

UNAPPROVED SUBCONTRACTING POLICY

Monitoring our supply chain is essential to ensure that working conditions across sites manufacturing for Pringle of Scotland meet our Ethical Code of Conduct. An important aspect of being able to do this is having confidence in the supply chain information provided by our suppliers. Unapproved subcontracting puts workers at increased risk of exploitation as we cannot monitor conditions at unapproved sites.

While we recognise the complexity of fashion supply chains and the need for approved subcontracting, we expect all suppliers to guarantee that Pringle of Scotland products are only manufactured in sites that have been declared and approved by Pringle of Scotland.

For the purposes of this policy, manufacturing sites include any subcontractor involved in the production (eg CMT, knitting) and processing (eg printing, embroidery, laundry, packaging) of Pringle of Scotland products.

This policy sets out the consequence to Suppliers where unapproved subcontracting is found in Pringle of Scotland's supply chain. As a Pringle of Scotland Supplier, it is your responsibility to have full visibility, oversight and to keep detailed records relating to every site involved in the manufacture of Pringle of Scotland products. It is also the Supplier's responsibility to ensure that all manufacturing sites involved in the manufacture of Pringle of Scotland products are aware of and uphold the Pringle of Scotland Ethical Code of Conduct.

All manufacturing sites must be declared to and approved by Pringle of Scotland before any production and/or manufacture of Pringle of Scotland products takes place.

If manufacturing sites are not declared and approved by Pringle of Scotland, these will be considered "Unapproved Subcontracting".

From 1st January 2024, any supplier found to have unapproved subcontracting within their Pringle of Scotland supply chain will face the following consequences:

- 1st finding of unapproved subcontracting - A deduction of £5,000* to be immediately debited against your Pringle of Scotland supplier account.
- 2nd finding of unapproved subcontracting - A deduction of £10,000 to be immediately debited against your Pringle of Scotland supplier account.

Pringle of Scotland will also be entitled to:

- Conduct an immediate ethical assessment at the unapproved site at the Suppliers' cost, resulting in a worker remediation and corrective action plan
- Suspend all orders until ethical issues are resolved and trust in the management of the supply chain is regained

- Insist all goods (finished or unfinished) are moved to an approved site at the Suppliers' cost
- Cancel orders; and/or
- Review the business relationship

**Unapproved subcontracting deductions will be used or donated by Pringle of Scotland to support ethical supply chain initiatives or charitable causes.*