

# GROUP BUSINESS STANDARDS POLICIES



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For the purposes of these Codes, 'Group' means those businesses which are wholly or majority owned by Pentland Group plc or its subsidiaries and over which we exercise direct management control. In respect of businesses where Pentland Group has a material interest but does not exercise management control, and in respect of businesses operating in the USA, we shall use our reasonable endeavours to seek compliance, where appropriate, with these Codes by the relevant business.

SECTION 1  
**GROUP CODE  
OF BUSINESS  
CONDUCT**



# GROUP CODE OF BUSINESS CONDUCT

Approved by the Board on 18th June 2001

## 1. Introduction

1.1 Pentland Group is a family-owned group of companies. Our values are family values. We believe that business should be conducted honestly, fairly and with respect for people, their dignity and their rights. This Code is intended to make clear what this means in terms of practical behaviour. It spells out the standards of behaviour by which we try to manage the organisation. We expect and require that all managers and employees of the Group apply the same standards in their dealings with other people and organisations.

### 1.2 What are we in Business for?

We are in business to create shareholder value by developing and marketing products of quality, reputation, performance, style and value and by selling them on fair terms to our customers.

To build long term sustainable shareholder value, we need to implement our vision to develop a portfolio of category leading brands and businesses. We will do this honestly, fairly and with respect for people and the natural environment.

To continue to grow and prosper we will need, increasingly, to build partnerships with our customers and suppliers. Such partnerships must be based on mutual trust and we will earn our partners' trust by operating according to the principles laid out in this document.

### 1.3 Stakeholders

There are a number of categories of people and organisations who are affected by our actions and to whom we have responsibilities. These include our employees, our customers, our suppliers, other business partners (such as licensees, distributors and joint venture partners) and the wider community. These are, of course, in addition to our shareholders, the owners of the business, to whom we have the responsibility to protect their investment and to make sure that they receive an appropriate return.

### 1.4 Status of this Code

This Code has over-riding status in governing the standards of our business behaviour. All contracts entered into by Group companies should be consistent with it. If there are any inconsistencies, Group companies are required to act in accordance with this Code's standards rather than any lower standards set out in such contracts.

In running our businesses, Group companies are required to observe the standards of conduct set out below.

# Standards of Behaviour

## 2. Towards Employees

2.1 Our employees are our greatest asset. Our continued success depends entirely on harnessing their talents and enthusiasm.

2.2 **We will:**

- Respect the human rights of all employees (see the Group Employment Standards Policy).
- Provide good, safe and healthy conditions in which to work (a separate and more detailed Group Health & Safety Policy has been issued).
- Provide competitive earnings and other employment benefits.
- Offer fair terms of employment through contracts of employment that even-handedly confer mutual benefits and responsibilities on employer and employee.
- Promote the development and best use of people's talents.
- Select, train and promote employees fairly, on merit, giving equal opportunities to all.
- Not discriminate among employees or potential employees on the grounds of race, colour, religion, nationality, ethnic origin, political opinion, sexual orientation, marital status, gender, age, disability, or part time or fixed term status.
- Ensure a working environment that is free from harassment and bullying.
- Manage people with consideration and respect, providing feedback on their performance.
- Ensure that disciplinary procedures are documented, fair and open.
- Keep all employees informed about changes, trends and developments within the Group.
- Not ask any employee to do anything that is illegal or immoral or that fails to comply with the standards of any recognised professional body of which he or she is a member.

- Encourage employees to speak up about any instances of wrongdoing or breaches of this Code that they become aware of anywhere in the Group.
- Respect employees' rights to join whatever lawful representative organisations they wish or to choose not to join any such organisations.
- Respect employees' rights to take part in civic activity (such as charitable work, acting as a school governor and standing for election to public office) and to practice their religions in accordance with their own beliefs, subject to their compliance with their contracts of employment.
- Not seek to employ people on casual, fixed term, or other bases in order to avoid giving them employment protection, social security or other normal employee benefits.

### 3. Towards Customers

3.1 To continue to succeed, we need to win and retain customers by building partnerships with them.

3.2 **We will:**

- Supply products and services that offer consumers good value in terms of price, quality, performance, style, safety and environmental impact.
- Establish mutually beneficial business relationships and strive to meet or exceed the spirit as well as the letter of our contractual commitments.
- Seek clarity in all our agreements, trying to avoid any ambiguity about what we undertake to do and what we expect of our customers.
- Ensure that any quality or performance problems that occur in our products are dealt with expeditiously with the minimum inconvenience to our customers and consumers.
- Not seek to obtain sales or other business advantages by giving bribes or other dubious inducements. We will not make any payments to any employees of customers or government departments or agencies in order to obtain commercial advantage.
- Take all reasonable practicable measures to prevent counterfeits of our products from being marketed.

## 4. Towards Suppliers

4.1 An efficient and reliable supply chain is an increasingly key factor in business success. This requires close inter-dependent partnerships with our suppliers.

### 4.2 **We will:**

- Seek to develop mutually beneficial partnerships with suppliers.
- Comply with the spirit as well as the letter of contracts with suppliers, not taking advantage of unintended errors.
- Seek clarity in all our agreements, trying to avoid any ambiguity about what we undertake to do and what we expect our suppliers to do.
- Develop business with suppliers on the basis of their embracing and complying with our Code of Business Conduct, especially our Employment Standards, Health and Safety and Environmental policies.
- Agree clear payment terms with our suppliers and make sure we pay them on time in accordance with those terms, not avoiding payment on technical pretexts.
- Insist on honesty and integrity in all aspects of our business with suppliers and not tolerate any attempts to obtain business from us by payments or gifts to our employees or agents or members of their families.
- Not establish business relationships with people or organisations that we have any reason to believe may be involved in unlawful or unethical business practices.

## 5. Towards the Wider Community

5.1 We believe that business organisations have an obligation to be good corporate citizens.

### 5.2 **We will:**

- Comply fully with the requirements of all laws and regulations of each country in which we operate.
- Try to minimise any adverse effects of our activities on the environment and the earth's natural resources (a separate Group Environmental Policy has been issued).
- Not make payments to political parties or take any part in party politics, although we reserve the right to raise matters that affect our legitimate business interests with governments and political organisations.
- Encourage our employees to become involved in community activities.
- Support worthwhile relevant charity and community organisations and activities.

## 6. Other Matters

### 6.1 Competition

We believe in a free and fair market economy as the most appropriate environment for business. Therefore we will:

- Compete vigorously but fairly in the markets in which we operate.
- Not try to restrict competition by price fixing or participation in cartels.
- Not seek to obtain confidential information about competitors by underhand means.
- Respect other people's intellectual property rights.

### 6.2 Financial Matters

All transactions by any Group company will be open and be fully documented and accurately reflected in the accounts of the company in accordance with established accounting procedures and will be subject to internal and external audit.

### 6.3 Confidentiality

We will take care to safeguard the confidentiality of information that we hold about employees and our business partners. Such information will only be made available to those by whom it is needed to undertake their work.

### 6.4 Understanding and Compliance

- We will develop and implement programmes to enable all present and future employees to be informed about and understand our standards of business conduct and the behaviour required of them.
- We will require all our senior executives to report at least once a year on their compliance with our standards of business conduct and the steps they have taken to communicate these standards to all employees and monitor their application.



SECTION 2  
**GROUP  
EMPLOYMENT  
STANDARDS  
POLICY**



# GROUP EMPLOYMENT STANDARDS POLICY

Approved by the Board on 18th June 2001

## 1. Principle

The Company and its shareholders believe that business should be conducted honestly, fairly and with respect for people, their dignity and their rights.

## 2. Policy

### 2.1 Our Employees

It is our policy that the people who work for our Group companies, and their health, safety and rights at work, should be respected and protected. We strive to comply with all relevant employment laws and regulations in each country in which we operate. Beyond that, we follow our own Code of Business Conduct and we aspire to match the best employment practices in the country concerned.

### 2.2 People Who Make Our Products

Our products, most of which bear our brand names, are manufactured by hundreds of different supplier organisations employing probably hundreds of thousands of people in many countries, mostly in Europe and Asia. Our policy is only to do business with suppliers that adopt and implement our standards or have their own policies that reflect the same standards.

Our suppliers all have suppliers of their own and they in turn are supplied by others. It would be impossible for us to control the working conditions of the vast number of people who contribute in some way to what finally becomes one of our products. We therefore address our policy primarily to our direct suppliers and encourage them, in turn, to apply it to their own supply chains.

For our businesses to be and remain competitive in the market place, they need to have their goods made where they can be produced at the lowest overall cost, consistent with our required quality and technical specifications. This means that many products are made in countries where wages are relatively low. Nevertheless, suppliers should treat their workers properly, in accordance with our, and internationally recognised, standards.

We have developed a Code of Employment Standards for Suppliers. It spells out how our suppliers should treat their employees and its requirements are that:

- Living wages are paid,
- Working hours are not excessive,
- Working conditions are safe and hygienic,
- Child labour is not used,
- Employment is freely chosen by employees,
- No discrimination is practised,
- There is no harsh or inhumane treatment,
- Freedom of association is respected,
- Regular employment is provided.

The full Code reflects the Base Code of the Ethical Trading Initiative (ETI) and is consistent with the relevant conventions and recommendations of the International Labour Organisation (ILO).

## 3. Implementation

### 3.1 Our Employees

Local management in each of the countries in which Group companies have activities should, so far as is possible in the context of local laws and regulations, ensure that their employees are employed on terms that reflect Group standards as indicated above. Human Resources managers in all Group companies have a functional responsibility to the Group Human Resources Director and are responsible for reporting back any employment practices that fall short of Group policy standards.

### 3.2 Our Suppliers' Employees

In many of the countries in which our products are made, the history, traditions, culture and, in some cases, even the law, make full compliance with our policy difficult for our suppliers in the short term.

In such circumstances, our approach is to work with suppliers to improve the conditions of their workers progressively, rather than to walk away from the issue. Normally, only if a supplier fails to co-operate with us in implementing an improvement programme, will we sever our relationship.

Many of the difficulties we encounter are endemic to countries, regions or communities. We often work in partnership with other organisations, locally and internationally, to seek to address these issues. Such organisations may include other companies in our field of activity, local industry organisations and local and international welfare organisations, such as charities and other NGOs. In particular, we are a member of the Ethical Trading Initiative (ETI), an alliance of companies, non governmental organisations and international trade union organisations working to improve conditions of employment throughout global supply chains.

Each Group company is responsible for implementing the policy in respect of its own suppliers. The Group Business Standards Department, a small central team of specialists, provides advice, training and assistance, helps co-ordinate programmes across the Group and arranges participation in co-operative projects with other organisations. It also monitors the progress of Group companies and reports back to the Board.

SECTION 3  
**GROUP CODE OF  
EMPLOYMENT  
STANDARDS  
FOR SUPPLIERS**



# GROUP CODE OF EMPLOYMENT STANDARDS FOR SUPPLIERS

Approved by the Board on 18th June 2001

This Code provides minimum standards that should be exceeded where possible. In applying it, suppliers must comply with national and other applicable laws and, where the provisions of the law and this Code address the same subject, apply the provision that gives workers the greater protection.

## 1. Living wages are paid

- 1.1 The wages and benefits paid for a standard working week are at or above national minimum legal levels or industry benchmark levels, whichever are higher. In any event, wages are always sufficient to meet basic needs and to provide some discretionary income.
- 1.2 All workers, before entering employment, are provided with written and understandable information about the basis and calculation of their wages and any deductions to be made from them. Then, each time they are paid, workers are given written particulars of their wages for the pay period concerned.
- 1.3 No deductions are made from wages as a disciplinary measure, nor are any other deductions made without the express written permission of the worker concerned, unless required by law.

## 2. Working hours are not excessive

- 2.1 Working hours comply with national laws or benchmark industry standards, whichever afford greater protection. Workers are not, in any event, required to work more than forty-eight hours per week on a regular basis.
- 2.2 Overtime is voluntary, does not exceed twelve hours per week, is not demanded on a regular basis and is always paid at a premium rate.
- 2.3 Workers are allowed at least one day off on average per week.

## 3. Working conditions are safe and hygienic

- 3.1 A safe and hygienic working environment is provided, subject to any specific hazards intrinsic to the job. Adequate steps are taken to prevent

accidents and damage to health arising out of, associated with, or occurring in the course of, work, by minimising, so far as is reasonably practicable, the causes of hazards in the working environment.

- 3.2 Workers receive health and safety training on recruitment and, subsequently, at regular intervals. Additional training is given to workers who change to jobs that are exposed to different risks.
- 3.3 Workers are provided with access to clean toilet facilities and potable water. Hygienic facilities for food storage are provided, if appropriate.
- 3.4 If accommodation is provided, it is clean and safe and meets the basic needs of the workers.
- 3.5 Responsibility for health and safety is assigned to a senior manager.

## **4. Child labour is not used**

- 4.1 There is no recruitment of child labour.
- 4.2 If any incidence of child labour is identified in the supplier's industry and region, the supplier shall initiate, or participate in, a programme to transfer any children involved in child labour into quality education until they are no longer children.
- 4.3 No one under eighteen years old is employed at night or in hazardous work or conditions.
- 4.4 In this Code, "child" means anyone under fifteen years of age, unless national or local law stipulates a higher mandatory school leaving or minimum working age, in which case the higher age shall apply; and "child labour" means any work by a child or young person, unless it is considered acceptable under the ILO Minimum Age Convention 1973 (C138).

## **5. Employment is freely chosen**

- 5.1 There is no use of forced, bonded or involuntary prison labour.
- 5.2 Workers are not required to lodge deposits, identity papers or any other security with their employer and are free to leave their employment after reasonable notice.

## **6. No discrimination is practised**

- 6.1 There is no discrimination in recruitment, wages, access to training, promotion, termination or retirement, based on race, caste, national origin, religion, age, disability, gender, sexual orientation, marital status, union membership, political affiliation or on any other basis unrelated to the ability to do the job.

## **7. There is no harsh or inhumane treatment**

7.1 Physical abuse or discipline, verbal abuse, the threat of physical abuse, sexual or other harassment and other forms of intimidation are not permitted and not practised.

## **8. Freedom of association and the right to collective bargaining are respected**

8.1 All workers have the right to join or form trade unions of their own choosing and to bargain collectively. They also have the right to choose not to join a trade union.

8.2 The supplier adopts an open attitude towards the activities of trade unions and their recruitment of members.

8.3 Workers' representatives are not discriminated against and are allowed access to the workplace to carry out their representative functions.

8.4 If rights to freedom of association and collective bargaining are restricted by law, the employer supports the development of parallel means for workers' free and independent association and bargaining.

## **9. Regular employment is provided**

9.1 As far as possible, work is performed on the basis of the regular employment relationship established through national law and practice.

9.2 The supplier does not attempt to avoid the normal obligations of employer to employees under labour or social security laws and regulations by replacing the regular employment relationship with arrangements such as: labour-only contracting, sub-contracting, home-working, apprenticeship schemes with no real intent to impart skills or provide regular employment, or excessive use of fixed-term contracts of employment.

SECTION 4  
**GROUP  
ENVIRONMENTAL  
POLICY**



# GROUP ENVIRONMENTAL POLICY

Approved by the Board on 11th November 2000

## 1. Introduction

Pentland Group plc and its subsidiaries consider environmental issues to be an influential factor in our drive for world class standards and sustainable development.

We recognise that our business activities affect the natural environment in a number of ways. We aim, through continuing improvement, to minimise the adverse effects on the environment and the earth's natural resources, whilst safeguarding the health and safety of our employees and the public.



## 2. We will strive to:

- **Comply with or exceed relevant legislative requirements.** Where these are inadequate we will set our own standards that comply with our environmental and ethical criteria.
- **Develop and implement a set of procedures** to monitor, control and review our significant environmental impacts (an Environmental Management System or EMS) and update it as necessary.
- **Encourage manufacturing suppliers** to recognise their environmental responsibilities, offering support, training and advice to help them implement sound environmental health and safety policies and practices.
- **Provide safe working conditions** for our employees, encouraging them to identify possible improvements and providing training wherever necessary.
- **Design and manufacture** our products with consideration of the environment, moving towards greater use of suitable materials and processes.
- **Reduce progressively** the environmental impact caused by our products and activities.
- **Communicate our policy** and achievements widely and, where appropriate freely share and disseminate the techniques used to improve environmental performance.
- **Make efforts to inform** the end users of our products how to use and dispose of them and their packaging responsibly.
- **Protect local and wider communities** from environmental damage or nuisance resulting from our activities, offering support to community ventures in the localities in which we operate.



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### Environmental Accreditations



#### **The Eco-Management and Audit Scheme**

A voluntary scheme for organisations willing to commit themselves to evaluate and improve their environmental performance.



#### **National Association of Paper Merchants**

A scheme launched in 1990 offers certification to all branded papers and board which comply with its definition of recycled paper.



#### **International Recycling Symbol**

Each arrow represents an aspect of a successful recycling programme.

1. Collection
2. Remanufacturing/reprocessing into a new product
3. Purchase by the consumer.



#### **ISO 14001**

An international standard that specifies a process for controlling and improving a company's environmental performance.

Please recycle responsibly



Pentland Group plc  
Lakeside  
Squires Lane  
London N2 2QL  
England  
Tel: +44 (0)20 8346 2600  
Facsimile: +44 (0)20 8346 2700

[www.pentland.com](http://www.pentland.com)  
email: [groupbusinessstandards@pentland.com](mailto:groupbusinessstandards@pentland.com)

Pentland Group is a founder member of the Ethical Trading Initiative, a member of the International Business Leaders' Forum and a signatory to the UN Global Compact.

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