



ETHICAL SOURCING THE PENTLAND WAY

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Pentland

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Pentland is a family-owned group of companies in the sports, outdoor and fashion sectors. Our brands are either wholly-owned or managed under licence.

PENTLAND VALUES

At Pentland, we believe that business should be conducted honestly, fairly and with respect for people, their dignity and their rights.

Pentland is committed to acting as a socially responsible company and has published a set of business standards policies designed to implement this belief.

OUR SUPPLIERS

We have been working with our suppliers to improve standards for many years.

Our policy is only to do business with suppliers that adopt and implement our standards or have their own policies that reflect the same values.

We are a member of the Ethical Trading Initiative (ETI). Our Code of Employment Standards for Suppliers reflects the ETI Base Code and is consistent with the International Labour Organisation (ILO) Conventions.

We help our suppliers to implement the Code which includes provisions to give workers fair wages and working hours, safe and hygienic



CENWOR (Centre for Women's Research, Sri Lanka) talking with worker representatives

working conditions, regular employment and no discrimination or harsh or inhumane treatment.

There are some difficult issues within our supply chain and our strategy is to understand why they come about. This usually involves some research, so before we do any work with our suppliers we meet with local organisations and institutions to establish the local standards and level of implementation. With our suppliers, we then try to address problems through an appropriate programme.

We have learnt a lot about what works and what does not work. We have established some principles which underlie our methodology.

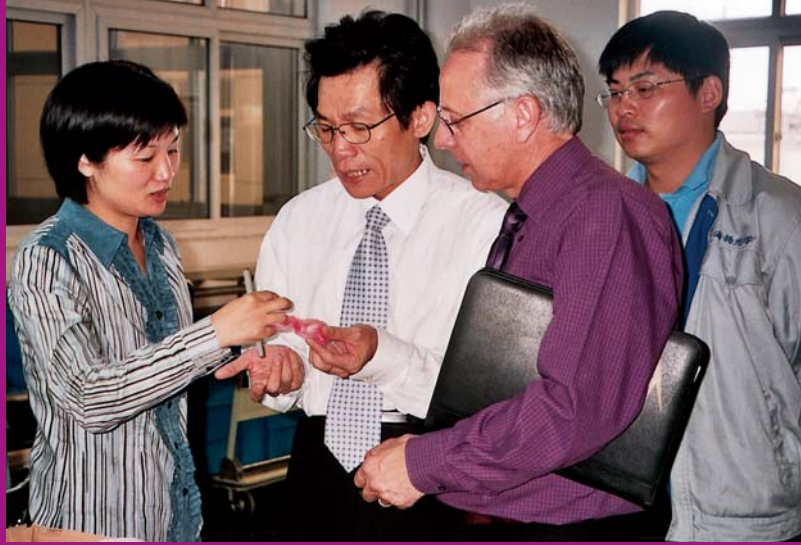
THE RELATIONSHIP

Principle 1 The strength of the trading relationship

Our ability to work with our suppliers depends on a strong business relationship. If this relationship is not strong, it is unlikely that the owners of the factory will listen to, or implement our recommendations. Some suppliers might make cosmetic changes to the way that they do things, but these are rarely sustainable.

If the relationship is a long term one then the management can begin to build in the changes to their development plan, knowing that the business is likely to continue.

Most factory owners and managers are proud of their factories and have a long term interest in developing their workforce and the production.



Member of our Corporate Responsibility team and a Brand representative talking with a factory owner in Shanghai

Principle 2 Trust and respect

Our reviews are done with the factory's management team. Our business relationship is based on trust and respect and our reviews are too. We put a lot of effort into our reviews and it is only fair that management are part of the process. If they play a full role in the reviews they are much more likely to follow through with the recommendations.

Local legal compliance is part of our trading contract with suppliers.

We do not employ a third party to do our reviews. Our reviews are neither a 'tick box', pass or fail exercise, nor a policing one. Pentland has an in-house team of people to conduct the reviews, which are done with representatives from our brands or operating companies.

In our experience, it is not sufficient, or useful, just to inform factories of poor practices. Often they need help and encouragement to identify best practice. There are no substitutes for human resource departments, staff handbooks, comprehensive and clear records, grievance procedures etc.

Following up with factories and providing on-going support is essential to the whole process.



With factory owners in Nanjing, China

THE PROCESS

Principle 3 Working with local institutions

Poor standards in factories are based on a number of factors. Working standards are supposed to be set and monitored by local institutions. These institutions, however, are often underdeveloped and/or under-resourced. We therefore try to engage with local institutions for the reviews. In the best cases, we are able to have a local health and safety expert with us to advise the factory on standards and resources. Sometimes the relationship continues after the review and this is a good result.



National Productivity Council experts advising a factory in Jalandhar, India

Principle 4 Worker representation

If there is an active health and safety committee and/or a workers' representative committee then the review can be much more productive. A programme of improvement is

Health and Safety Committee training in China



Interviewing workers in Bangladesh

more effective if these committees are consulted and included in the process.

In many factories these committees are absent or ineffective. It is however, still necessary to ascertain workers' views. This work is usually done by a local non-governmental organisation or people from a local social research institution. They have experience in talking to workers, speak the local language and know how to gain the interviewees' confidence. They speak to workers individually and in groups and often use a questionnaire to reach more workers.

We do not, unless it is part of a wider project, talk to workers without the knowledge of management.

We accept that off-site interviews might yield more information, but it could affect our relationship with management and therefore compromise our ability to find sustainable solutions.

Principle 5 Disengagement

We have sometimes disengaged with factories because of poor business standards. However the reason is almost always because factory management may have a poor attitude towards the overall business relationship and little concern for workers' welfare.

OUR PARTNERS

Principle 6 Building capacity

Rarely does a factory have poor standards in isolation. It is usually symptomatic of conditions in that sector in a region or country. We have therefore worked with local institutions to develop a number of resources to enable factories to make progress:

- Working in Vietnam with the Vietnamese Chamber of Commerce and Industry to develop best practice manuals, liaising with government departments to improve implementation of standards.
- Working with our suppliers in Portugal, India and Pakistan to improve working conditions of homeworkers.



*Homeworker
in Portugal*

- Working with our suppliers in Pakistan and India on a community programme for children who have dropped out of school prematurely.

School in India



- Our *Hazardous Substances in Factories* booklet is available in English and Chinese and parts have been translated into Portuguese, Vietnamese and Indonesian.



- A good practice manual is available in a bi-lingual (English and Chinese) edition.
- We developed in Vietnam and China a mould for a glue pot which minimises solvent vapour emissions.
- Our training modules are designed to help factories establish systems to manage their factories better.
- Working with the Red Cross in several countries to train first aiders in factories.



Red Cross training in China

- Working with factories to find ways to improve internal communications and consultation.



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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.

We welcome comments and feedback.
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