

### **Communication on Progress** (COP)

### **United Nations Global Compact**

September 2022

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COMMUNICATION ON PROGRESS

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> 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.

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### STATEMENT OF CONTINUED SUPPORT

#### SEPTEMBER, 1ST 2022

#### To our stakeholders:

At Ache Group we do business with purpose and so far we are distinguished for creating positive impact projects with a strong influence in the community by promoting a sustainable lifestyle.

Since 2019, we have operationalized sustainable development into our corporate philosophy with the primary goals of bringing our environmental impact as close to zero as possible, training our team to leave a legacy and facilitating sustainable creative strategies for our clients.

This sustainability plan executed is profitable for our business, that's why we ratify our endorsement to the Ten Principles of the United Nations Global Compact in the pillars of human rights, labor standards, environment and anti-corruption.

Our continuing efforts with the adherence to the Global Compact during 2020 are described with the following actions:

 Our two main festivals with an attendance of more than 17,000 people have a solid sustainability plan with a positive outcome on the triple bottom line.

- We are promoting the organization of Net Zero marketing campaigns among our clients.
- We build an aware young community that cares and acts for the environment.
- We expand the best practices to our supply chain seeking the transformation of the marketing industry in Mexico for a better world.

In this annual progress communication, we describe our actions to continuously improve the integration of the Global Compact and its principles into our business strategy, culture and daily life. We are also committed to involve our stakeholders in this program for the benefit of the society.

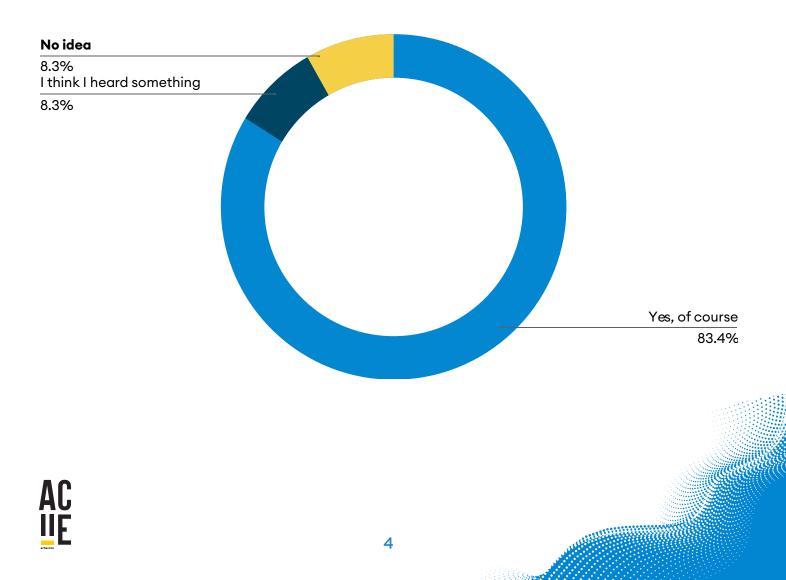
Sincerely yours,

Carlos Verastegui Chief Executive Officer

## **DESCRIPTION OF ACTIONS**

The design and implementation of Ache's Group sustainability program is carried out by Sabio Company, who established the different general and specific objectives based on the four pillars of the Global Compact with the mission of addressing most of the risks posed and with the intention of permeating this philosophy within all levels of the company's operation. The sustainability plan of Ache consists of 67 actions implemented over 12 months and also articulates the goals and outcomes that the company has been working on since 2019. A summary of the actions implemented are classified and described below is this section. In addition a survey was conducted within the team members in order to register the level of understanding and involvement.

#### TEAM AWARENESS REGARDING THE SUSTAINABILITY PROGRAM AND THE COMPANY'S CONTRIBUTION TO CERTAIN SDGs



## A) HUMAN RIGHTS

The most valuable resource of Ache are the ideas created by their team and the directors philosophy ensures a safe work environment where the following values are promoted:



Trust

Protect

Ache invested to be part of the Mexican Association of Promotion Agencies (AMAPRO) who created a space where complaints about sexual and work harassment could be made, several agencies were invited to join this initiative that seeks to eradicate bad practices in the workplace. Members of Ache's work team were trained to use the platform for complaints, as well as on the specific criteria to initiate an investigation and follow up to conduct the respective interviews and to make recommendations regarding the actions to be taken in case a situation happens.



Within this pillar, the company has a record of zero reported incidents since 2020. Likewise Ache is careful to eliminate ingredients, designs, defects or side effects that could harm or threaten human life and health during the manufacture, use or disposal of stands, BTL activations and event production in general through a risk matrix analysis tool which seeks to plan, analyze and implement appropriate actions to address danger and and instead, this mechanism will enable preventive controls to be put in place to minimize negative effects and maximize the use of resources.

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The company's actions in this pillar are:

- The company provides safe, adequate and hygienic work facilities and also gives the option to telecommute.
- The empowerment of women in the workplace is promoted and their rights are respected.

The entrerprise protects workers from workplace harassment, including physical, verbal, sexual or psychological harassment, abuse or threats through the AMAPRO organization, which includes:

- A communication channel that allows people to express their concerns and incidents in a safe manner.
- A response committee and an action protocol to resolve complaints through the communication channel.

#### The principles that are adhered to in this pillar are:

Principle	Description	<b>Compliance level</b> (1 lowest I 5 max)		
1	Businesses should support and respect the protection of internationally proclaimed human rights.			
2	Businesses should ensure that they are not complicit in human rights abuses.			

# **B**) LABOR STANDARDS

To achieve Ache's business objectives, the company always adhere to the highest standards of integrity and ethics, and ensure that the team comply with all applicable laws and regulations in addition to the principles of the United Nations Global Compact as well as the guidelines of internal code of ethics and conduct.



#### CODE OF ETHICS AND CONDUCT

The shareholders, owners, directors and colleagues ethics is essential for the Company in order to adequately fulfill its purposes, insofar as it constitutes the necessary requirement to guarantee and balance the rights and interests of all the stakeholders affected by it: employees, customers, shareholders, suppliers and business partners and society in general.

The company's system calls for all major employers along the value chain to have policies that establish that hiring, placement, compensation, promotion, training, discipline, retirement and termination decisions are based on objective factors and are not related to gender, age, nationality, ethnicity, sexuality, race, color, creed, caste, language, mental or physical disability.

Ache is proud to be an Oxfam Mexico donor company. The company supports a less unequal country with actions in favor of a more inclusive economy, defense of territory and water, and visibility of racism.



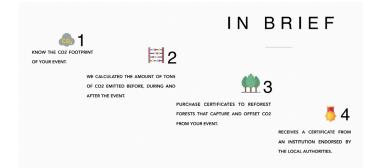
The actions implemented by the company in this pillar are:

- There is a form for recording and monitoring indicators.
- They comply with minimum wage standards.
- There is a communication plan to inform the relevant actors about the actions and efforts made to mobilize joint action.

## C) ENVIRONMENT

Ache develops its own creative process considering a positive impact on people through their ideas, which allows them to build their clients' brands and generate unique experiences that spread on diverse media channels stories that connect beyond reason through environmentally friendly projects.

The company is leading the marketing industry sustainable transformation by offering a tool that calculates the carbon footprint of an event at the budgeting phase in order to convince the clients to consider the offsetting since the beginning of the project. So far this initiative is going slow so the strategy is to keep the promotion among the clients until the market is ready to invest on nature based solutions to compensate for their environmental impacts.





#### Impacto Positivo Ambiental y de Sustentabilidad por OLIO

One remarkable achievement of Ache is that for the second consecutive year the company won a Silver Effie Awards Mexico in the positive environmental and sustainability impact category due to the initiative OLIO (is the first agency to win this category).

OLIO connects neighbors with each other and with local businesses so surplus food can be shared, not thrown away. This could be food nearing its sell-by date in local stores, spare home-grown vegetables, bread from your baker, or the groceries in your fridge when you go away. For your convenience, OLIO can also be used for non-food household items too. https://olioex.com

The following list of actions are taken for a better planet:

- Measure the ecological footprint of office and warehouse operations.
- Communicate actions to reduce energy and water consumption.
- Make local and environmentally friendly purchases.
- Minimize the use of chemicals and other hazardous substances.
- Promote recycling and reuse of materials in both office and field operations.

The principles that are adhered to in this pillar are:

Principle	Description	<b>Compliance level</b> (1 lowest   5 max)	
7	Businesses should support a precautionary approach to environmental challenges.		
8	Businesses should undertake initiatives to promote greater environmental responsibility.		
9	Businesses should promote the development and diffusion of environmentally friendly technologies.		

## D)ANTICORRUPTION

The company aligns itself with anti-corruption practices and promotes it among its value chain through the business contracts and the code of conduct, documents that emphasize the following points:

- Mention the words "anti-corruption" and/or "ethical behavior" in contracts with business partners.
- Ensure that internal procedures support the company's anti-corruption commitment

The principles that are adhered to in this pillar are:

Principle	Description	<b>Compliance level</b> (1 lowest l 5 max)		I		
10	Businesses should work against corruption in all its forms, such as extortion and bribery.					

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## **MEASUREMENT OF OUTCOMES**

The table below includes the most relevant indicators resulting from Ache's sustainability program for the period July 2021 to August 2022 in accordance with the guidelines of the Global Compact Mexico and Global Reporting Initiative.

	Indicators	Unit	Figure
1	General		
1.1.1	Number of projects that include sustainability strategies.	#	2
1.1.2	Number of SDGs supported by the company's activities.	#	4
1.2.1	Amount of money donated to social projects.	MXN	\$50,000.00
1.2.2	Percentage of procurement budget spent with local supplier	rs. %	90%
1.3	Number of messages with program or pact information sent	. #	3
1.4.1	Number of internal policy signatures.	#	33
1.4.2	Number of sustainability committee members.	#	4
1.5.1	Percentage of suppliers that signed the supplier code of eth	ics. %	80%
1.5.2	Number of contracts signed with new clauses (teleworking).	#	33
1.6	Number of projects with social, environmental and/or econd objectives/actions.	omic #	3

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	Indicators		Unit	Figure
2	Human Right	:s		
2.1.1	Demographic data have been identified.		Yes / No	Yes
2.1.2	Number of employees per contract, specify part-time or full-time and gender.	Part time. Full time. Gender.	# # %	0 33 51.51
2.2	Incident reporting system.	Number of incid reported.	ents #	0
		Number of incider resolved.	ents #	0
		Number of peopl the decision-mak committee.		5
2.3	2.3 Does the Company have policies/programs that promote equal opportunities (regardless of gender and other diversities) that explicitly extend throughout the value chain?			Yes
2.4.1	4.1 Average hours of training that the organization's employees have completed during the reporting period.		#	10
2.4.2	I.2 Number of messages sent regarding the topic.		#	1
2.5	Measures taken by the organization during the reporting period to contribute to the effective abolition of child labor.		iod #	1
2.6	.6 Total number of identified leaks, theft or loss of data.		#	0

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	Indicators	Unit	Figure
3	Labor Standar	ds	
3.1	Does the company system and all major employers along the value chain have policies that state that hiring, placement, compensation, compensation, assumption, training, disciple retirement and termination decisions are based on objective factors and are not related to gender, age, nationality, ethno sexuality, race, color, creed, caste, language, mental or phy disability, etc.?	ine, e icity,	Yes
3.2	Number of contracts signed with clauses.	#	33
3.3	Average hours of training that the organization's employees undertaken during the reporting period, by: Gender and Cate		5
3.4	3.4 Representation of women in managerial, skilled (non-managerial) and unskilled positions.		16
3.5.1	Number of new employees by age group, gender, and region	. #	4
3.5.2	Number of employees terminated by age group, gender, and re	gion. #	1
3.5.3	Ratio of contract employees to project personnel.	#	4

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	Indicators	Unit	Figure
4	Environmen	nt	
4.1.1	Carbon footprint.	t CO2e	49.92
4.1.2	Power consumption.	MW	21.51
4.1.3	Consumption of liquid fuels (diesel).	I	2,609
4.1.4	Consumption of liquid fuels (LP Gas).	I	990
4.1.5	Type of antifreeze.	-	R - 134A
4.1.6	Number of airplane flights.	#	36
4.1.7	Mail sent on average.	#	170,889
4.1.8	Meals served in the office dining room.	#	480
4.1.9	Water consumption in the office.	m3	521.74
4.1.10	Amount (percentage) of green purchases in the office.	\$	\$12,000.0

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	Indicators		Unit	Figure
5		Anticorruptio	n	
5.1	Total number of incidents of non-com- pliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of	Incidents of nor pliance with reg resulting in a fin penalty.	julations	0
	activity:	Incidents of nor pliance with reg resulting in a wo	julations	0
		Incidents of nor pliance with vol codes.		0
5.2	5.2 Total number of governance body members trained in anti-corruption.		rruption. #	4
5.3	5.3 Publicly stated commitment to work against corruption in all its forms, including bribery and extortion.		s forms, #	Yes
5.4	5.4 Commitment to comply with all relevant laws, including anti-corruption laws.		#	Yes

The report was made with the support and advice of Sabio Company.

If you have any technical questions, please contact: Jesus Herrera Sustainability Expert jesus@sabiocompany.com

C.S.