

POLICIES



MODERN SLAVERY STATEMENT 2019/2020

INTRODUCTION

This is the third Modern Slavery Statement published by Commercial Corporate Services Ltd¹, and covers the financial year ending 31 January 2020. 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

Commercial is committed to an active and collaborative approach with both our Suppliers and partners to eliminate any form of modern slavery from our supply chain.

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.

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 still sits in a very startling third tier down on a list of the top five worst countries with systematic violations of workers' rights⁵.

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/2019-06-ituc-global-rights-index-2019-report-en-2.pdf>



Commercial undertakes an internal risk-based assessment to determine prevalence of modern slavery within our global supply chain. This also includes evaluating our domestic supply chain and our internal operations. Commercial is committed to acting ethically and with integrity at all times and our Modern Slavery statement sets out to provide information about what Commercial is doing internally to achieve positive 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 eight divisions: Office Supplies, Print, Interiors, Managed Print, Creative Systems, Technology, Smart Technology and Managed IT Services. Having eight 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 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 £65.4m	Suppliers 600+	Total Products 276,000
Employees 315	Customers 6400	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. **Suppliers Ethical Code of Conduct:**
This updated 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. **Harassment and Bullying Policy:** This document affirms Commercial's commitment to preventing unwanted behaviour that could affect someone's well-being.
5. **Grievance Policy:** This document affirms Commercial's commitment to identifying and promptly dealing with any matter of concern within the workplace.

DUE DILIGENCE PROCESS

Commercial has sought to build stable and long-lasting relationships with strategic Suppliers – many that have been established in excess of 10 years – and we actively seek to maximise Supplier retention. Overall, Commercial believes that education programmes and remedy plans with existing partners are

more effective and beneficial for mitigating risk.

Commercial has updated and implemented improvements to our Ethical procurement and purchasing procedures to help evaluate all new and existing Suppliers. With, the appointment of a new Purchasing Director, and accompanying staff, Commercial's purchasing team has updated a new Due Diligence Questionnaire for all new Suppliers. This questionnaire gives the purchasing team a clearer understanding of the risks relating to the 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). A new Supplier will only be appointed if they are determined to have an alignment with our Commercial by Nature approach.

We have also developed and are finalising an in-depth Sustainability and Quality Survey. The questionnaire survey has evolved, being condensed to improve both quality of responses and transparency throughout the supply chain. This survey will be issued to Suppliers annually after the Due Diligence Questionnaire is submitted and approved. This enables Commercial to examine different aspects of our supply chain partners, including risk assessments covering employment initiatives, gender pay gap, and other business



practices. Continual improvement is monitored by evaluating and comparing Supplier responses, each year.

Furthermore, 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. Our Suppliers disclose how often they have visited manufacturing plants; where there are no visits, Suppliers must report the process for advocating for the workers, such as NGOs or Trade Unions. In addition, all of Commercial's Suppliers must adopt the ETI base code and must adhere to its requirements throughout their business and supply chain.

Frequent Supplier meetings are scheduled to address purchasing practices and are attended by the purchasing team and/or our in-house sustainability team. The more strategic the partnership, the more frequent the supplier meeting. However, if at any time a critical matter arises Commercial will address the situation as a matter of urgency, as part of our due diligence process.

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 globally makes it challenging to have full visibility and increases the potential risk of occurrence of modern slavery.

In 2019, Commercial hosted 70 key Suppliers at our Head Office. The event was led by the Managing Director, Purchasing Director and Head of CSR. Suppliers got to hear and see, first hand, what Commercial does as a business. The purpose of the event was to build stronger relationships with suppliers and express Commercial's ethos. Commercial continues to look to engage with purpose-driven Suppliers that are making a positive social and environmental impact through their activities.

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 conditions where these products are manufactured. 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, ITUC Global Rights Index, 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.

In addition to country of origin, Commercial uses information collected from Suppliers which is used within our Ethical Procurement System. This system plays an important part for storing data for our Ethical Trade Champions. 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.

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.

Furthermore, over the past year, Commercial has worked with Managed IT's biggest vendor to gather data for a Sustainable IT portfolio after our ambition to address this complex industry. We are looking into accreditations such as TCO Certified, Energy Star and refurbished hardware. We feel creating this portfolio will help us achieve greater clarity, invest in the right kind of products and strengthen our supply chain map for technology hardware.



In addition, 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. In the future, Commercial will look to produce a virtual map on our own-brand products that we can use to show our customers where our products are coming from.

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, our Ethical Trade and Sustainability Consultant 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 meetings. 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 also look into the relationship between environmental and ethical sustainability which is known as Just Transition. 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 

Date February 2020