

COMMUNICATION
ON PROGRESS



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

Reporting period July 1st, 2020 to June 30th, 2021

Communication of Progress

About Integrated Merchandising Solutions

IMS helps leading Retailers and Brands succeed at the point of purchase by managing procurement, production and distribution of digital and traditional signage, print, POP displays, branded merchandise, and more.

We deliver flawless execution of merchandising campaigns to help marketers focus on strategy and brand growth without having to worry about the minutia of execution, ensuring their marketing budgets go further by optimizing every aspect of their merchandising supply chain.



IMS is proud to provide our first Communication on Progress (CoP). We have made great strides since starting our Sustainability Team in 2020 and becoming a signatory to the UN Global Compact.

We have addressed the Ten Principles in each of the respective areas – Human Rights, Labor, Environment, and Anti-Corruption. In each area we state our actions and the measurements of those actions.

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Letter of Commitment from IMS CEO

I am pleased to confirm that Integrated Merchandising Solutions (IMS) reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labor, Environment and Anti-Corruption.

With the development of our Sustainability Team in 2020 and our joining of the UN Global Compact, we have focused on the following Sustainable Development Goals (SDG's): Gender Equality (#5), Reduced Inequalities (#10), Sustainable Cities and Communities (#11), Responsible Consumption and Production (#12), Climate Change (#13), and Decent Work and Economic Growth (#8).

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture, and daily operations. We also commit to sharing this information with our stakeholders using our primary channels of communication.

Sincerely yours,

Josh Tobey
CEO

Sustainability at IMS

IMS is part of the world's largest corporate sustainability initiative – the UN Global Compact.

The UN Global Compact encourages companies to do business responsibly by aligning their strategies and operations with Ten Principles on human rights, labor, environment and anti-corruption; and take strategic actions to advance broader societal goals, such as the UN Sustainable Development Goals, with an emphasis on collaboration and innovation.



SOCIAL

We aim to develop a diverse and inclusive work environment, while taking on a larger role in improving the communities in which we work.

ECONOMIC

We will be deliberate in our sources of supply to ensure increased opportunity for marginalized communities.

ENVIRONMENTAL

We commit to reducing the carbon footprint of our logistics operations and developing sustainable and reusable options for our clients.

Prioritized Goals

In alignment with the UN Global Compact we have prioritized several of the Sustainable Development Goals where we can have the biggest impact.



Human Rights

IMS, along with our clients, are very concerned about human rights issues and support the Universal Declaration of Human Rights. Human rights issues are not as much at risk at our North American operations, but there is a risk related to suppliers that we use who are outside of North America.

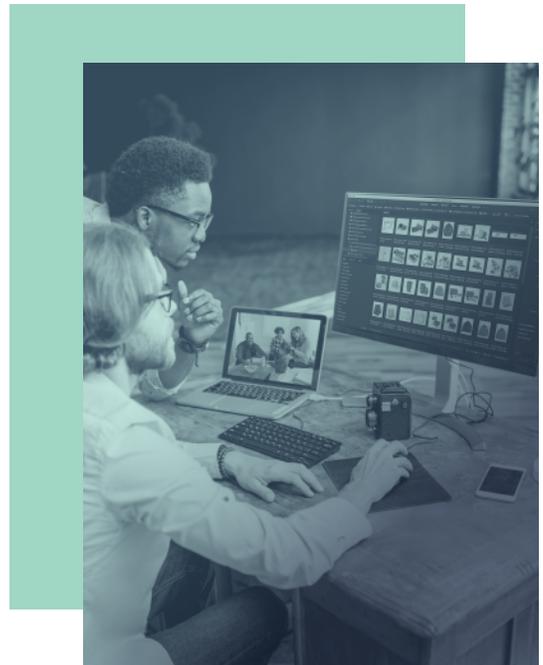
For North American operations we have our IMS Employee Handbook which has sections on “Policy Against Sexual Harassment and Other Workplace Harassment”, “Violence in the Workplace”, and we go through on-line training related to “Workplace Harassment for Managers”, and “Concepts, Principles, and Rights” which are administered by our Talent Development Team. The online training involves testing on the subject matter with a goal of 100% compliance – passing results are frequently monitored per facility to achieve this goal.

Our North American facilities have robust safety programs including monthly Safety Committee Meetings, and completion of Monthly Facility Safety Checklists, with most facilities going over six years without a loss time accident. Facilities also go through third-party audits related to safety and workplace conditions by our insurance providers and as part of our annual ISO 9001:2015 certification.

For those suppliers that are not in North America we have a Code of Conduct process along with many that go through third party Supplier Workplace Accountability (SWA) Audits to verify working conditions and look for any human rights violations – these programs are administered by our Procurement Division. IMS does not work with suppliers unless they have signed our Code of Conduct (100% compliance).

Anti-Corruption

Anti-corruption is very important to IMS. For our company we address anti-corruption in our Employee Handbook with sections on “Business Code of Conduct” and our “Anti-Bribery Policy”. We also have on-line training related to “Anti-Bribery and Corruption” and “Ethics and Code of Conduct”. As mentioned in the Human Rights section, this on-line training involves testing on the subject matter with a goal of 100% compliance by appropriate Associates – passing results are frequently monitored per facility to achieve this goal. Our Finance area goes through yearly Sarbanes Oxley audits to protect us from accounting errors and fraudulent financial practices. For our suppliers, as with Human Rights and Labor, our Procurement Division address these issues via the Code of Conduct and the third-party Supplier Workplace Accountability (SWA) Audits. IMS does not work with suppliers unless they have signed our Code of Conduct (100% compliance).



Environment

IMS and our Sustainability Team are addressing environmental issues with a concentration on the Sustainable Development Goals of Responsible Consumption and Production (#12), Climate Action (#13), and for our suppliers Decent Work and Economic Growth (#8).

IMS' Sustainability Team is responsible for pushing waste reduction initiatives and reporting on them both internally and externally. Our distribution facilities have recycling centers with a goal of recycling 95% of discarded cardboard and poly wrapping. We consistently surpass this goal. For the Sustainability Year we have recycled 237 tons of cardboard, and 6 tons of poly wrapping.

The production boxes used are from suppliers that are Sustainable Forest Initiative (SFI) certified. SFI promotes responsible forestry practices. IMS has moved our stock boxes over to ECT grade which saves 15% in material and increased recycling content. Our goal is to have over 95% of our stock boxes to be ECT – for the Sustainability Year we are at 91% (largely due to a low January of 67%). We are working on moving our custom boxes over to ECT.

For Climate Action (#13) IMS has stopped using propane vehicles, moving to electric, which eliminates 984,000 pounds of carbon emissions each year. Annually IMS participates in the CDP Climate Change Questionnaire reporting on our Scope 1, Scope 2, and some Scope 3 carbon emissions. Our Logistics Division has become a SmartWay Partner with a goal of having over 95% of our shipments going by a SmartWay carrier – for the Sustainability Year we are at 98.52%. SmartWay reduces freight transportation related emissions by accelerating the use of advanced fuel saving technologies – their motto is “getting there with cleaner air”. The majority of our distribution facilities have LED lighting with motion sensors to save on electricity – our largest distribution facility is planning on making a similar improvement when renewing their lease in the next two years.

Our Procurement Division is working on using technology solutions to monitor sustainability options offered to our clients – the goal is to have this completed by the end of 2021. In support of Decent Work and Economic Growth (#8), our Procurement Division also focuses on suppliers that have sustainability goals and to build synergistic partnerships working to lowering environmental impact of products and services holding them accountable with periodic scorecards. Currently only 5% of our suppliers offer sustainable options – the goal is to increase that to 15% in the next three years. For our bidding pool there are only 6% of options that are sustainable – the goal is to increase that to 25% in the next three years. For our paper and point of purchase (POP) suppliers we have 64% that are certified to produce sustainable paper and POP products.

237+

TONS OF CARDBOARD
RECYCLED

984K

LBS OF CARBON
EMISSIONS ELIMINATED

6+

TONS OF POLY WRAPPING
RECYCLED

98%

SHIPMENTS DELIVERED
VIA SMARTWAY PARTNERS

Labor

Similar to human rights, many of the labor risks are of more concern for our suppliers who are not in North America. For IMS facilities we have our Employee Handbook and our Talent Development Team which guarantees equal employment opportunities, freedom of association, the elimination of forced or child labor, and the compliance with minimum wage standards. Again for those suppliers not in North America, our Procurement Division addresses these issues via the Code of Conduct and the third-party Suppliers Workplace Accountability (SWA) Audits.

For IMS facilities our Sustainability Team has focused on some of the Sustainable Development Goals (SDG's) related to Gender Equality (#5), Reduced Inequalities (#10), Sustainable Cities and Communities (#11), and others that are tied to equality through Decent Work and Economic Growth (#8). We are encouraging participation in our Employee Resource Groups (ERG's), such as inclusion and diversity groups - with a goal of 95% awareness to the various ERG groups. For this Sustainability Year we have added some new ERG groups and have set the baseline – we will have measurements against our target in 2022.

We are continuing our Unconscious Bias Training with a goal of 80% total participation, with 100% participation for new hires. We will have results against our targets in 2022. We are also establishing

mentoring and educational programs and small group forums related to diversity, equity, and inclusion. We are establishing baseline metrics for total diversity at IMS with a goal to be established by the end of 2021 - to get to this goal we are trying to increase our candidate pool using University Partnerships, Recruiting Agencies, and Community Partners. We also are monitoring how our Associates respond to annual inclusion questions on our company survey – after the results we can then set goals and gauge progress going forward.

IMS is also looking to increase our supplier diversity by increasing our total supplier base – currently 20% of our suppliers meet diversity standards, our goal is to increase that to 35% in three years. For our bidding supplier base, we are currently at 20% and want to raise that to 48% in three years by using technology, visual cues, and educational resources to drive broader selection during bidding process. We currently are meeting 75% of our client diversity goals. Our goal is 100% compliance.

For SDG's Sustainable Cities and Communities (#11) IMS' Sustainability Team identified our companies cause as Child Welfare. We will be identifying one to two causes to support with one to four events each year. The pandemic has limited activities for this Sustainability Year, but the hope is that we can make advances in 2022.



Contact Us

For more information about IMS' sustainability initiatives or alignment with the UN Global Compact, please reach out to marketing@imsretail.com or visit IMSRetail.com.