



Communication on Progress

21.03.2021 to 20.03.2022

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.

WHO WE ARE

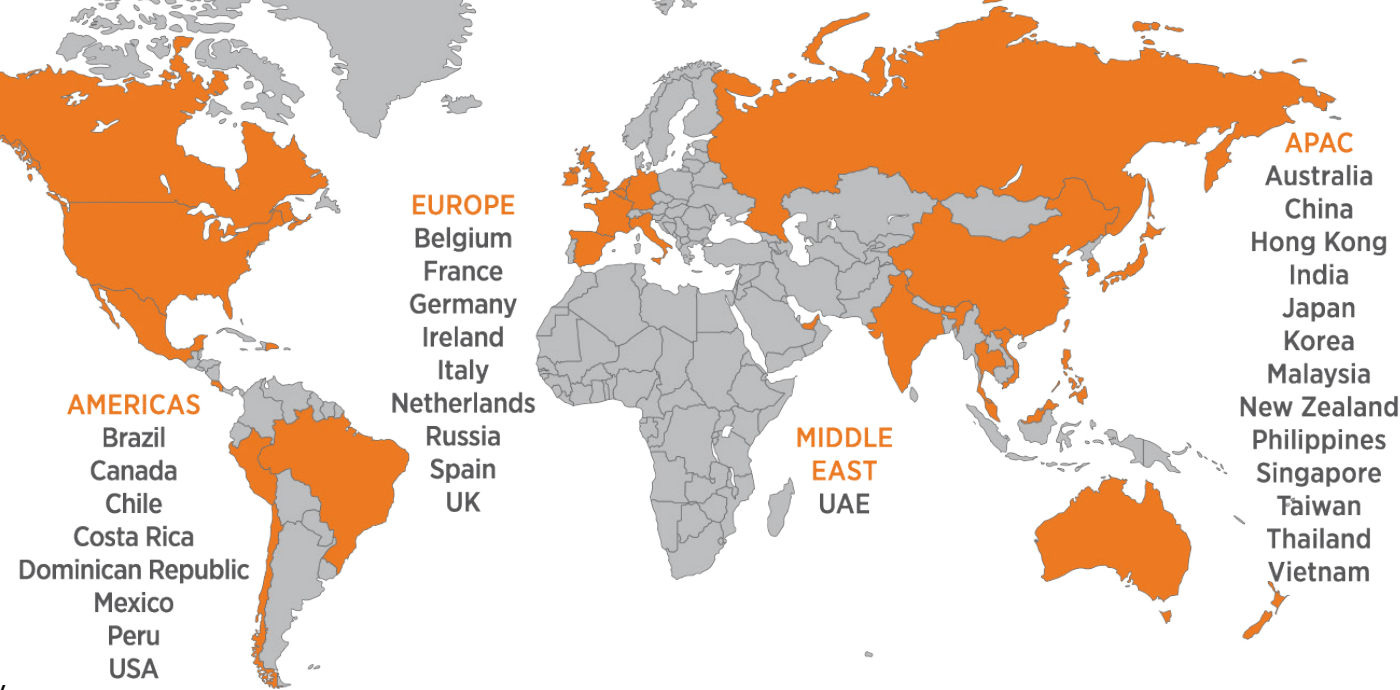
We are a global sustainable brand execution partner to many of the world's leading CPG (Consumer Packaged Goods) brands. Our focus is to drive efficiencies and improve the effectiveness of brand activations with customers and consumers. adm and the brands we support are committed to a sustainable and equitable marketing future.

We have over 25 years of industry experience and over 600 employees across 37 offices in 31 countries. Our vision is to be recognised as the market leader in Europe, APAC and the Americas with a reputation for first-class delivery, efficiency, innovation and sustainability.

In 2022, we were awarded a Platinum accreditation by EcoVadis for the second year, whose methodology covers the Ten Principles and beyond, going into sustainable procurement practices to help ensure that the Ten Principles are embedded within our supply chain.

WHAT WE DO

We partner with leading consumer businesses to support the execution of their marketing strategies. Our strategy is to establish lasting relationships with a smaller number of clients, based on a willingness to invest in transformational business solutions.



1992
Founded

28%
Growth over
the past 3 years

37
Offices in 31
countries

600+
Employees and
20% staff growth
year by year

€320m
Annual
revenue

11 years
Average years
of partnership
with our top 10
clients

Our Sustainability Strategy



In the past year, we have proudly upheld and delivered on our global sustainability programme [A Better Tomorrow](#). The programme aims to ensure sustainability is at the core of our business, allowing us to continue to deliver best-in-class services for our clients.

Our commitments and goals focus on three main pillars that underpin our business:

- adm Community
- adm Assure
- adm SCOPE



The Sustainable Development Goals

Although we support all 17 UN SDGs, prioritising specific goals has enabled us to focus our efforts in areas on which we can have the most impact.

Previously, adm Group has identified 6 UN SDGs that were relevant to the business and to our sustainability strategy. This year, to align with international practices and provide a more comprehensive picture to the Board, we asked employees to rank and prioritise the relevance and importance of the UN SDGs to the Group.

It was clear from the results that 'UN SDG 13 – Climate Action' must be prioritised, as we strengthen our commitment this year to measuring, reporting and reducing our supply chains' carbon emissions. We are committed to taking bold action and ensuring the communities we operate in are also

well-equipped to adapt and mitigate global warming.

Through our selected UN SDGs, we intend to ensure good health and wellbeing, to give access to decent, inclusive work and economic growth, and to empower women throughout our own operations, our extended supply chain and their surrounding communities.

As a partner to some of the world's largest brands, we will ensure that we source our products responsibly, mitigate the impact on the environment by making better raw material choices and taking bold action to combat climate change. These commitments are strengthened through our partnerships with our suppliers and clients.



CEO Statement

To our stakeholders,
The year of 2021 exposed many vulnerabilities within businesses, supply chains, and communities. Although it was a challenging year for all, at adm, we recognise the importance of Human Rights, Labour, Environment and Anti-Corruption in ensuring the long-term success of our company, protecting our planet, supporting our people, and helping those in our supply chain.

This is our sixth year submitting our Communication of Progress (CoP) to the United Nations Global Compact (UNGC), and I am pleased to confirm that adm Group wholeheartedly continues its support of the Ten Principles of the UNGC. In 2021, we have increased our focus and investment in these areas and see it as a core part of the adm Group proposition.

In March 2021, we published our sustainability programme, A Better Tomorrow, detailing our vision and commitments around sustainability. This programme seeks to drive tangible improvements across 3 key pillars: the environmental impact of the products we source on behalf of our clients, human rights in our supply chain through responsible sourcing initiatives, and our own business community. Throughout the last year, we have continued to invest in this programme with the introduction of a Group Sustainability team operating across our global business, alongside the engagement of leading sustainability consultants to help us on our journey.

2021 saw us achieve several other milestones:

- We completed our first Carbon Disclosure Project (CDP) Climate Change survey, reporting our global Scope 1 and 2 emissions.
- We undertook a pilot project to account for our tier 1 suppliers' emissions. In 2022 our focus will be on performing full scope 3 accounting, in line with the Greenhouse Gas protocol, enabling us to baseline our carbon emissions and set Science Based Targets within the year.

- We have adopted renewable energy across our operations, with 100% of the electricity in our European offices and 80% in our global offices using renewable energy, achieved through Energy Attribute Certificates (EACs).
- 2021 has also seen adm prioritise Diversity, Equity, and Inclusion (DEI), as we laid the groundwork for our DEI journey and policies that will ensure consistent progress in the years to come.
- Finally, we have now finalised ambitious Environmental, Social and Governance (ESG) targets for 2022, 2025 and 2030.

In this annual CoP we outline our actions to continually integrate the Ten Principles of Global Compact into our business strategy, culture, and daily operations. We have also integrated the Sustainable Development Goals (SDGs) into our Corporate Social Responsibility (CSR) Strategy, with a focus on: Good Health and Wellbeing (SDG 3), Gender Equality (SDG 5), Decent Work and Economic Growth (SDG 8), Sustainable Consumption and Production (SDG12), Climate Action (SDG 13) Life on Land (SDG 15), and, most important of them all, Partnerships for the Goals (SDG 17). SDG 13 was newly added to our prioritised list of SDGs after stakeholder engagement and a materiality assessment exercise.

You have our commitment that we will strive to continuously improve our CSR performance and support the Ten Principles of the UNGC.

Yours sincerely,



Justin Barton
CEO

**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.**

adm respects and supports fundamental human rights and is continually working to minimise the risk of human rights abuses.

adm has a range of global Human Resources policies designed to safeguard the human rights of its staff, including Equal Opportunities, Harassment and Bullying Policy, Grievance and Disciplinary Procedures, Fair Competition Policy, and TimeOff Benefits (including Compassionate Leave, Religious Holidays, Ceremonies and Festivals, Working from Home and Time Off for Dependents).

In 2021, adm continued to focus on responsible sourcing by aiming to only work with suppliers who signed the adm Supplier Code of Conduct which sets out our expectations with regards to Anti-Bribery and Anti-Corruption, Child Labour, Forced Labour and Human Trafficking, Working Conditions, Transparency and Environment. Our Supplier Code of Conduct and Employee Code of Conduct have been updated in 2020 and 2021 respectively. These documents, along with our **Human Rights Policy** and Sustainable Procurement Policy, are in line with the UN Guiding Principles of Business and Human

Rights and the ILO Declaration on Fundamental Principles and Rights at Work. These have been communicated through the mandatory reads section on our Intranet to all employees.

adm continues to strive to have a socially compliant supply chain and requires new suppliers, including our Preferred Supplier List, to have valid social audits. adm accepts and encourages the SMETA (Sedex Members Ethical Trade Association) audit methodology. adm also accepts other social audits if they cover the pillars of Human Rights, Labour Standards, Health and Safety, Environment and Business Ethics.

In 2022, adm set ambitious targets to further protect human rights within our organization:

- 100% of our applicable spend through suppliers that have signed our adm code of conduct by 2022
- Over 90% of the spend we manage to be placed with suppliers with valid social audits (SMETA 4P or equivalent) by 2025
- Implement a Living Wage programme to ensure 100% of our employees across the organization will earn a living wage by 2025



Measurable outcomes

adm strives to ensure that all staff respect human rights in their day-to-day business activities through various training initiatives around our global policies and procedures. adm is still growing, and as such, keeping our employees informed of their social rights remains in the foreground of adm's compliance objectives. In 2022, we launched our 'Live Well' initiative, to further support our employees around the world. We also offer the following benefits to our employees, thereby avoiding any human rights violations:

- Attractive total compensation packages and a range of benefits across our regions (including healthcare, employee assistance programmes, death-in-service and other benefits)
- A hybrid working model, allowing flexibility and autonomy
- Personal development plans for all employees
- Paid-for-training specific to role requirements e.g. funded accountancy qualifications
- Attractive annual leave entitlement
- Additional leave during seasonal holidays
- 2 days' paid leave per employee for 'giving back to the community' under our Global Volunteering Scheme
- 2 paid 'wellness days' per employee per year
- A 'summer hours' initiative under which team members can leave early on Fridays during the summer months
- Other perks and benefits across our regions e.g. half-day birthday leave and discounted gym membership
- A sociable, inclusive culture with virtual and in-person team events and gatherings



In 2021 we worked with Best Companies to give our employees the opportunity to submit anonymous feedback on how engaged they felt with adm as an employer, and to share which areas they felt we could improve. The results of this survey led to us being named a Best Companies 'Good Place to Work' and being shortlisted as one of the UK's best small 100 companies to work for, one of Marketing and Media's 40 best agencies to work for, and One of London's 30 best small companies to work for.

adm sits in the Steering Group for Human Rights within AIM-PROGRESS; a forum of leading FMCG manufacturers and common suppliers assembled to enable and promote responsible sourcing practices and sustainable supply chains.

adm continues to report on the % of spend managed placed with socially audited suppliers, as well as the % of spend managed placed with suppliers who have signed our Supplier Code of Conduct.

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

adm encourages its employees to make use of their rights to associate and bargain collectively (as stated in our Global Employee Handbook), in line with all applicable laws and regulations.

adm requires its suppliers to undergo SMETA 4 pillar audits or equivalent, where one of the checkpoints is ensuring workers have the freedom of association and the right to bargain collectively. This point is reviewed by adm's CSR Managers and may be treated as a critical noncompliance where workers do not have such rights, depending on the legal requirements of the country of the operating factory.

Measurable outcomes

No breaches were noticed in the audit report reviews in 2021.





**Principle 4:
Elimination of all forms of forced and compulsory labour.**

**Principle 5:
The effective abolition of child labour**

adm does not tolerate any form of forced, involuntary or child labour in its business and supply chain.

All our suppliers must comply with our Supplier Code of Conduct and go through social audits which have a zero-tolerance policy on child labour, forced labour and bonded labour.

We promote employee awareness through compulsory Global Online Compliance Training, available in different languages, to ensure a correct understanding of Human Rights and Modern Slavery.

Measurable outcomes

adm published its annual Modern Slavery statement for 2020/21 (pursuant to the UK Modern Slavery Act 2015), which specifically details the risk mitigation measures that adm has adopted in its supply chain to minimise the risk of slavery and human trafficking. The statement also outlines additional measures which adm will implement to further strengthen our management approach to human rights in the supply chain. The statement has been updated in 2021. Additionally, adm is part of AIMPROGRESS, which is a forum of leading FMCG manufacturers and common suppliers assembled to enable and promote responsible sourcing practices and sustainable supply chains.

Principle 6: Elimination of discrimination in respect of employment and occupation

On commencement of employment, all adm employees are issued with a contract detailing their terms and conditions of employment, along with a Global Employee Handbook which sets out further details of adm's Human Resources Policies and Procedures.

adm's Equal Opportunities, Harassment and Bullying Policy summarises adm's strategy for the elimination of discrimination in employment and highlights that adm bases its decisions on merit and business needs rather than any other potentially discriminatory factor.

As detailed in our Sustainability Report, by 2022, we target to have 100% of our global employees to be trained on topics relating to Diversity, Equity and Inclusion (DEI) and sustainable procurement practices. By 2025, we target to have 40% female representation across our Global Leadership team.



Measurable outcomes

DEI Strategy

In 2021, we have developed an actionable, data-driven DEI strategy that is focused on celebrating our diversity, promoting equity, and eliminating all forms of discrimination. In 2021, amongst our senior leadership team, the gender split was 43% female and 57% male. Since our DEI programme began, our group-wide gender pay gap closed by almost 8% to circa 15%, adm Group is committed to further reducing and ultimately closing this gap.

To further DEI progress:

- We hold our Executive Team accountable for delivering progress against a set of annual of DEI objectives (and report on DEI progress in every adm Board meeting)
- Each of our regions has a bespoke set of DEI objectives (including ethnic diversity and other DEI objectives)
- We have three active and engaged Regional DEI Steering Committees, made up of team members at all levels and across all regions within our business
- We are active members of external DEI forums including the UK D&I Consultation Group of the UN Global Compact Forum
- We are focused on community inclusion and give each employee 2 days volunteering leave per year to support community causes including Inspiring Girls International
- We are one of 200 companies publicly committed to Hong Kong's Equal Opportunities Commission's Racial D&I Charter
- We hold bi-annual reviews with the CEO and Chief People Officer during which the regions present their progress on DEI



DEI in our Supply Chain:

With regards to our suppliers, we carried out a survey of our entire global supply chain in 2021 to determine what percentage of our current spend was being placed with suppliers that fall into any of the following groups:

- Women owned business suppliers – self declared and/ or third party certified
- Suppliers who are supporting vulnerable communities – we currently have projects that support fair sourcing businesses, poverty alleviation and disabled workers
- Minority owned business and historically underutilised business suppliers in North America that are certified by third parties

This survey has helped us identify the suppliers we will be promoting in the coming years. It provided us a baseline of 7% of the spend we manage being placed with diverse suppliers, a figure we intend to more than double by 2025. We are aiming to increase the percentage of certified diverse supplier spend to be at least 15% by 2025.

Solidarity Sourcing Programme:

Since 2018, we have been supporting L'Oréal in increasing the use of suppliers who qualify for their Solidarity Sourcing programme. The purpose of this initiative is to support social and economically vulnerable communities to access employment. It is our responsibility as a partner supplier to identify and support suppliers we believe could qualify for this programme. In the last year, we focused our work on:

- Investigating local vulnerable zones in our different sourcing areas to explore opportunities to support employment in those regions
- Empowering women by supporting women-owned businesses in becoming We Connect-certified, a certification ensuring businesses are at least 51% owned, managed and controlled by one or more women

Thanks to these initiatives, we have been able to increase the number of beneficiaries by 322% in the last three years, supporting our clients in reaching their internal targets. We were also awarded a Social Impact Award from L'Oréal for our support with Solidarity Sourcing.

A background image showing a group of people in a professional setting, with several hands visible in the foreground, suggesting applause or a celebratory gesture. The image is partially obscured by text boxes on the left side.

Principle 7: Businesses should support a precautionary approach to environmental changes.

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.

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

adm has policies, operational processes and procedures which ensure that products are produced in compliance with applicable environmental regulations.

Our QA team is continuously updating our procurement teams on the regulations applicable to the markets we are operating in.

In April 2022, adm published its annual sustainability report, outlining our vision for A Better Tomorrow, the commitments we are making to sustainability, and how we are actively delivering against them. The report also details our ambitious targets for 2022, 2025 and 2030 on key social and environmental issues relevant for our business and our clients. Our A Better Tomorrow programme is built on 3 pillars: Assure, Community and SCOPE.

The adm Sustainability Centre of Product Excellence (SCOPE) pillar focuses on how we can reduce the environmental impact of our products, as well as encourage our clients to transform their portfolio of products to adopt a more sustainable approach. As detailed in our sustainability report, we have set new SCOPE targets for 2022, 2025 and 2030.

- Develop a Sustainability Design Guide to support our teams' transition to more sustainable product offering by 2022
- Sustainable sourcing of our print items offering 95% FSC, SFI or PEFC – certified material by 2025
- Ensure 100% reusable, recyclable or certified compostable packaging for all items by 2030
- Ensure 100% reusable, recyclable or certified compostable plastic for all items by 2030

The adm Assure pillar addresses how we proactively manage social and ethical sourcing across our supplier base on behalf of our clients, including with regards to environmental impact. adm already has a strong supplier onboarding policy in our main sourcing hub in China (an Environmental Management System audit based on ISO 14001 Standards). The following Assure targets (which relate to environmental responsibility) have also been set for 2022 and beyond:

- Engage 100% of adm approved suppliers in investment in renewable energy by 2022
- 100% of our spend through suppliers that have signed our code of conduct by 2022
- Over 90% of our spend through suppliers with valid social audits by 2025 (where these audits include The Environment as a key pillar of the audit)



Measurable outcomes

Science Based Targets:

adm Group signed the commitment letter to the SBTi in early 2022 reflecting our commitment to reducing the impact of our organisational and supply chain emissions. This major milestone will guide our reduction strategy in line with the most recognised initiative globally, enabling us to go beyond good intention. We will closely follow the suggested five-step process laid out by SBTi to develop and attain verification of robust science-based emission reduction targets in line with the Paris Agreement, guided by trusted, sustainability activator, Anthesis. As such, adm Group aims to demonstrate climate leadership by working together with our clients to reduce the impact of supply chain emissions (Scope 3), many of whom are also signatories to the SBTi initiative.

Carbon Emissions:

We have implemented processes to monitor our Scope 1 and 2 emissions. In 2021, our total greenhouse gas operational emissions was 289.3 tCO₂e. We also piloted a programme with a number of key suppliers, representing 17% of our supplier spend, to train them on greenhouse gas emissions reporting ahead of our Scope 3 work in 2022.

Renewable Energy:

After mapping our operational emissions in 2021, we identified the most effective mechanism to reduce our impact and invest in renewable energy. We executed this by switching to renewable energy in our operations through renewable energy procurement with Energy Attribute Certificates (EACs). 100% of our European offices and 80% of our offices worldwide are now powered by renewable energy. 46% of our APAC suppliers (by spend) are investing in green electricity as well.

Our key strategy to reducing product emissions is through renewable energy investment, sustainable material selection and other levers that have a direct emissions impact, to combat global climate change. To address any unavoidable emissions, we continue to partner with the Carbon Reduction Institute (CRI) for the second consecutive year to offer our clients the opportunity to measure and offset the carbon footprint of their products. Carbon offsetting should be part of a total strategy; while we cannot solve climate change through carbon credits, we can advocate for its use for unavoidable emissions.

Recognition:

adm Group was awarded a Green Innovation Award by L’Oreal for developing a suite of upcycled gifts.

Plastic Reduction:

We are keen to offer solutions around recycled plastic packaging when reduction can’t be achieved. In 2020, we deployed our Plastic Reduction in Secondary Packaging program and were able to remove 34 tonnes of plastic packaging from landfills. In 2021, we have achieved a 60% reduction in plastic packaging in our Asian sourcing hub (g/kg of items produced).

To combat the plastic problem in the long-term, our Hong Kong office launched the Office Plastic Footprint Programme in mid-September 2021. The initiative involved the replacement of old recycling bins with brand-new, stainless-steel ones, the removal of all individual waste bins to encourage employees to be more mindful of what they throw away as well as weekly weighing and recording of plastic recycling versus waste. Plastic waste bins help keep track of the amount of plastic recycled and disposed of, which enables the Sustainability Team to set targets for the future, and further educate our employees on how to recycle properly. This initiative is the result of our partnership with the University of Hong Kong, who also helped us measure our single-use plastic packaging use from the products produced for four clients in the Drinks sector. We are looking to expand this programme across other offices globally. Between September 2021 to April 2022, 61% of our plastic consumption was recycled in the Hong Kong office, while the remaining 39% were sent to landfills.

Certifications, Standards and Audits:

Our procurement hub in China is accredited to the ISO14001 standard and is also FSC certified to continue our efforts to source wood and paper from sustainably managed forests. In our willingness to expand our responsible sourcing strategy, our French office is FSC and GOTS certified, and Fairtrade licensed.

Our QA Team in China performed more than 100 EMS audits (Environmental Management System) and supported our suppliers to improve their compliance level.



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

adm condemns corruption in all its forms and will not tolerate it in its business or in those we do business with.

adm's anti-bribery and anti-corruption policy and its Supplier Code of Conduct outlines the company's zero-tolerance attitude towards bribes and corruption.

adm also requires all employees to complete an online training programme annually, providing insights and guidance on how our employees can recognise the warning signs of Bribery and Corruption, prevent it taking place, and report it.

Measurable outcomes

In situations where employees do become aware of alleged infringements or have any concerns about possible non-compliance with adm policies, they are equipped with the knowledge to escalate the matter to our whistleblowing officer, a trusted senior member of staff or via our ethics line which provides employees the opportunity to report the matter anonymously to an external whistleblowing line provider.

Following a report, the necessary investigations will take place and the relevant actions will be taken to resolve the matter. Employees who raise such concerns will always be protected from possible repercussions as set out in adm's Whistleblowing Policy.

The number and procedure have been communicated in different languages in the different offices around the world.

*During the year, there was 1 incident of misconduct and malpractice within adm. The incident was resolved professionally and pragmatically. Thorough and immediate investigation was taken place, and all cases were treated in confidence without revealing the identity of the whistleblower.

Thank you

This reports covers adm's progress against the UNGC's ten principles and the Sustainable Development Goals. To explore more about our sustainability strategy, please see our [Sustainability Report here](#).



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