

POLICIES



MODERN SLAVERY STATEMENT 2022/2023

INTRODUCTION

This is the sixth Modern Slavery Statement published by Commercial Corporate Services Ltd¹. It has been prepared according to the Modern Slavery Act 2015. This statement includes the following subsidiaries:

- Commercial Ltd²,
- Commercial IT Services Ltd³

Commercial is committed to eliminating any form of modern slavery from our supply chain. To achieve this, we are taking an active and collaborative approach with our clients, suppliers, and partners.

Our ethical trade partnerships have given Commercial a clear and defined understanding of what modern slavery means. Modern slavery includes the practices of human trafficking, forced servitude, exploitative, coercive, and abusive behaviour, generally coupled with appalling working and living conditions that breach basic human liberties. Modern slavery remains a pervasive issue across many industries. Therefore, Commercial undertakes an

internal and external risk-based assessment to determine the prevalence of modern slavery within our global supply chain. This also includes evaluating our internal operations.

Commercial is committed to acting ethically, and with integrity, at all times. Our Modern Slavery Statement sets out to provide information about what Commercial is doing to achieve positive steps towards understanding our supply chain and helping combat any form of modern slavery.

¹ Commercial Corporate Services Ltd
Company Number: 07531759

² Commercial Ltd
Company Number: 02589514

³ Commercial IT Services Ltd
Company Number: 07482128

ORGANISATION STRUCTURE AND SUPPLY CHAIN

Commercial’s broad range of service and product areas means that the organisation has access to an expansive array of product lines that are complex due to the nature of the supply chain network. Our aim is to provide clients with everything they require to establish the complete modern work environment, from designing and establishing their workspace, to supplying the technology and business essentials they need to operate smoothly and successfully.

Commercial is principally a reseller of products sourced from manufacturers and wholesalers located within the UK but will source from the EU. Each of our suppliers is responsible for curating their own product portfolio and sourcing these goods. Commercial, and our clients, have access to all or parts of these sourced products. Commercial is not a direct importer and/or manufacturer of products, however we supply four specific Commercial-branded product lines by appointed manufacturers.

Commercial-branded products have been mapped down to the factory level.

To better understand factory information on the remaining products, we are actively collaborating with our supply chain partners to obtain comprehensive information on all products sold. Commercial has complete visibility of our immediate Tier 1 suppliers, and partial visibility of Tier 2 suppliers. Overall, Commercial is committed to engaging with our suppliers and maintaining an accurate map of our supply chain.

The flowchart below illustrates Commercial’s internal reporting hierarchy for onboarding new suppliers and maintaining labour rights within the supply chain beyond Supplier onboarding.

Internal accountability structure:



To find out more about our business structure and sustainability strategy, please visit our website and download our Social Impact Report.

Turnover £80m	Suppliers 1,000+	Total Products 66,000+
Employees 305	Customers 1,800+	Own-brand Products 99

OUR SUSTAINABLE DEVELOPMENTS, PARTNERSHIPS, COMMITMENTS AND POLICIES

Providing transparency, for our clients, has always been a main priority for Commercial. Our business wants to make it easier to achieve social and environmental best practice. In 2010, we established our first tool to help clients assess the supply chain behind the products they purchase. Over the year we have made substantial progress towards creating a transparent, interactive reporting system and map, where clients can better understand their buying habits and champion sustainable products.

Our sustainable developments:

Commercial launched our ‘own brand’ *Products with Purpose* range in 2015 to give clients the opportunity to buy a sustainable product while supporting, Commercial Foundation, a B Corp-accredited social enterprise.



Products with Purpose (PWP) are located on Sprint – our purchasing platform – and highlight products that have: the best environment credentials;

are ethically produced; made with recycled material; and/or sourced from, or manufactured by, a social enterprise. Commercial has more than 14,000 products within our *Products with Purpose* range, with ambitions to develop this across our entire business. For more on our PWP range and our long-term ambitions, please refer to section KPIs below.



In 2019, Commercial invested heavily into Power Bi to bring together data and sustainable best practice. This software gives us the opportunity to show where our own-brand products are coming from, plus the metrics we believe to be important when gathering information on appointed manufacturers. Our ambition is to create an interactive map of all products, purchased and sold, within our PWP range. Commercial’s own-brand product map is publicly available on our website.

Our partners:

Commercial could not be as successful as it is without the help and tools provided by our partners. These partnerships help guide us when expanding our internal projects and,

more importantly, help guide us when managing our supply chain.



In 2011, Commercial became a member of The Ethical Trade Initiative (ETI). As a member, we have adopted the ETI Base Code which was founded on the conventions of the International Labour Organisation and is an internationally recognised code of labour practice. Participation with ETI has given Commercial the tools to identify and mitigate acts of human violation. In addition, our involvement helps to improve our understanding of complex global supply chains and enables us to share best practice with other members.



In 2020, Commercial signed up to EcoVadis as part of our ongoing desire to find the most sustainable, ethical, and socially conscious suppliers on the market. Commercial have a large number of suppliers, and as we look to streamline our supply chain partners,

this evidence-based assessment tool gives us a monitoring platform that evaluates all our suppliers, equally, and without audit duplication. We are now able to benchmark all our suppliers' environmental, social, and ethical performance, allowing us to establish our best-performing suppliers at any one time.



Commercial is a "B" member of SEDEX – the Supplier Ethical Data Exchange. SEDEX is a not-for-profit organisation dedicated to improving business practices. SEDEX offers Commercial a simple and effective way of understanding ethical and responsible best practice, while assessing our own performance and meeting client requirements. This membership also provides our sustainability and purchasing experts with the ability to read SMETA audits, that are conducted around the world, to better understand supply chain practices at a factory level.



In 2017, Commercial became an accredited Living Wage Employer by the Living Wage Foundation as part of our commitment to ensuring workers are given fair monetary value



for their work. Our Managing Director, Simone Hindmarch said: *"Everyone putting in a day's work deserves a fair day pay. Becoming a Living Wage accredited employer underlines our commitment to this."*

"At Commercial, we put a lot of energy into maintaining a sustainable and responsible business culture. Treating staff well – and going beyond legislative requirements – is an important aspect of this."

The Living Wage Foundation ensures that Commercial is not only looking at the supply chain stability but also in-house practices. Employee welfare is of great importance to us.



Commercial signed up to the Disability Confident Scheme, alongside 18,000 other companies, who are trying to change perceptions and attitudes for a better working environment. Commercial is committed to this scheme because we want our recruitment process to be inclusive and accessible for all. Ensuring disabled people and those with long-term health conditions have the

opportunities to realise their aspirations and fulfil their potential. Commercial proudly remains a Level 2 Accredited employer. We will continue to pioneer a sustainable working environment and achieve all three Levels.



In 2021, Commercial signed up to the United Nations Global Compact and is now a participant in the UN Global Compact Network, UK. Commercial joined this partnership because we wanted to showcase our commitment to sustainability and responsible business practice. Commercial has embedded the 10 Principles of the United Nations Global Compact into our strategies and operations, and committed to respecting human and labour rights, while safeguarding the environment, and working against corruption in all its forms.

Freedom of association and collective bargaining:

As part of Commercial's commitment to the UN Global Compact and more importantly the ETI Base Code, we understand and fully support the importance of employees having the ability to negotiate for better pay and working conditions. All Commercial suppliers must sign and agree to the Suppliers Ethical Code of



Conduct Policy when contracts commence. The Policy and our Due Diligence states that “...*Commercial suppliers must adhere to the ETI Base Code throughout their operational chains... and must...provide information on your companies engagement with NGOs, Trade Unions or any other organisation that looks after employee welfare...*”

Commercial’s interactive and transparent supply chain map (located on our website) also showcases how Freedom of Association and Collective Bargaining are an important part of our due diligence process. Moreover, Commercial’s appointed manufacturers and wholesalers have also been mapped against the ITUC Global Rights Index.

PWP Country List	ITUC Risk (1-5+)
Finland	1
Germany	1
Italy	1
Estonia	2
Poland	3
UK & I	4
China	5

Where there is risk, Commercial may ask for an up-to-date audit and/or offer an appropriate recommendation on how to mitigate this risk associated with

Freedom of Association and Collective Bargaining. Depending on the severity, it may be necessary to re-source a product. Our work with ETI and its Trade Union partnerships helps us understand areas where we can leverage our buying power to improve the welfare of the workers within our supply chain. Likewise, EcoVadis’ 360 Watch Findings assures Commercial that no violations have been reported by a Trade Union, NGO or Environmental Agency within the last five years.

In term of Commercial’s own internal commitment, we acknowledge the right for all employees to have a trade union membership. Our primary aim is to work directly with our team and actively seek their feedback on any proposed changes within the workplace. We currently do not have any recognised union membership but Commercial supports all employees who have a union membership, and they are entitled to union representation at any formal meeting. In addition, Commercial’s internal employee engagement programme and ISO 45001 committee meetings help ensure social sustainability remains embedded within our business operations.

Our policies and procedures in relation to slavery and human trafficking:

In addition to our sustainable developments, partnerships and stance on Freedom of Association and Collective Bargaining,



Commercial has a zero-tolerance policy with regards to matters of harassment, discrimination, modern slavery, bribery, inequalities, and any other act that may make an individual feel uncomfortable or at risk of danger.

Provided below is a list of internal documents that help combat modern slavery within our value chain, which can be given upon request:

1. **Suppliers Ethical Code of Conduct:** This document affirms Commercial's commitment to addressing suppliers' performances on a regular basis, so progress can be assessed continuously.
2. **Anti-Bribery and Anti-Corruption Policy:** This document affirms Commercial's commitment to honesty, transparency, and integrity.
3. **Equality and Diversity Policy:** This document affirms Commercial's commitment to equal opportunity for all, regardless of background, religion, gender, and race.
4. **Anti-Harassment and Bullying Policy:** This document affirms Commercial's commitment to preventing unwanted behaviour

that could negatively affect someone's well-being.

5. **Grievance Procedure:** This document affirms Commercial's commitment to identifying and promptly dealing with any matter of concern within the workplace.

DUE DILIGENCE PROCESSES

Commercial has sought to build stable and long-lasting relationships with strategic suppliers, many that have been established in excess of 15 years. Any new Supplier will only be appointed if they have aligned with our 'Commercial by Nature' approach. All products are evaluated on a supplier-by-supplier basis, by our Procurement Team and signed off by the Purchasing Director, and we would favour those partners who align with our culture and values.

Commercial works closely with EcoVadis to improve the visibility of our supplier's business procedures and manufacturing practices. Our purchasing and sustainability experts meet with a dedicated EcoVadis Account Success Manager, every month, to ensure continual improvement. In addition, we work with ETI, and all suppliers must adopt the ETI Base Code and adhere to its requirements throughout their entire business and supply chain.

Commercial's ethical procurement and purchasing procedures help evaluate all new



and existing suppliers. Commercial has an in-depth Due Diligence Questionnaire for all new and existing suppliers. This questionnaire gives the purchasing team a clearer understanding of the risks relating to a supplier and opportunities for continual improvement. The Due Diligence Questionnaire assesses suppliers on a number of factors, such as modern slavery compliance, finance, living wage, information security, workplace policies, transparency of operations and ISO compliances (where applicable). The Employment: Social Sustainability and Environment information from the Questionnaire is evaluated by Commercial's Sustainability Manager before the Due Diligence document is signed off. Commercial's Sustainability Manager and Product Manager have also created a simple and coherent Onboarding Supplier Approval Checklist, to help consolidate information being gathered when a new supplier is being considered. Commercial has completed its internal best practice documentation and will roll out this procedure to the whole Group.

As part of our due diligence process to manage beyond Tier 1 Suppliers, our main logistic and wholesale partner is a member of the group called, Interaction. Interaction is a group made up of

fourteen likeminded companies across Europe that provides a number of sourcing services including managing our Tier 2 Suppliers across both Europe and the Far East. As part of Interaction's supplier on-boarding procedure there are extensive compliance and sustainability requirements that need to be demonstrated before they can become a supplier to the group. Interaction also has "feet on the ground" in the Far East and has a regular annual audit scheduled with these manufacturers to ensure compliance. Interaction's due diligence software allows Commercial to have access to these audits to better understand our Tier 2 Suppliers and managing the risk of Modern Slavery.

In addition, in 2021, Commercial hosted its second Supplier Day. More than 60 strategic supply chain partners attended our #ProcurementWithPurpose event, hosted by our Purchasing Director, Managing Director, Financial Director, Operations Manager, Product Managers, and Sustainability Manager. Our suppliers heard and saw first-hand what Commercial, and better understand our 'Commercial by Nature' ethos. At the end of the event, suppliers were left with a call to action. These included signing up to EcoVadis, increasing operational performance and helping to expand our Products with Purpose range. Furthermore, Commercial expressed the necessity for Net-Zero commitments across the whole of the supply chain.



Early next year (2024), Commercial will look to host its third Supplier Day to engage with purpose-driven suppliers, that are making a positive social and environmental impact, throughout their operations. Moving forward, Commercial will look to ensure all suppliers must pledge to be Net-Zero by 2050 at the very latest. Commercial continues to engage with purpose-driven suppliers, that are making a positive social and environmental impact, throughout their operations.

Regarding Commercial's internal assessment, pre-employment screening checks are completed by our People and Culture Department (HR). This includes checking proof of Right to Work in the UK (including details such as age), DBS clearance checks, credit checks and satisfactory employment referencing. Employment is only subject to the above checks being successfully completed. This process applies for all employees and/or contractors of Commercial. In addition, this process is included in our ISO 9001 and ISO 45001 management system which is audited each year for re-certification by BSI to ensure quality is maintained in the business; procedures are correctly followed; and no form of modern slavery exists within our business.

RISK ASSESMENT AND MANAGEMENT OF OUR SUPPLY CHAIN

The range of products available to our clients is expansive and contains items sourced from across the world. The complexity of products, their sub-assemblies and materials used, make it challenging to have full visibility of the supply chain and this increases the potential risk of modern slavery occurring. The majority of the 66,000+ product lines are sourced through a multi-tiered supply chain. These products are beyond Commercial's immediate sphere of operational control which is a risk that we are seeking to minimise.

Commercial has substantially greater operational control over our own-brand products including notebooks, paper, inkjets, highlighters, and toners. Potential suppliers are required to fill out an internal RFQ, to which more than 50% weight is given toward ESG related questions. This means all Commercial-brand suppliers must be environmentally and ethically conscious in order to win a tendered contract. Our current contracts include Victor, UPM, Hainenko and Lexmark.

Commercial's public and interactive map (located on our website) discloses our country sourcing against our Commercial-brand range, which includes China, Finland, Estonia, Poland, Italy, and Germany. After desk-based research, and following meetings with suppliers, we have evaluated our most urgent salient risks, in line with the ETI base code, to



be 6: *Working hours are not excessive* and 7: *No discrimination is practised* based on our medium and high-risk countries. In addition, the table below illustrates Commercial's geographical spread of production and sourcing from Low to High risk:

Manufacturer List by Country	Commercial's Risk Assessment
UK & I	Low
Finland	Low
Germany	Low
Estonia	Low
Italy	Medium
Poland	Medium
China	High

In order to address *No discrimination is practised*, we required a follow-up audit, where the findings demonstrated how this specific risk had been addressed over the reporting year. Commercial remain satisfied but will keep a close eye on the issue to ensure this does not become a risk again. In order to address *Working hours are not excessive*, Commercial has requested to put 'working hour: pre-warning' systems in place which controls workers' hours to ensure that they are not working excessive hours to the detriment of their health and well-being. Commercial will engage frequently with the supplier to ensure that action has been taken by the next reporting period.

Beyond our own brand product lines, we focus our efforts on the supply chain where we consider we have the most leverage and can achieve positive impact. In 2023, Commercial formally launched its Managed IT and Technology *Products with Purpose* (PWP) range; A campaign to address carbon emissions and labour risk within our supply chain. The Managed IT and Technology team has worked hard to gather more information on each of our main suppliers and ensure *Child labour shall not be used (ETI base code 4)* and *Working conditions are safe and hygienic (ETI base code 3)* within the supply chain. Unfortunately, IT products continue to have a high risk of forced labour working within Artisanal and Small-Scale Mining, around the world, with little to no oversight. This Campaign addresses this complex industry, head on, by promoting sustainable and re-manufactured IT products. Our PWP range uses accreditations such as TCO Certified, Energy Star, Water-Based inks, Fairtrade Gold, and EPEAT. Commercial understands that 80% of IT emissions are made up from the production and manufacturing of IT equipment. Therefore, we are determined to break down biases regarding re-manufactured products to promote sustainable IT. We feel this campaign will achieve greater clarity, promote sustainable products and partners, but most importantly, strengthen our supply chain map for technology hardware and services. For more



on our PWP range and our long-term ambitions, please refer to section KPI's below.

Commercial has clear visibility and substantial operational control over our UK and Ireland based wholesalers, distributors, and manufacturers on sustainability metrics, both social and environmental. Internal operations teams often visit factories and wholesaler sites located within the UK and Ireland. All information gathered by our team on products and Tier 1 suppliers is stored centrally and audited within our ISO 14001 certification.

Additionally, Commercial has upgraded our data accuracy for all our products with the installation of Fusion. This system enables us to create a more transparent supply chain. All data obtained is collected, stored centrally, and analysed by our Purchasing and Sustainability Teams. We also have plans to move to a new ERP system in 2023/2024 called Phoenix. This system has been designed in-house by our own developers and aims to have tighter data governance through stricter data validation and role access.

Commercial has implemented steps which require all product suppliers to complete an EcoVadis assessment, that

evaluates individual companies on their Environmental, Labour and Human Rights, Ethics and Sustainable Procurement performance. Commercial now regularly issues suppliers with Corrective Action Plans (CAP) through the EcoVadis portal which encourages them to improve on high-priority areas against their recent performance score. These areas are flagged by EcoVadis based on where they are underperforming. CAP progress is then discussed throughout supplier account reviews. Commercial also refers to EcoVadis 360 Watch Findings and publications from Human Rights Watch, ITUC Global Rights Index, SEDEX, and ETI to help inform us of any other significant human rights risks.

Commercial is committed to being an adaptable supply chain partner by safeguarding sustainable purchasing practices and ensuring we do not compromise the bottom line. Therefore, Commercial continues to be flexible with suppliers and clients on payment terms. As a business, we were happy to pay upfront or on delivery for all our suppliers. Commercial also ensures we do not cancel orders placed due to time constraints and impose any sanctions for late orders. Instead, we have created positive and helpful communication when relaying relevant information to our clients about time constraints, increased costs and/or product shortages.



Finally, all supplier information gathered throughout the year is shared internally with our Ethical Trade Champions Team. These Champions are the procurement leads around the business and help maintain relationships with our supply chain partners. Champions are responsible for engaging internally with their respective buying teams to ensure issues, such as, workers' rights are addressed. Each champion is also responsible for communicating the requirements of the Supplier Code of Conduct to their suppliers and for collating supplier related data.

Regarding Commercial's internal assessment, Commercial continues to encourage employees to talk openly during daily team catch-ups and monthly reviews with dedicated line managers. More importantly, if team members feel uncomfortable talking to someone internally, Commercial has provided all employees with a free of charge and confidential counselling service with a dedicated psychologist. In addition, all employees are given the chance to fill out a confidential Employee Experience Survey. As quoted by our People and Culture team, *"Our people really are our most valuable asset and each and every one of you contributes towards our growth; your opinions are therefore*

extremely important to us, and this survey is your chance to express them". These services and programmes, put in place by our People and Culture team, help improve our staff wellbeing but also help Commercial ensure all our employees feel safe at home and at work.

KPIS TO MEASURE OUR EFFECTIVENESS

Since 1991, Commercial has been building the business and the reputation it has today and, for that reason, we are equally concerned with how we perform financially and how we measure against other non-financial metrics. Commercial has never been afraid to make bold and ambitious targets across the entire business. Commercial always believes that being ambitious is far more powerful than business as usual and this is reflected in our internal KPIs.

Company-wide KPIs, are focused on the company becoming a Net-Zero business by 2028 in line with The Science Based Target initiative. Subsequently, Commercial's Purchasing KPIs have naturally integrated with this Net-Zero timeline. Commercial will aspire towards a goal of which 100% of all sales will originate from our PWP range no later than 2028. In 2022, more than 30% of our sales were generated from our PWP range. In 2023, more 33% of our sales were generated from our PWP range and we are expecting this to reach in excess 50% of our sales by next year



with the establishment of our IT and Tech PWP range. This means Commercial will only work with suppliers who are pushing forward the most responsible products on the market. This KPI will help consolidate our supply chain and reduce our Scope 3 emissions.

Underpinning this product strategy is a process to ensure continual improvement within our #ProcurementWithPurpose strategy. That strategy involves reducing our supply chain partners. In 2022/2023, our Suppliers increase from 900+ to 1,000+ due to a winning a key large account. However, our ambition remains to reduce our 1,000+ current suppliers to only 200 strategic suppliers and 200 supporting suppliers. We will work with our supply chain partners to drive efficiencies and sustainable procurement practices through regular meetings and audits on performance and conformance measures.

Furthermore, through our partnership with EcoVadis, all new suppliers are required to register for assessment within the first month of trading. Across our Procurement Team and Inventory Team, we hold regular account reviews with our existing suppliers. As part of the review, EcoVadis features as a standard

agenda point where we discuss their audit status, scorecard and any corrective action plans that may have been put in place. We have a KPI to hold a minimum of 100 reviews per annum which covers at least 90% of our turnover. An additional KPI is to audit the entire supply chain by the beginning of 2028. Commercial has based its required standard on EcoVadis' current platform standard (>50 out of 100) with a plan to develop this programme over the next year. Commercial's key objective is to ensure continual improvement of our supply chain.

On a final note, Commercial plans to increase our social value spend by the end of 2026, ensuring Commercial will generate a minimum of 5% sales originating from a Community Interest Company. Social Value supports local communities and increases the importance of social enterprises, which helps create a sustainable world in line with the UN Global Compact and Sustainable Development Goals.

TRAINING ON MODERN SLAVERY AND TRAFFICKING

Commercial staff regularly attend conferences, networking events, and training courses that increase our awareness on issues of modern slavery and broader human rights abuses. Any training completed by our Purchasing or Sustainability Teams is replicated within the business through quarterly Ethical Trade Champions meetings. Ethical Trade meetings,




led by the Product and Sustainability Managers, gives senior management an open space to talk about sustainable developments and consolidate ethical trade procedures across the Group. These meetings are intended to help our employees understand modern slavery issues and understand the importance of Commercial's continuous success.

Connectivity and training continue to be a key priority for Commercial. Our Managing Director created weekly group Learning Days to keep the business connected and encourage training across the business. These meetings give every employee, both junior and senior, the opportunity to present to the whole company on a new (or old) business practice and/or procedure. One session, presented by our Sales Directors and Sustainability Manager, talked about the importance of our new Managed IT and Technology PWP campaign and product range, and the steps we can take reduce the risk of conflict minerals and carbon intense products by simply choosing the right partner(s). Commercial believes that every employee, plays an important part in reducing modern slavery within our supply chain and believes that openness and transparency are the key components to tackling modern slavery.

Equally important, our Managing Director presents Commercial's Social Impact Report to both clients and suppliers to educate and inspire fellow corporate decision makers on the necessity of environmental and social governance. She openly and honestly presents the company's efforts towards achieving Net-Zero while addressing the complexity of a global supply chain. Over the past year she has donated more than 100 hours of her time to explain the importance of being a purpose-led organisation.

Ultimately, Commercial understands that education is always an ongoing journey. We will continue to strive for a sustainable world, to be a business for good, and continue to educate our staff and external partners on the different forms of modern slavery and trafficking. Commercial will continue to develop strong relationships with suppliers and partners, alongside championing best practice. Most importantly, we are committed to being a leading advocate for ethical and sustainable trade.

This statement was approved by all board members and will be reviewed annually.

Signed Arthur Hindmarch (Chairman)


Date August 2023