

## SUPPLIER CODE OF CONDUCT

The Pringle of Scotland Code of Conduct is based on the ETI basecode and represents the minimum standards expected of all elements of the Pringle of Scotland supply chain. The full code of conduct is included below, the ETI basecode can be found [here](#), translated into several languages to allow you to distribute this through your supply chain. Within each area, the establishment of management systems to demonstrate that labour rights and ethical trading are embedded into business practices, is key to ongoing success and improvement.

### EMPLOYMENT IS FREELY CHOSEN

- There is no forced, bonded or involuntary prison labour.
- Workers are not required to lodge “deposits” or their identity papers with their employer and are free to leave their employer after reasonable notice.
- Workers are not expected to pay any fees in regard to their recruitment; where finders fees are paid, these are viewed as a business expense to be covered by the employer. Workers must not be bonded through loans or fees they have paid to obtain work.
- There is to be no restriction on workers ability to leave the work site or accommodation.
- All migrant workers must have a legal right to work in the destination country.

### FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING ARE RESPECTED

- Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively.
- The employer adopts an open attitude towards the activities of trade unions and their organisational activities.
- Worker representatives are not discriminated against and have access to carry out their representative functions in the workplace.
- Where the right to freedom of association and collective bargaining is restricted under law, the employer facilitates, and does not hinder, the development of parallel means for independent and free association and bargaining. Wherever possible under local law, this should include freely elected worker representatives and includes making adequate facilities and time available.
- All workers to be afforded independent access to remedy.

## WORKING CONDITIONS ARE SAFE AND HYGIENIC

A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury 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 inherent in the working environment. As a minimum this should include:

- Company/Site Health and Safety Policy, detailing roles and responsibilities for all on site.
- Full risk assessments for all processes on site, any risk of harm from hazardous substances / activities is minimised through the provision of safety equipment, signage, training and a safe factory infrastructure.
- Machinery (including but not limited to; production machinery, electrical and gas installations and lifting/handling machinery) subject to routine internal safety inspections and at least annual services. Fixed guards and isolation switches must be provided where machinery presents a hazard.
- PPE is made available without charge to any employee where there is a risk to their health and safety that cannot be controlled by an alternative method.
- The working atmosphere to have adequate lighting, temperature control, noise monitoring and air quality levels.
- Specific risk assessments for pregnant or nursing women, to include job suitability assessments and reassignment details where this is deemed necessary.
- Documented chemical safety policy including; a list of all chemicals on site. In the UK COSHH risk assessments are required and across all territories the MSDS for each chemical should be available to workers.
- Workers health should be safeguarded with the provision of adequate access to first aid and medical facilities.
- Emergency responses and plans must be in place, with assessments of relevant risk conducted (such as Fire/Explosion/Severe Weather Risk Assessments). Sufficient emergency exits must always be available and fire-fighting, and detection equipment in place. Documented emergency drills/simulations should be conducted on regular basis.
- Workers shall receive regular and recorded health and safety training, and such training shall be repeated for new or reassigned workers.
- Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided.
- Accommodation and transport, where provided, shall be clean, safe, secure and meet the basic needs of the workers, with standards and emergency equipment meeting the at least the minimum standards detailed under 3.1
- The company observing the code shall assign responsibility for health and safety to a senior management representative with an effective reporting mechanism for workers to voice concerns on Health and Safety issues. Documented methods in place for these to be investigated and recorded, usually by way of a Health and Safety Committee
- All mandatory insurance is in place, in the UK this will include Employers Liability Insurance.
- Building safety inspections and certificates required under local law must in place.

## CHILD LABOUR SHALL NOT BE USED

- There shall be no new recruitment of child labour.
- Companies shall develop or participate in and contribute to policies and programmes which provide for the transition of any child found to be performing child labour to enable her or him to attend and remain in quality education until no longer a child; “child” and “child labour” being defined in the appendices.
- Children and young persons under 18 shall not be employed at night or in hazardous conditions.
- These policies and procedures shall conform to the provisions of the relevant ILO standards.

\*refer to the Child Labour Remediation and Young Worker Policy

## LIVING WAGES ARE PAID

- Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. Wage levels must comply with any collective bargaining agreements which may be in place. In any event wages should always be enough to meet basic needs and to provide some discretionary income.
- All workers shall be provided with written and understandable Information about their employment conditions in respect to wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid.
- Deductions from wages as a disciplinary measure shall not be permitted nor shall any deductions from wages not provided for by national law be permitted without the expressed permission of the worker concerned. All disciplinary measures should be recorded.
- Workers must be provided with all statutory benefits to which they are entitled under national or local law e.g. paid leave, paid parental leave, sick pay.
- Statutory deductions which entitle workers to state benefits must be made and passed on by the employer to the state.
- Where workers are paid according to output (piece work), their wage must still meet the legal minimum wage standard. A formal, agreed piece rate calculation must be in place which ensures that workers are paid fairly and are able to meet the legal minimum wage standard, or above, within normal working hours.
- All wage payments must be made in a traceable manner.
- There should be no deductions from wages for any clothing and protective equipment required to perform work safely, this must be paid in full by the employer.

## WORKING HOURS ARE NOT EXCESSIVE

- Working hours must comply with national laws, collective agreements, and the provisions of 6.2 to 6.6 below, whichever affords the greater protection for workers. Sub-clauses 6.2 to 6.6 are based on international labour standards.
- Working hours, excluding overtime, shall be defined by contract (including all scheduled breaktimes and relevant details of pay), and shall not exceed 48 hours per week.\*

- All overtime shall be voluntary. Overtime shall be used responsibly, taking into account all the following: the extent, frequency and hours worked by individual workers and the workforce as a whole. It shall not be used to replace regular employment. Overtime shall always be compensated at a premium rate, which is recommended to be not less than 125% of the regular rate of pay.
  - The total hours worked in any seven-day period shall not exceed 60 hours, except where covered by clause 6.5 below.
  - Working hours may exceed 60 hours in any seven-day period only in exceptional circumstances where all of the following are met:
    - this is allowed by national law;
    - this is allowed by a collective agreement freely negotiated with a workers' organisation representing a significant portion of the workforce;
    - appropriate safeguards are taken to protect the workers' health and safety; and
    - the employer can demonstrate that exceptional circumstances apply such as unexpected production peaks, accidents or emergencies.
  - Workers shall be provided with at least one day off in every seven-day period or, where allowed by national law, two days off in every 14-day period.
  - There must be robust method in place for the recording of working hours.
  - Where workers hours of work are restricted under law (in the case of young workers or those workers who have time restrictions associated with their visa) the employer must have a proactive time management/rota system in place to ensure that the maximum allowed working hours are not exceeded.
  - Clearly communicate details on the site overtime policy to workers through contracts/ employee handbooks. Policy to cover at minimum:
    - Overtime rates of pay
      - Voluntary nature of overtime, and that there will be no penalties for refusal. Where transport is provided this should be available at the end of the standard shift as well as the overtime shift.
      - Notice that will be provided to workers when overtime is on offer, usually no less than 24 hours.
      - Details of any relevant collective bargaining agreement, if one is in place.
      - Commitment that payment of overtime will be made alongside regular salary payments for the same period of work.
      - Details of grievance mechanism to report concerns over overtime including workers right to refusal and any unsafe situations caused by additional working hours.
- \* International standards recommend the progressive reduction of normal hours of work, when appropriate, to 40 hours per week, without any reduction in workers' wages as hours are reduced.

## NO DISCRIMINATION IS PRACTISED

- There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, familial circumstances, sexual orientation, union membership or political affiliation.

- Suppliers must clearly communicate to all workers and management details of the discrimination policy and outline reporting mechanisms for any grievances to be raised under this policy, maintaining records of any concerns that may be raised.
- Employers must maintain up-to-date records on recruitment, training and promotion
- Regular employment is provided
- To every extent possible work performed must be on the basis of recognised employment relationship established through national law and practice
- Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, sub- contracting, or home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.
- Workers are not to be employed on 'zero hours' contracts.
- Workers receive written terms of employment and contracts signed in advance of employment commencing, in a language which they understand. Both the worker and employer must retain a signed copy of the contract.
- Full details on additional policies and procedures should be available to workers through employee handbooks which are available for them to take away and guidance provided on worker notice boards all in a language understood by the workers.

## NO HARSH OR INHUMANE TREATMENT IS ALLOWED

- Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.
- Employers must follow a published disciplinary procedure, with details available to all workers in a language they understand.

## LABOUR PROVIDERS

- Labour providers should only supply workers registered with them.
- Relationships with Labour providers should be covered by a Service Level Agreement which meets all national legal requirements.
- Labour providers should be audited on a regular basis to ensure compliance with all national legal requirements.
- Labour providers should not charge workers for finding them a job or for services that are integral to the work finding process.
- If a recruitment agent is used, then there should be a written agreement with the agent that fully explains the hiring practice.
- Recruitment agents should provide suppliers to provide written details of all their labour sources and provide evidence of due diligence.
- Commercial contracts with recruitment agencies/Labour Providers must include adequate clauses covering a zero-tolerance approach to exploitation, forced or compulsory labour and underpayment of minimum wage and statutory payments (such as holiday pay and sickness pay).

## BUSINESS PRACTICE

- Allow access to all Pringle of Scotland personal, their appointed representatives and any third-party auditors to the site, including on an unannounced basis and ensure any documents requested are provided accurately, in full and in a timely fashion.
- Maintenance of records (personnel, pay, working hours) for no less than 3 years
- Not assign any kind manufacturing work to any third parties without written approval from Pringle of Scotland

## INTEGRITY

- The offering, paying, soliciting or accepting of bribes or kick-backs, including facilitation payments, is strictly prohibited. A bribe may involve giving or offering ANY form of gift, consideration, reward or advantage to someone in business or government in order to obtain or retain a commercial advantage or to induce or reward the recipient for acting improperly or where it would be improper for the recipient to accept the benefit. Bribery can also take place where the offer or giving of a bribe is made by or through a third party, e.g. an agent, representative or intermediary.
- Some examples of bribes are as follows. This is not an exhaustive list
  - gifts, or travel expenses
  - the uncompensated use of company services, facilities or property;
  - cash payments;
  - loans, loan guarantees or other credit;
    - the provision of a benefit, such as an educational scholarship or healthcare, to a member of the family of a potential customer/public or government official;
    - providing a sub-contract to a person connected to someone involved in awarding the main contract; and
    - engaging a local company owned by a member of the family of a potential customer/public or government official.
- Facilitation payments are small payments or fees requested by government officials to speed up or facilitate the performance of routine government action (such as the provision of a visa or customs clearance). Such payments are strictly prohibited.
- Suppliers, representatives and their employees must comply with all applicable anti-bribery and corruption laws. If no such anti-bribery or corruption laws apply, or are of a lesser standard to that prescribed in the UK Bribery Act 2010, suppliers, representatives and their employees must adhere to the UK Bribery Act 2010.
- Suppliers and representatives must have in place anti-corruption and bribery procedures to prevent employees or persons associated with its business from committing offences of bribery or corruption. Suppliers and representatives will properly implement these procedures into their business and review them regularly to ensure that they are operating effectively.
- The provisions of this code constitute minimum and not maximum standards, and this code should not be used to prevent companies from exceeding these standards.

Companies applying this code are expected to comply with national and other applicable law and, where the provisions of law and this Base Code address the same subject, to apply that provision which affords the greater protection.

## DEFINITIONS:

- Child: Any person less than 15 years of age unless local minimum age law stipulates a higher age for work or mandatory schooling, in which case the higher age shall apply. If however, local minimum age law is set at 14 years of age in accordance with developing country exceptions under ILO Convention No. 138, the lower will apply.
- Young Person: Any worker over the age of a child as defined above and under the age of 18.
- Child Labour: Any work by a child or young person younger than the age(s) specified in the above definitions, which does not comply with the provisions of the relevant ILO standards, and any work that is likely to be hazardous or to interfere with the child's or young person's education, or to be harmful to the child's or young person's health or physical, mental, spiritual, moral or social development.
- Forced Labour: Any work or services which people are not doing voluntarily and which is exacted under a threat of some form of punishment, including the loss of rights or privileges.
- Bonded Labour: Labour which is demanded as a means of repayment of a debt or a loan and can apply to a whole family and be inherited through generations.
- Involuntary Prison Labour: Includes situations where prisoners are required to work for the benefit of a private company or an individual.

## CRITICAL RISKS AND CONCERNS

Within the code outlined above, there are certain instances which will highlight a supplier as a critical risk. Where critical risks are identified the details will be escalated to Executive level at Pringle of Scotland and they will remain apprised of the progress against the agreed remediation plan. In the most extreme circumstance, and where there has been a refusal of the supplier/site to engage in remediation, then termination of the trading relationship would be actioned. If this is the case the supplier would be notified in writing, and provided with detailed reasoning.

The below details what would be considered as critical concerns, the list is not exhaustive but to provide indication only:

- Instances of child labour, concealed and with no remediation.
- Use of forced or bonded labour, indicators or forced or bonded labour which are concealed.
- Refusal of site disclosure.
- Refusal of site access, or failure to present required documentation.
- Incidents of threatening, intimidating behaviour or violence to Pringle of Scotland personnel, their appointed representatives or any 3rd party auditors
- Any breach of the Pringle of Scotland anti-bribery and corruption policy.

- Health and Safety breaches potentially resulting in critical/fatal illness/injury.
- Denial to the right of collective bargaining.
- Evidence of harsh or inhumane treatment.
- Systemic discrimination in recruitment and in the workplace.
- Employment of those who have no legal right to work in accordance with national immigration law.
- Failure to comply with local and national legal requirements
- Exposure of the Pringle of Scotland brand to any disrepute