

POLICIES



MODERN SLAVERY STATEMENT 2018/2019

INTRODUCTION

This is the second Modern Slavery Statement published by Commercial Corporate Services Ltd¹, and covers the financial year ending 31 January 2019. It has been prepared according to the Modern Slavery Act 2015. This statement includes the following subsidiaries in scope:

- Commercial Ltd²,
- Commercial IT Services Ltd³

Modern slavery is a gross violation of human rights and research completed by the ILO estimates that around 40 million people, if not more, face some form of modern slavery today. In addition, one in four of these workers are children⁴. Tragically, these statistics show a startling reality about the global supply chains in modern society.

The Modern Slavery Act 2015 has given Commercial a clear and defined understanding of what modern slavery means and to whom it applies. 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. All of this is generally underpinned by an employer or criminal gang knowingly exploiting individuals to better themselves financially or commercially. No national or international sector can consider itself immune from these insidious business practices. Commercial is committed to an active and collaborative approach with our suppliers and partners to eliminate any form of modern slavery from our supply chain.

Modern slavery is often considered by some to be a geographical problem that only exists beyond our borders. This is simply not true. The United Kingdom sits in a very startling third tier down on a list of the top five worst countries with systematic violations of workers' rights⁵.

Commercial undertakes a risk-based assessment to determine prevalence of modern slavery within our global supply chain.

¹ Commercial Corporate Services Ltd
Company Number: 07531759

² Commercial Ltd
Company Number: 02589514

³ Commercial IT Services Ltd
Company Number: 07482128

⁴ International Labour Organisation. (2017). Global Estimates of Modern Slavery: Forced Labour and Forced Marriage. [online] Geneva: pp.5. Available at: https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_575479.pdf

⁵ <https://www.ituc-csi.org/IMG/pdf/ituc-global-rights-index-2018-en-final-2.pdf>



This also includes evaluating our domestic supply chain and 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 internally to achieve positives steps towards understanding our supply chain and helping combat any form of modern slavery.

OUR BUSINESS AND SUPPLY CHAIN

Commercial is the UK’s largest independently owned business services group. Commercial is principally a reseller of products sourced from manufacturers and wholesalers. Each of Commercial’s suppliers is responsible for curating their product portfolio and sourcing these goods; Commercial, and its customers, have access to all or parts of these catalogues. Commercial is not a direct manufacturer of products but does supply three specific Commercial-

branded product lines produced by appointed manufacturers.

Our business consists of five divisions: Office Supplies, Print, Interiors, Managed Print, and Managed IT Services. Having five divisions’ means that our organisation has access to an expansive array of product lines that are complex from the nature of the supplier network.

Commercial-branded products have been mapped down to the factory level. In addition, Commercial actively collaborates with our suppliers to obtain comprehensive information on the remaining 200,000 products in our portfolio. We source directly from UK suppliers and ask all our suppliers to provide us with Country of Origin (on their products) to help us create a preliminary supply chain map. Therefore, Commercial has complete visibility of our immediate Tier 1 suppliers, and partial visibility of Tier 2 suppliers. Commercial is engaged in a continuous process of engaging with our suppliers to build and maintain an accurate map of our supply chain.

Turnover £62.1m	Suppliers 500+	Total Products 262,000
Employees 309	Customers 6000	Own-brand Products 200

OUR PARTNERSHIPS AND POLICIES

Commercial, like so many other businesses, could not be as successful as it is without the help and tools provided by our partnerships.

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 wants to make it easier for customers to achieve social and environmental best practices. In 2010, we established a tool to help our customers assess the supply chain on products. This tool, referred to as Green Cat, has multiple criteria which rate products on both their environmental and social standards'. Green Cat gives a customer suitable evidence to make an informed buying decision on products that champion positive change.



Member

Ethical Trading Initiative

Respect
for workers
worldwide

In 2011, Commercial became an Ethical Trade Initiative member. 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 tools to identify and mitigate acts of human violation but also share best practices with other members to better understand the complexities of the global supply chains.



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 MD has said that "everyone putting in a day's work deserves a fair day's 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 an important matter to Commercial. Monthly reviews are held with all employees to ensure that wellbeing is maintained within the business.



As part of our Carbon Neutral certificate and offset programme, Commercial has chosen two projects that not only benefit the planet in combating carbon emission but also benefit the workers who are protecting threatened and/or biodiverse ecosystems. Rimba Raya Reserve, Indonesia, helps halt deforestation by giving the local communities the tools and education needed to help them protect areas that have been previously demolished by palm oil plantations. This programme helps secure food, income,

health care, and education for individuals in Indonesia. Programme Meru and Nanyuki, Kenya, helps women in the community reforest developed lands, increase community farming, and improve water stewardship. In addition, this programme provides women with an opportunity to develop managerial responsibilities and most importantly be self-sufficient within a patriarchal society.



Commercial is a "B" member of Sedex, the Supplier Ethical Data Exchange. Sedex is a not for profit organisation dedicated to driving improvements in responsible and ethical business practices. Sedex offers Commercial a simple and effective way of managing ethical and responsible practices in our supply chain

In addition to our memberships, 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 employee in our business feel uncomfortable or at risk of danger.

Provided below is a list of internal policies that help combat modern slavery and which can be given upon request:

1. **Ethical Purchasing Policy:** This document affirms Commercial's commitment to the ETI base code,

when accepting new and working with old suppliers.

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. **Code of Conduct:** This document affirms Commercial's commitment to addressing suppliers' performances on a regular basis, so progress can be assessed continuously.
5. **Harassment and Bullying Policy:** This document affirms Commercial's commitment to preventing unwanted behaviour that could affect someone's well-being.

DUE DILIGENCE PROCESS

Commercial has sought to build stable and long-lasting relationships with strategic suppliers – many that have been established for in excess of 10 years – and we actively seek to maximise supplier retention. This reflects our culture of transparency and

openness. Commercial believes that education programmes and remedy plans are more effective and beneficial for mitigating risk.

Commercial maintains an internal Ethical Procurement system and Purchasing Policy to help evaluate all new and existing suppliers. These systems assess suppliers based on a number of factors within a point's matrix. We examine modern slavery compliance, workplace policies, site hygiene standards, transparency of operations and ISO compliances. We have also developed an in depth questionnaire for new suppliers that allows us to examine different aspects of our supply chain partners, including risk assessments covering employment initiatives, gender pay gap, as well as many other business practices. It is a comprehensive tool which will allow us to gather a great deal of information, and ultimately give us the visibility we need to choose our suppliers carefully. In addition, all Commercial's suppliers must adopt the ETI base code and must adhere to its requirements throughout their business and supply chain.

In addition, we are working closely with all of our suppliers to improve the visibility of the products sourced and the manufacturing practices, particularly relating to working conditions. Quarterly supplier meetings are scheduled to talk through purchasing practices and are attended by account managers and our in-house sustainability team.



RISK ASSESMENT AND EFFECTIVNESS WITH OUR SUPPLY CHAIN

The range of products available to our customers through our suppliers is expansive and contains items sourced from across the world. The complexity of products, their sub-assemblies and material used when sourced from across the world makes it challenging to have full visibility and increases the potential risk of occurrence of modern slavery.

The majority of the 200,000+ 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 with our own-brand products including notebooks, paper, inkjets and toners.

As part of our commitment to ethical trade and protecting workers rights, Commercial receives SMETA audit reports for all our own-brand products to better understand the working environment of these products.

Commercial uses these reports as just one part of our monitoring process and we continue to expand our scope and knowledge of workers on the ground. To better understand working conditions we

maintain an open dialogue with our factories and visit them when necessary.

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. Supply chain mapping and understanding country of origin is critical in our assessment. Publications from Human Rights Watch, SEDEX, Transparency International and others inform our risk assessments which address modern slavery and other significant human rights and ethical trade issues. Data is collected and stored centrally, and analysed by our sustainability team.

Currently, approximately one third of products that Commercial supplies have been identified as originating from countries considered to be of medium or high risk with regards to practices of modern slavery or where there are other potential risks of human rights abuses. Commercial is therefore working with suppliers on a regular basis to address these risks and we are continually striving for better visibility and transparency from our suppliers and their products.

In addition to country of origin, Commercial uses information collected from suppliers which is used within our Ethical Procurement System. Our suppliers are grouped and classified in a three tier system; gold, silver and bronze. These are the suppliers where we feel that we



can have the greatest impact on buying decisions and understanding our supply chain. Commercial continues to compile responses from our suppliers and have broadened the scope of the risk assessment methodology to include ethical, social, environmental and financial risks. By 2020 we hope to have complied information on all Gold, Silver and Bronze suppliers' thus enabling us to better understand our complex supply chain.

All supplier information is shared internally with our Ethical Trade Champion Team. These Champions are the procurement leads across the business' operating divisions and maintain established relationships with our suppliers. The Champions are responsible for engaging internally with their respective buying teams to ensure issues such as workers' rights. Each champion is also responsible for communicating the requirements of the ETI Base Code to their suppliers and for collating supplier related data within our Ethical Procurement system.

For 2020, Commercial will be targeting improved visibility within the IT Sector. Our ambition is to build partnerships and establish programmes that particularly address conflict minerals especially within the technology sector. This is an

area we feel we can achieve greater clarity and will work with external partners to strengthen our supply chain map.

Commercial is taking an industry-leading role, actively seeking to collaborate with our supply chain to understand its impacts and map and improve the environmental and ethical impacts of our activities within it.

TRAINING AND EDUCATION

Commercial regularly attends conferences, networking events, and training courses that increase Commercial's awareness on the issues of modern slavery and broader human rights abuses. In 2018, Commercial staff completed the ETI Essentials Training Course which provided an overview of the fundamentals of ethical trading (including modern slavery) and guidance for implementing ethical policies and programmes within a business. The training was replicated within the business through the Ethical Trade Champions meeting. These meetings not only help Commercial employees understand modern slavery issues beyond the allocated sustainability team, but also help employees understand the importance of Commercial's continual success.

Commercial believes that every employee plays an important part in reducing modern slavery within the supply chain and believes that openness and transparency are the key components to tackling modern slavery.



Ultimately, Commercial understands that education is always an ongoing journey and we will continue to strive for a sustainable world, to be a business for good, and continue to educate and train our staff and external partners on the

increasing epidemic of modern slavery. Commercial will continue to be an active leader and champion for ethical trade and will actively share best practices and develop strong relationships with suppliers and partners.

This statement will be reviewed annually.

Signed *Arthur Hindmarch*

Date February 2019