down approach to managing data privacy policies throughout all agencies. These policies are then shared with agencies and the implementation of the appropriate procedures are then managed by the DPS at agency level and any issues are referred back to the legal team or Global Security Office, as required.

Equal opportunities policy

We are an equal opportunities employer. This means that it is our policy to make every effort to ensure that there is no discrimination or harassment of employees, job applicants, clients, contractors or visitors on the grounds of colour, race, nationality, religion or belief, ethnic origin, disability, age, gender, marital status, sexual orientation, parental responsibilities, part-time or fixed-term status. Bullying is also a form of harassment and this is also covered by our policy.

Our approach

In issuing this policy we have three main objectives:

- First, to encourage employees to take an active role against all forms of bullying, harassment and discrimination;
- second, to deter employees from participating in bullying, harassment or discriminatory behaviour;
- and third, to demonstrate to all employees that they can rely upon our support in cases of bullying, harassment or discrimination at work.

We are committed to a working environment that offers equal treatment and equal opportunities for all its employees, so that every employee is able to progress to their true potential. Even after employment has ended, we are committed to ensuring that discrimination does not occur.

This policy applies to all aspects of our working practices and therefore applies to the recruitment and selection of employees, terms and conditions of employment, training, salary, work allocation, promotion, disciplinary and grievance procedures. Our people managers are given training on best practice recruitment processes and other management skills to reinforce anti-discriminatory behaviour.

All employees are made aware of our equal opportunities policy and, if necessary, undergo any training and development activities to raise their awareness of equality issues.

In late 2017, a Diversity & Inclusion group was set up at 82 Baker Street with representatives from each agency. Salterbaxter are active in this group, who are working to define its remit, identify priorities and create action plans around four pillars: recruitment practices, flexible working, family friendly workplace and diverse company culture. A programme will be officially launched in 2018. Salterbaxer continues to support and promote Egalité and VivaWomen events to ensure access for all.

In 2017 there were no breaches of this policy.





Health and Safety policy

We want our employees to be as safe as possible in our working environment and require all employees to follow these guidelines at all times. While the Company will take all reasonable steps to ensure the health and safety of its employees, health and safety at work is also the responsibility of employees themselves.

It is the duty of all employees to take reasonable care of their own and other people's health, safety and welfare. Employees should report any situation that may pose a serious or imminent threat to the wellbeing of themselves or of any other person.

Our approach

The Company will provide and maintain a healthy and safe working environment with the objective of minimising the number of health and safety related instances.

The Company will pay particular attention to:

- Maintaining the workplace in a safe condition and providing adequate facilities and arrangements for welfare at work.
- Providing information on first aiders, fire exits, evacuation procedures and meeting points in the event of an emergency.
- Providing training for first aiders and fire marshalls to support staff in the event of emergency
- Giving access to staff to an Employee Assistance
 Programme which includes helplines for
 bereavement counselling and probate helplines as
 well as online resources for family, health and money
 issues
- Provision of a First Aid room so that staff who are taken ill at work have some privacy and a place to get some rest.
- Access to taxi services if working after 9pm to ensure safe passage home from the workplace.
- The provision and maintenance of equipment that is safe.

- The provision of such information, instructions, training and supervision as is necessary to ensure the health and safety at work of its employees and other persons.
- The Company also recognises its duty to protect the health and safety of all visitors to the Company, including contractors and temporary workers, as well as any members of the public. 82 Baker Street has security personnel on site 24/7.

The Company may take disciplinary action against any employee who disregards health and safety rules and procedures, or who fails to perform their duties under health and safety legislation. Depending on the seriousness of the offence, it may amount to potential gross misconduct rendering the employee liable to summary dismissal.

In 2017 there were no breaches of this policy.

Environmental Procurement policy

Our approach

We are committed to managing and reducing the company's environmental impacts. The biggest impact we have on the environment is through our supply chain and how we place work with printers on behalf of our clients. Our print and paper policies can be read here.

Paper policy

All paper specified for our major projects must adhere to the following as a minimum:

- Be ECF (elemental chlorine free) or TCF (total chlorine free).
- Any virgin pulp must be sourced from sustainably managed forests.
- The mills which produce the paper should have ISO 14001 accreditation.

We further aim to specify a percentage of those jobs from our 'Top 10' list of enhanced environmental paper stocks. All these papers are FSC accredited OR recycled with a minimum of 20% post-consumer waste. We are also looking into carbon neutral papers.

Print procurement policy

Where we have the buying decision, we aim to place our print with suppliers who are managing their environmental impacts in a progressive and transparent way.

This process is managed through a key suppliers list.

Where we do not have the final buying decision we will always advise clients to follow our guidelines. ISO 14001 is a key part of our criteria and although we understand the limitations of this system, we still feel it is a useful assurance process by which we an assess a printer's commitment to environmental management.

We may also consider other suppliers if their activities are transparent enough for us to assess without the ISO programme.



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