[UNION] Agents of Change

Planet, Product, People

Sustainability and Circular Economy Policy

VERSION 1.3

16/06/2025

[UNION] [UNION DIRECT] [UNION CONNECT] [UNION DIGITAL] [UNION DATA]

Planet, Product, People

1. PLANET

Statement of intent: The Union is committed to achieving Net Zero emissions by 2045.

The Union is committed to reducing our carbon footprint and being responsible corporate citizens. This policy is delivered through our Environmental Management System (EMS), aligned to ISO 14001 and ISO 20400, which structures our actions and performance tracking in line with Scotland's Net Zero 2045 target.

Here are the first steps we plan to take in approaching Scope 1, 2 and 3 emissions reduction:

- We have undertaken a baseline carbon footprint assessment to identify the sources and amounts of emissions generated by our operations. This is helping us gain a comprehensive understanding of our emissions profile, monitor emissions and enable us to prioritise actions that will have the greatest impact.
- 2. Identify emission reduction opportunities: Based on the results of the carbon footprint assessment, we are identifying and prioritising emission reduction opportunities that can be implemented in the short, medium and long term. These could include switching to renewable energy, upgrading to more energy-efficient equipment, improving maintenance practices, optimising combustion processes, or reducing waste.
- 3. Set targets: We will establish realistic and ambitious reduction targets that are measurable, time-bound, and aligned with our overall sustainability objectives. These targets will drive action and help us monitor our progress towards achieving our goals.
- 4. Develop an action plan: Once reduction opportunities and targets have been identified, an action plan will outline the steps required to achieve these goals. The plan will include timelines, budgets, responsible parties, and monitoring and reporting requirements.
- 5. Implement and monitor progress: We will monitor our progress regularly, reporting our progress to stakeholders and communicating the benefits and challenges of our efforts.
- 6. Engage employees and stakeholders: Employee engagement is critical to the success of our sustainability initiatives, so we are involving our employees in the development of the action plan and providing training to help them understand their role in reducing emissions. We will also engage with suppliers, customers, and other stakeholders to identify collaborative opportunities to reduce emissions across the value chain.

By following these steps, we can make a significant contribution to reducing our carbon footprint and fulfilling our commitment to corporate responsibility and sustainability.

WHERE WE ARE NOW

The Union undertook GHG Baseline for Carbon Neutrality in partnership with the Low Carbon Challenge Fund EXTEND Project (LCCFST2-007), a consortium project led by the University of Strathclyde. The LCCF is part of the European Regional Development Fund (ERDF) administered by Scottish Enterprise. The agency has also undertaken advice from Zero Waste Scotland and Edinburgh Climate Change Institue.

Carbon Neutrality Baseline

The Union's Carbon Neutrality baseline is expressed in tonnes of CO2 equivalent (tCO2e) is based on Scope 1 and Scope 2 emissions only. Emissions calculations were based on 12 months gas consumption from May 2022- April 2023 and calculated through the environmental factor (EF) provided by the UK Government from 2023 (0.20 kgCO2e/kWh).

The Union's Carbon Neutrality baseline is 71.3 tCO2e, of which 45.95 tCO2e are due to the fuel consumption at the company's premises (Scope 1 emissions). The remaining emissions are allocated to Scope 2 (electricity consumption) for a total of 25.35 tCO2e.

The full report by EXTEND for The Union's GHG Baseline for Carbon Neutrality is available on request.

Table 1 Carbon Neutrality Baseline of The Union Advertising Agency (including Scope 1 and Scope 2 emissions).

Emissions	Description	Annual consumption (MWh)	Emissions (tCO2e)
Scope 1	Burning of Natural Gas (Heating)	229.7	45.95
Scope 2	Electricity	112.45	25.35
Total			71.3

Our target in reduction in carbon emissions is outlined in our 2045 net zero road map and are as follows:

- 40% reduction in Scope 1 and 2 emissions by 2030 (baseline 2023)
- 10% reduction in operational emissions annually
- Initial Scope 3 emissions tracking focused on top 5 suppliers by 2030 These targets are delivered and monitored through the EMS.

OUR EXISTING INITIATIVES

The Union is committed to doing great work, but not at the cost of our planet.

Our existing initiatives to reduce emissions and improve sustainability include:

- **Circular Economy Working Group** in Q4 of 2022 we invested in an internal working group for the agency to adopt and focus on our sustainability policies and driving thought leadership, learning and recommendations within the agency. They share a quarterly report on learnings and are working to influence and change our current behaviours both in our work and personal lives. This group leads the conversation and commitment at Group Management level.
- All members of the Circular Economy Working Group have completed or enrolled in the IPA's 'Ad Net Zero Essentials' programme or equivalent.
- We have undertaken a staff and client sustainability survey to identify priority areas that will help inform the development of our circular economy strategy.
- Flexible and hybrid working is encouraged with all staff to work from home 2-3 days a week, to reduce levels of commuting.
- Video conferencing is used where possible for client meetings rather than travelling. If travel is required, walking, cycling, or using public transport is encouraged. We also have the use of an electric pool car and a car charging station at our office.
- We offer a 'Cycle to Work' scheme, encouraging sustainable methods for commuting, including walking to meetings when destinations are less than 20 minutes away, or using public transport.
- Field marketing considerations Linear journey plans, transport of field team, stand and materials is curated to lowest emissions. Stands are re-skinned and reused where possible, using recycled materials. Digital elements are used to reduce printed items.
- Film production considerations Camera and sound equipment is rented to reduce carbon waste from purchasing, unit vehicles are used to reduce travel emissions. We support AdGreen and our two most recent campaigns for Zero Waste Scotland and Scottish Government have been produced net-zero. We are investing further resource to ensuring our productions are produced low carbon, or net-zero, and we are able to offset emissions.
- Print production considerations We carry out sound due diligence on all our print suppliers when onboarding and then on an annual basis to check that standards are maintained, and targets are being met. This covers all aspects of their business and includes sustainable credentials, ethical business practises, and staff retention:
 - o Our print partners are all carbon balanced or working to achieve this status.
 - Paper is a sustainable product, we specify FSC Mix paper as standard, only working with FSC & PEFC certified suppliers.
 - For direct mail campaigns, all data is clean by removing any poor-quality records that might be returned to the sender.

- Through our specialist data company, Union Data, we offer data analytics to improve campaign efficiency and effectiveness e.g., by targeting more efficiently, whilst maintaining campaign performance.
- Embedding sustainability into our culture Staff are provided with a Union water bottle to limit plastic use and have dedicated recycling bins for paper waste. We offer a paid day of leave to staff who want to use the time to be involved in and support an environmental cause or sustainability initiative. We ask staff to cascade this knowledge to other staff to increase our awareness, knowledge, and action in this area.
- Our supply chain As part of our sustainable procurement approach, we apply ISO 20400-aligned principles across all procurement activity. This includes supplier due diligence at onboarding and annually, prioritising Scottish SMEs (currently 70%+ of spend), and extending sustainability expectations to Tier 2 suppliers where risks are material. Sustainability, ethics, and diversity are key evaluation criteria in our procurement decisions alongside quality and cost.
- Disposal of electronic hardware/IT equipment If electronic hardware and IT equipment cannot be repaired, reused, or sold on, we dispose of it safely and responsibly. We offer redundant equipment to staff or charity as part of our CSR programme. For devices that cannot be reused internally, we use the <u>Apple Reuse</u> and <u>Recycling Programme</u> to ensure secure, responsible, and certified recycling of Apple hardware, in line with circular economy and e-waste best practices.
- Digital software considerations Our digital software is primarily hosted on thirdparty 'cloud' providers, which allows us to avoid having to purchase and maintain on-premise servers that use a lot of electricity. Amazon Web Services (AWS) have high power efficiency ratings and renewable energy commitments in Scotland. We design our websites low carbon.
- We are investing further resource and training in this area to ensuring our websites and campaigns are produced low carbon, or net-zero. We are developing digital sustainability benchmarks to monitor emissions from hosting and data transfer as part of our EMS action plan.

OUR FUTURE INITIATIVES

We are exploring and planning to implement the following measures to continue to drive down future emission levels:

- Enrolling all members of the Board in the IPA's 'Ad Net Zero Essentials' programme, or equivalent.
- Development of an internal communication program aimed at raising awareness among our workforce about our journey to achieving net zero emissions.
- AdNet Zero training for Account Management and Creative teams.
- Options being investigated for introducing CO2 calculations into key client campaign strategy plans to highlight the levels of CO2 emissions resulting from the campaign, but also to explore opportunities for clients to offset their carbon footprint.

- Continued commitment to reducing business travel via air, rail, and road through effective measurement and the implementation of a sustainable travel policy.
- Develop guidance for production shoot days and field activations to ensure best practice is being followed to maximise energy efficiency, including carbon tracking added to production schedules.
- We aim to ensure that by 2026, 65% of our major suppliers align with our sustainable procurement standards via our ISO 20400-based questionnaire, increasing to 95% by 2030. This supports our ambition to reduce Scope 3 emissions by 25% (from 2025 baseline) and improve transparency and accountability across our supply chain. By 2027, initiate pilot data collection with two suppliers ahead of the 2030 target.
- We will request Scope 3 emissions data from our top 5 suppliers by 2030 and include supplier performance reviews and KPIs in our EMS reporting framework.
- We are considering options to switch to a green business tariff.
- We are exploring initiatives to support employees switch to electric vehicles, aligned with Scottish Government 2030 targets.

Our Carbon Reduction Plan has been developed in compliance with <u>PPN 06/21</u>, along with the relevant guidance and reporting standards for Carbon Reduction Plans.

FUTURE TARGETS

 The Union Advertising Agency Ltd commits to reduce absolute Scopes 1 and 2 GHG emissions by 40% by 2030 from a 2023 base year.

2. PEOPLE

Training, equality, diversity, and inclusion

Statement of Intent: At Union we are dedicated to equality. We have already made waves in what we have achieved so far but we also know there is a lot more that can be done.

Employee-owned Trust

Union Group is 100% employee-owned, which allows our employees to be truly invested and accountable for the business. We believe a business that's owned by its employees provides a place for equal investment, responsibility, and pride in the future of the business and gives people a sense of value and self-worth.

OUR EXISTING INITIATIVES A dedicated EDI team:

Their role is to work on continuous improvement and knowledge across:

- **Equality:** Fair treatment and equal opportunities for everyone.
- **Diversity:** The presence of people of all races, ages, sizes, genders, sexual orientations, social classes, religions, etc.
- Inclusion: Making sure that all people feel welcome, appreciated and included, that our work is accessible, and that we do our best to avoid tokenistic or performative action.

They do this within our agency, the industry and beyond.

They deliver:

- Workshops and learning opportunities.
- Agency-wide accessibility guidelines / handbook, paired with Union Academy sessions for design and language guidance.
- The agency's commitment to being more inclusive, which will include a commitment to diversifying our recruitment processes.
- Learnings shared with our clients, so that we can be Agents of Change in this really important area.

A range of opportunities to get into the industry:

Modern Apprenticeship Scheme

We are actively involved in the government Modern Apprenticeship Scheme. Our first employee from the scheme won 'Modern Apprentice of the Year 2022' and progressed to become our first Junior Web Developer.

Aspiring Creative Award

We work with the Marketing Society Scotland to build stronger relationships with colleges, universities and schools. The winner of the award gets a paid placement with Union.

Unlocked

We are partnering up with John Doe's Unlocked internship programme that aims to kickstart opportunities for underrepresented emerging talent looking to get their break in the UK's creative industries. The paid-internship is targeted at non-white ethnicities and those from a low-income background.

Looking after what's important – our people:

Targeted recruitment

Our recruitment process is inclusive however we are always looking for new ways to attract more diverse talent. We will actively seek out people who will bring a different perspective to our teams, along with ensuring our recruitment process is open and unbiased. We have done this through investing time in researching and committing time in local talent, outside our industry. We have also committed to including the Kickstart Scheme in our recruitment process going forward. Our priority is to secure the best talent in the industry and employ a team that is fully representative of the diversity in Scotland today.

Staff satisfaction surveys

We run annual staff satisfaction surveys to explore the options, views and suggestions from staff. We discuss the results at board level and agree an action plan which is reported back agency-wide for accountability to implement changes, more ofs/less ofs. We also run 8-weekly pulse surveys on different topics for feedback as well as temperature checks for all agency staff so we can continue to evaluate how everyone is feeling.

Gender equality

Our board structure is 50% female, and our senior leadership is 54% female – higher than the industry average of 41%. Our Group Management Board, which make business decisions on behalf of the Union Group, is 60% female.

Flexible working

We recognise that a good work/life balance is key to an employee's lifestyle – this we openly promote and encourage this throughout the organisation. We have core office hours of 10am – 4pm. The opportunity to work from home for two out of five days. We offer flexible part time hours where it is possible – half of our Group Management Board work flexible hours, setting an example for the agency.

We provide and option to apply for a permanent change in working pattern to suit lifestyle.

We offer part time and job share options.

Contracts

Conracts of employment are designed to offer the opportunity for stable and longevity of employment, with opportunities for career progression, sick pay and pension. We recognise that a good work/life balance is key to an employee's lifestyle – this we openly promote and encourage throughout the organisation.

Training

We have a strong emphasis on Continuous Professional Development (CPD) through the Institute of Practitioners in Advertising (IPA). We are IPA CPD accredited for the 16th year running, and a quarter of all Foundation Certificate passers in Scotland from the last 18 years have been from the Union Group. We have a formalised Training Programme including an internal and external mentoring scheme. Our aim is to create a genuine culture of learning, bettering development for the industry. 15% of each employee's working week is committed to Continuous Professional Development.

We currently offer:

- An ambitious internal Training and Development programme for each member of staff – including every account manager sitting IPA's Foundation, Legal Regulations, Effectiveness and Commercial Certificate exams.
- An annual calendar of Union Academies intensive in-house training events that give our team access to a wide range of speakers and the opportunity to keep abreast of the latest trends, best practice and tech across the industry.
- ZAG Conferences annual regular event with exciting speakers from outside advertising tackling the subject of change and working outside the norm.
- Best practice sessions, core specialism sessions, insight sessions, TOV and Brand workshops, Thunk, Mood of the Nation – both internally and externally to clients, suppliers and industry.

Appraisals

All staff are offered 121 monthly catch ups with their line manager, and we have formal sixmonthly appraisals. Line managers also receive regular training in Appraisal management and setting objectives.

We create a working environment where staff at all levels are encouraged to be heard. We actively encourage development and progression. An important part of this is giving autonomy to influence, achieve and excel across all departments. Staff are given the responsibility to problem solve across projects, clients, or within their discipline.

Management is approachable, visible and available, fostering a collaborative and inclusive culture.

Health and wellbeing

Throughout the year Group HR advisor supports staff through onboarding and wellbeing. We use mental health action plans with our staff and have professionally trained four Mental Health First Aiders, including senior management. Since introducing these measures, we have seen an improvement in our KPIs, including absenteeism, and stress amongst employees.

The Peoples First Promise- IPA 2024-2026

Union Advertising Agency was awarded the badge of honour in 2024 for demonstrating a duty of care to employees and we will continue to maintenace and exceed this level of care for our employees.

ZAG conference

Once a year we run an in person non-conformist conference. ZAG is for those who don't zig. It aims to inspire everyone to think about how we approach problem-solving in our working and personal lives and prove that non-conformity is a valuable driver for change

Opportunities wider than the agency:

Worldwide Partners

We are part of Worldwide Partners Inc. (WPI), a collective of agencies across the world. Which allows us to tap into trend and research from across the globe to enhance learning and opportunities – and without travel.

WACL

WACL (Women in Advertising and Communications, Leadership) is a membership organisation whose purpose is to accelerate gender equality in the advertising and comms industries. We produced a suite of comms for free to promote their annual conference, and several female leaders have been mentored by WACL members.

Day to make a difference

Everyone in the agency is given a day's paid leave to do something of their choice to help a charity/organisation that has a focus on environmental or sustainability efforts in the local community.

Making sure our standards expand to suppliers:

Our supply chain

We currently, and will continue to require, our supply chain partners to align their approach and policies to those of our own, making sure of the continuity in approach throughout the contract period. We check policies as part of our supplier selection process and on an annual basis. Ethically and morally, we look to align our agency with those we have business relationships with, this is key in upholding our stance on equality.

Local SMEs are a key part of our supply chain, and we are committed to supporting them as a business. 65% of our agency spending was with SMEs based in the Lothians. 70% of our total spend was with SMEs in Scotland.

Embedding sustainable procurement

Our Sustainable Procurement Policy embeds environmental and social considerations into sourcing decisions. Key actions include:

- Requiring new suppliers to complete our ISO 20400-based sustainability questionnaire.
- Prioritising procurement categories by sustainability impact (e.g. print, production, logistics, digital).
- Ensuring 80% of sourcing decisions in high-impact areas reflect sustainability goals by 2030.
- Evaluating suppliers post-project and using findings to guide future engagement.
- Including clear sustainability responsibilities in key staff roles and training plans.

We aim for 95% of Tier 1 suppliers to align with our sustainability standards by 2030, and to cut Scope 3 emissions from procurement by 25% from a 2025 baseline. A formal supplier grievance mechanism is in place to uphold transparency and trust.

These actions help us drive consistent standards and long-term value across our supply chain.

These actions are integrated into our Environmental Management System and performance is tracked through EMS KPIs including: % of ISO 20400-aligned sourcing decisions (target: 80% by 2030), % of procurement spend with Scottish SMEs (target: 80% by 2030), and % of Tier 1 suppliers disclosing Scope 3 emissions (top 5 suppliers by 2030).

Accessibility guidelines

We produced guidelines that allows all our design to be accessible for all. Training was provided to staff and clients.

OUR FUTURE INITIATIVES

Pay transparency

Our employees' welfare and quality of life is important to us. We are an accredited Living Wage Employer, committed to paying a wage based on the cost of living to all of our employees. In addition, we are signed up to the Scottish Business Pledge, we do not employ on a zero-hour contract basis or undertake exploitative working patterns.

It's well known in the creative industry that salaries range wildly from department to level to individuals. At the Union Group we aim to have pay transparency and equality and comply with gender pay gap legislation.

We will do this by:

- Making sure every role and function has a salary band which is consistent with the average salary band for that role, and regularly checking that this stays competitive.
- Offering fair salaries and wages that enable us to avoid a talent drain and help understand pay in relation to progression (i.e., career progression)
- Making sure that gender does not have any effect on pay and all sexes are paid equally.

To help action this we can take the following steps as set out in the Pay Transparency Directive.

FUTURE TARGETS

- 10% increase in a diverse workforce employed by 2026 (define diverse gender, race, background, sexual orientation)
- 5% reduction in staff turnover (from 31% industry average to 25%)
- 10% increase in staff survey wellbeing rating
- Annual nomination of annual charity we will support
- Continue to be an All In Champion each year, improving representation and inclusion within the advertising industry.
- Continue to achieve the IPA People First Promise Accreditation, demonstrating commitment for positive mental health.
- Pay audit and policy update by 2025
- We aim to ensure 75% of our Tier 1 suppliers also meet Living Wage criteria by 2030
- Staff with procurement or production responsibilities have sustainability goals integrated into their objectives by 2026

3. PRODUCT

Statement of Intent: We commit to endeavouring to produce our film and content zero waste/zero carbon. It is cited to be the third biggest source of UK advertising industry emissions, after public consumption influenced by advertising and business travel.

(Credos survey, 2023)

OUR EXISTING INITIATIVES

We commit to re-evaluating and adapting how we shoot, produce and deliver film and photography to ensure we are limiting our contribution to emissions. We will:

- At project outset produce a sustainable production planning checklist for our partners to consider carbon footprint early on.
- Work with suppliers throughout pre-production and consider when footprint can be reduced. This may include:
 - o Recycling on shoots
 - o Removal of one-time use water bottles, food containers and cups
 - Providing vegetarian menus on set (estimated to emit 14 times less co2 than a beef base meal).
 - Make use of unit vehicles where travel is necessary, or encourage travel by foot, bike or public transport.
 - Reuse and recycle wardrobe on shoot, purchasing from charity shops where possible.
- Providing staff training on reducing carbon footprint throughout production so a company-wide effort is implemented.

Production – print production

We are also aware of the impact of print and mailing can have on emissions. We commit to:

- Only working with FSC/PERC certified suppliers so we can be sure raw materials originate from sustainable, well-managed forests.
- Using only FSC mix paper as standard,
- Using print partners that are carbon-balanced or working to achieve this status.

Production – research

Every part of the campaign process needs to be considered, including how we design and implement research methodologies. We commit to re-evaluating this by:

- We will encourage the use of virtual research, an area of expertise for our in-house trained moderators.
- We will design our methodology and fieldwork planning with efficiency in mind, in order to minimise travel between locations if face to face research is required.
- Where travel is required, we seek to use a mode of travel with least environmental impact – ideally walking, cycling or public transport. We also have access to a company electric vehicle for meeting travel purposes.
- Refreshments for research participants will be served in recyclable or reusable containers.
- We will not use paper research transcripts in order to minimise printing of materials.

Production - web design and build

Developing low-carbon websites is an area we are committed to. As well as training our staff in this area, we are committed to:

- **Our supply chain, tools and services:** We use cloud-based Amazon Web Services (AWS) for our managed hosting. They have a commitment to sustainable hosting including investing in renewable energy in Scotland. All commodities would be UK-hosted in the AWS London zone.
- Back-end development: decisions, technology, and methodology for the back-end play the largest part in addressing the reduction of energy use e.g., efficient preprocessor caching and caching policies on resources, optimising pre-processing and run-time, optimising HTML page structure to reduce HTTP roundtrips by inlineing required styles and scripts in the initial page response. Using HTTP2 or Big Pipe technology to minimise network round trips.
- Information architecture, front-end and design: the goal should be to design a site structure and the presentation of content which minimises HTTP requests, both browser and user generated. This would involve:
 - Designing efficient user journeys using the least number of steps.

- Providing relevant content on a single page to remove the need of further clicks (but not messy or difficult to navigate.) Requires clever design and hiding content on page until user wishes to see it.
- Reduce the use of imagery and video content e.g., lazy loading of imagery, or even not showing contextual and semantic imagery unless user requested.
- Using simple paths and SVGs for decorative imagery can be delivered in the initial page responses.
- Using a minimum number of custom fonts, or none at all. Although it impacts design, it would be acceptable and accessible to allow a website to use only default browser font families.

FUTURE TARGETS

- Commitment to produce all production as net zero, or at the least, low carbon.
- Commitment to training and development for green and sustainable design in digital, web development and all assets we produce – to allow us to stay on top of future trends, developments and initiatives.

Policy review and continuous improvement

This policy is reviewed annually in line with our EMS and ISO20400 self-assessment process. Feedback from staff, suppliers and external reviewers (e.g. Edinburgh Climate Change Institute) informs each revision. Supplier grievance procedures and annual performance dashboards ensure ongoing accountability and improvement.

DECLARATION STATEMENT AND SIGNATURE

The Union's Sustainability and Circular Economy Policy has been reviewed and signed off by the board of Directors. This policy is benchmarked annually using the ISO20400.org self-assessment tool and reviewed by the Edinburgh Climate Change Institute.

This policy is supported and operationalised through The Union Group Environmental Management System, Version 1.3, last reviewed June 2025.

Louise Killough, Executive Director,

Signed on behalf of The Union Group

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Date: 16/06/25

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