

Paul Smith

## Supplier Code of Conduct

Issued to <i>(Insert Company Name &amp; Address in Full)</i>	
DATE <i>(Insert date issued)</i>	
Acknowledged and Accepted BY <i>(Name &amp; Position in Block Capitals)</i>	
Signature	
DATE <i>(Date Signed)</i>	

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## Introduction

Paul Smith Limited is committed to maintaining the highest level of legal and ethical standards in the conduct of its business affairs and to operating in a sustainable way.

As an international design company, Paul Smith has always understood that we have a responsibility to protect the environment and the people within it.

We are committed to constantly reassessing the part we play in creating a more sustainable fashion industry and are passionate about maintaining a sustainable approach across all aspects of our business. This includes the practices within our international headquarters, our manufacturing processes and the distribution and delivery of our designs to our customers.

This Supplier Code of Conduct, which we are asking you to sign up to, details our position and expectations in respect of Anti- Bribery, Ethical Working Practices including a policy on the Employment of Migrant Workers, Ethical trading Practices including Animal Welfare and the Environment.

## ANTI BRIBERY POLICY

Paul Smith Limited is committed to maintaining the highest level of legal and ethical standards in the conduct of its business affairs and therefore requires its business partners to have in place their own procedures to deal with bribery but also to adopt and adhere to this Anti-bribery Policy.

Bribery is a criminal offence and corrupt acts expose our business and our employees to the risk of prosecution, fines, and imprisonment as well as damage to our reputation.

Under the Bribery Act 2010 ("The Act"), it is an offence for any person either to offer, promise or give a bribe, or request, agree to receive or accept a bribe, where the bribe is linked to improper conduct. The Act also holds organisations responsible for failing to put in place procedures that are adequate to prevent bribes being made by those working for our organisation or on our behalf.

### Prohibited Activity

Paul Smith Limited prohibits bribery in all its forms.

This prohibition includes offering, giving, requesting, or accepting any bribe, whether in the form of cash or any other advantage, to or from any third party.

This prohibition applies to all our staff, agents and representatives and applies everywhere in the world.

**AND**

This prohibition covers our dealings with all third parties including public officials or bodies, private individuals, employees of other businesses, agents, franchises, licensees or any other individual or body performing services on our behalf.

## Corporate Hospitality, Entertaining and Gifts

Under The Act, a bribe can be a financial or any other advantage, and there is no lower limit on the value of the advantage. In some circumstances gifts, corporate hospitality or entertaining might be regarded as bribes, especially if they are disproportionate to the general nature of the relationship. These activities are only acceptable if they fall within reasonable bounds of value and occurrence. If you feel uncertain at any time regarding acceptability or reasonableness of gifts, entertainment, or hospitality, please check with your Paul Smith business contact or our company's UK Human Resources Manager.

**"hospitality"** means the provision of any facility at a free or reduced rate which is designed to increase the comfort and pleasure of the person to whom the hospitality is being provided, for example entertainment, meals, accommodation, invitations to events, functions, or other social gatherings. Hospitality that takes place when the host is not present should be considered a gift and dealt with accordingly.

**"connected person"** means any organisation or individual (other than a partner or employee of the company) who has had, has or may have in the future any connection with or influence over the business of the company; and

**"gift"** means a financial or other benefit, offered, given, solicited, or received without any obligation to provide any benefit in return.

***Hospitality and/or gifts should not be used to entice the recipient to do business (and the recipient should not think that this is why it is being given).***

### RECEIVING HOSPITALITY

Paul Smith Staff can accept reasonable offers of hospitality from connected persons such as an occasional meal, invitations to events, functions or other gatherings that are social in nature.

However, reasonable hospitality should only be accepted if:

- The host is present;
- The purpose is to hold a bona fide business discussion or to develop better business relations, and does not create any form of obligation; and
- The entertainment was openly offered and not solicited.

### RECEIVING GIFTS

- Low value items such as pens, calendars and diaries, or small tokens of gratitude with a value of £50 or less may be exchanged between Paul Smith staff and their suppliers without needing to be recorded.
- Gifts with a value more than £50, should only be offered and accepted by Paul Smith staff with the approval of their manager, and Paul Smith staff are required to report any such gifts to our HR department.
- Gifts of money should not be offered to or by any Paul Smith Limited staff and neither party should accept such offer in any circumstances even if it is indirect such as money to be spent on acquiring items or credit benefits.

## GIVING HOSPITALITY & GIFTS

Paul Smith staff may provide hospitality to connected persons and/or give a gift but only if in each case it is proportionate and genuinely intended to achieve some legitimate objective e.g.:

- To improve the image of our business
- To better present our products
- To establish or preserve good relations with the recipient

### Implementation

This policy is published on our intranet. Paul Smith staff are made aware of this policy and any breach of this policy by our staff could, following investigation, constitute a disciplinary offence under their contract of employment.

Our contracts with third parties also contain provisions that require them to comply with our anti-bribery policy and/or the third parties' own similar policy.

### Reporting

If you are aware of any action or intended action which is or may be in breach of this policy, you can report it using the Incident Reporting Policy the email address: CR@paulsmith.co.uk or telephone number +44 (0)115 964 5232.

This report can be made anonymously.

## ETHICAL WORKING PRACTICES

### THE OVERRIDING PRINCIPLES ALL SUPPLIERS NEED TO COMMIT TO

#### No forced labour

Employment is freely chosen and there is no bonded, forced, or involuntary labour.

Workers are free to leave their employment after having worked the reasonable required notice period.

Workers cannot be forced to hand over money deposit or identity papers, unless there is a legal requirement.

#### Living wages are paid

Supplier respects the right of workers to receive fair remuneration, at least the minimum national (or local) legal wage or industry benchmark standards. Wage should meet basic needs and provide some discretionary income.

All workers must be given written and understandable information about their employment conditions and wages before they enter employment.

#### Freedom of association

Workers have the right to form or join unions or other kinds of worker's associations and to engage in collective bargaining.

No disciplinary action against workers who choose to peacefully and lawfully organise or join an association shall be applied.

Representatives from trade union or business association must be permitted to raise issues with the factory, manufacturing premises or the supplier.

#### No child labour

Special protection should be given to any workers that are not yet adults. Every worker must be at least 15 years of age or the minimum legal working age of that country (whichever higher). Proof of age should be kept.

Children and young persons under 18 should not be employed at night or in hazardous conditions.

Supplier's policies and procedures should conform to the provisions of the relevant ILO standards.

#### No discrimination

Supplier shall provide equal opportunities and there is no discrimination in the hiring of workers, giving compensation, promotion, access to training, termination of employment or the retirement of the worker based on race, caste, nationality, ethnic origin, religion, age, disability, gender, marital status, sexual orientation, union membership, philosophical views or political affiliation.

#### Regular employment is provided

To every extent possible work performed must be on the basis of recognised employment relationship established through national law and practise.

Obligations to employees under labour or social security laws should not be avoided through the use of labour only contracting, sub-contracting or home-working arrangements, nor should the fixed-term contracts of employment excessively used.

#### Working hours are reasonable and not excessive

Supplier should comply with national laws and collective agreements regarding hours of work what should be defined by contract and not exceed 60 hours per week including overtime.

Overtime should be voluntary and should be used responsibly and not replace regular employment.

Working hours should not exceed 60 hours in any 7-day period but may do so only in demonstrably exceptional circumstances where all the following are met:

- (a) Allowed by national law and collective agreement; and
- (b) Adequate measures are taken to protect workers' health and safety and ensuring at least one day off every 7 days except in emergencies or unusual situations.

#### Working conditions are safe and hygienic

Healthy and safe working environment should be provided with regular risk assessments taking place.

Workers should have the right to refuse unsafe work and to report unhealthy working conditions.

Steps should be taken to prevent, eliminate and reduce accidents and injury and workers should receive regular, recorded health and safety training and be provided with appropriate personal protective equipment.

#### No harsh or inhumane treatment is allowed

Physical abuse or discipline, or the threat of sexual or other harassment and verbal abuse or other forms of intimidation are prohibited.

In addition to our standard requirements on ethical working practices we have put in place a specific policy covering the employment of migrant workers

## MIGRANT WORKERS POLICY

### for Suppliers in the Paul Smith Supply Chain

#### Background

Paul Smith Group Holdings Limited and its companies are committed to ethical working practices, the eradication of modern slavery and social sustainability throughout its supply chain.

To become or continue to be a supplier to one or any of the companies of Paul Smith Group Holdings Limited you will be required to:

- Sign up to and comply with our Supplier Code of Conduct as may be updated from time to time;
- Complete and return an annual self-assessment audit; and
- Comply with the provisions of this Migrant Workers Policy.

This policy sets out our expectations and requirements specifically in relation to your employment of migrant workers.

A migrant worker is defined as:

*A person, who is to be engaged, is engaged or has been engaged in a remunerated activity in a state of which they are not nationals.*

**Whilst this policy is written specifically with the migrant worker in mind, it applies to all workers that you engage.**

#### Underlying Obligations

1. You shall not at any time use/employ or otherwise engage illegal migrants in your supply chain.
2. Each migrant worker must be over 18 years old and have all the necessary, legally recognised documentation that is required by law in the country of work.
3. Each migrant worker shall be treated no less favourably than non-migrant workers.
4. When applying this policy, you must also comply with national and other applicable laws. If within this policy, there is a provision more favourable to the worker then that provision shall apply.
5. You shall keep comprehensive, up to date, records of any staff you employ.
6. You shall have in place your own policies and procedures to comply international human rights of Migrant workers.

#### RECRUITMENT (applicable in the sending or receiving country)

##### *Agencies.*

If you engage an agency to recruit workers, then such agency shall be legally registered, transparent and adhere to the Dhaka Principles for Migration with Dignity, where possible you should recruit workers directly. Agencies need to comply with this policy, and you need to be able to demonstrate this is the case should we require.

##### *Recruitment Fees and Costs.*

Workers must not pay, directly or indirectly any fees or related costs for recruitment and or employment including those that may be issued by a recruitment agency. You should bear the full cost of any recruitment (including health checks) and placement and contract-end repatriation and pay any legally allowed recruitment fees. These shall not be passed onto the worker nor deducted from their wages.

**TRANSPARENCY of TERMS AND CONDITIONS OF EMPLOYMENT**

You must ensure that the worker is provided with a clear, accurate and transparent contract of employment in a language that worker understands BEFORE they are deployed, and such contract shall be freely entered into by the worker.

The contracts of employment shall be legally enforceable in the receiving country and should be between the supplier and the worker, not a third party.

Contracts should be signed by both the worker and the supplier.

Changes to contracts cannot be made after the worker has signed the contract or employment or once they are in the receiving country unless they are mutually agreed. If changes are required by law such changes shall be fully explained to the worker.

1. The **terms and conditions of the contract of employment** shall contain the same rights as local workers or nationals of the receiving country and **as a minimum shall include the following details:**

Personal information of the worker including name, date of birth, nationality, passport number with date of expiry.

Gross Pay, any overtime rates to be paid and date of pay.

Any lawful deductions (e.g., taxes, social security) that can be taken.

Term of employment including any probationary period, and renewal conditions, rules, and grounds for termination.

Job role and description of work.

Maximum working hours and maximum overtime hours permitted (which must comply with local laws).

Benefits provided, e.g., holiday pay, annual leave, medical cover.

Accurate description of accommodation and meals provided if applicable, including charges / wage deductions for same.

Grievance and disciplinary procedures.

How and when the supplier will pay the costs of repatriation.

**ORIENTATION and TRAINING**

To assist assimilation and make integration comfortable for the mutual benefit of you and the migrant workers, migrant workers should be made aware local customs and practices, your rules and regulations, basic legal rights, and entitlements.

Migrant Workers must receive health and safety training delivered in a way that they can fully understand.

**PAYMENT OF WAGES**

Migrant workers shall be paid regularly on time and in full.

Final wages and any redundancy or similar payment shall be paid prior to the migrant worker leaving the country.

You shall not make any deductions save those allowed by applicable national law and in such an event, such deductions shall be explained clearly in the migrant workers' contract and be detailed on the payslip.

**WORKING CONDITIONS**

All workplaces shall be clean, hygienic, and safe, free from harassment, intimidation, or inhuman treatment.

Where necessary, signage, in particular for hazardous materials or operating instructions, must be available in a way the migrant worker can understand.

Migrant workers should not be forced to work overtime.

Any equipment, safety clothing etc., shall be assigned to them free of charge.

No punitive measures should be taken against the migrant worker if the migrant worker refuse to work beyond their contracted hours.

**LIVING CONDITIONS**

Workers shall be entitled to choose whether they wish to live in company provided accommodation or make their own arrangements. There shall be no rules written or unwritten that are in violation of any laws or international covenants of human rights.

Any charges for the provision of accommodation must be clearly explained to and understood by the worker and shall be fair and reasonable.

If accommodation is provided it must be:

- a. Safe, clean and hygienic with potable and running water;
- b. Meet and comply with all building regulations, including multiple occupancy & fire regulations;
- c. Separate from the manufacturing or production facilities.

Workers must be:

- a. Provided with free, safe and timely transport to and from their place of work if applicable;
- b. Free to move around outside working hours and not confined to the accommodation; and
- c. Provided with safe, lockable storage facilities for valuables and documents.

**FREEDOM OF MOVEMENT**

You shall not retain passports, visas, identity documents, work permits, belonging to the migrant worker.

You shall not retain bank books, bank cards, deeds, or personal property of the migrant worker or his/her family at any time.

Unless specifically required by law in the receiving country, you must not require any collateral including but not limited to monetary deposits or other personal property as a condition for employment.

Each migrant worker shall have the right to leave the host country at any time or to change employment should they wish.

There should be no penalty if the migrant worker terminates their contract early.

Migrant workers should be provided with travel tickets home at your expense when the contract of employment ends or if the worker becomes pregnant or if they have a family emergency in their own country or if they wish to leave the place of employment unless the migrant worker is in clear breach of contract.

**DISCRIMINATION**

All workers should be treated equally and without discrimination. Migrant workers shall have the same rights and terms of employment as locals or nationals.

No worker shall be discriminated against on grounds of ethnicity, gender, religion, age, sexual orientation, disability, health, pregnancy, trade union membership, and politics, in accordance with local labour laws or international human rights standards where these offer more protection.

Health or pregnancy checks cannot be used as a method of screening applicants unless required by law.

**ACCESS TO REMEDY**

Migrant workers should have access to remedy any credible grievances without fear of reprimand, discrimination, financial penalties, or intimidation.

Mechanisms can be judicial or non-judicial and should be fully explained in a manner that the migrant worker can understand. You should have in place robust internal policies and procedures which are regularly reviewed. You shall not use any mechanisms to undermine any workers' rights or prevent the joining of trade unions or workers' collectives. If this is prohibited by local law, then you shall still ensure the migrant worker's human rights are respected.

**REPATRIATION**

Migrant workers have the right to leave the receiving country and return to the sending country at any time.

You must pay for the migrant worker's return on expiry of their employment contract or if the migrant worker wishes to terminate their employment contract.

This does not apply where the employment contract is terminated by you due to a breach of the contract by the worker. Reparation rights shall be included in the employment contract.

**ETHICAL TRADING PRACTICES - ANIMAL WELFARE AND THE ENVIRONMENT**

**ANIMAL WELFARE**

We are committed to ensuring high standards of animal welfare and require our suppliers to do likewise by eliminating cruel practices in animal husbandry and providing the best possible conditions for animals whose by-products are used to make our products.

Each supplier must comply with local and national laws related to animal welfare and should implement industry recognised best practises to ensure good quality of life during rearing and transportation, protecting animal welfare during slaughter and ensuring a humane death.

**Any animal derived materials must be sourced from farms with good animal husbandry, meaning that animals have:**

**Freedom from Hunger and Thirst**

Access to fresh water and a suitable diet to maintain health and vigour

**Freedom from Discomfort**

Provision of an appropriate suitable environment including shelter and a comfortable resting area

**Freedom from pain, injury, or disease**

Employment of prevention measures and/or rapid diagnosis and treatment

**Freedom to express normal behaviour**

Provision of sufficient space, proper facilities, and company of the animal's own kind, or apart from other animals if applicable

**Freedom from fear and distress**

Ensuring conditions and treatments applied avoid mental suffering

**PAUL SMITH WILL NOT ACCEPT ANY PRODUCTS OR COMPONENTS THAT HAVE BEEN TESTED ON ANIMALS.**

## THE ENVIRONMENT

Our suppliers must comply with local and national laws related to environmental standards and not use harmful materials, dyes or chemicals that have any unacceptable risk to health and or the environment during production, use or disposal.

Each supplier shall have in place a system of identifying, managing, reducing, and responsibly disposing of or recycling hazardous substances and non-hazardous waste.

Suppliers shall obtain, keep current and comply with all required environmental permits and reporting requirements of applicable permits and regulations.

Each supplier should also develop and implement a formal policy that outlines their approach to managing environmental impacts within their control and manage and monitor initiatives that reduce impacts on natural resources, optimising water usage and effective waste management.

## WHISTLE BLOWING & INCIDENT REPORTING

Paul Smith Limited aims to conduct business with high standards of integrity, ethics and honesty and expects the same standards from all employees and business partners.

Paul Smith Limited strongly encourages reporting of any form of malpractice and/or wrongdoing including any incidents or behaviours that are not in accordance with Paul Smith Limited policies.

Paul Smith Limited provides a secure service that enables business partners and their employees to report genuine concerns or suspicions about any malpractice or improper action. Examples of suspected wrongdoings or dangers to be reported include:

*Unethical working practices*

*Bribery and /or Corruption*

*Failure to comply with any legal obligations, including laws relating to anti-competitive behaviour and data*

*Conduct likely to damage Paul Smith Limited's reputation and/or financial wellbeing*

*Unauthorised disclosure of confidential information*

*Danger to health and safety*

*Negligence*

*Financial fraud or mismanagement*

*Breach of Paul Smith Limited Supplier Code of Conduct*

*The deliberate concealment of any of the matters listed here*

Once an incident or concern has been reported Paul Smith Limited will make preliminary enquiries and decide if further investigation is needed and will ensure that any significant matters receive appropriate investigation and follow up action.

Completely anonymous disclosures are difficult to investigate. If you want to raise your concern confidentially, we will make every effort to keep your identity secret and only reveal it to those involved in investigating your concern.

We will take seriously any abuse of this facility such as reporting deliberately false or malicious allegations.

Business partners and/or their employees reporting genuine concerns will not be treated less favourably by Paul Smith Limited as a result of such report.

**To raise any genuine concerns or report any incidents of malpractice or improper action please contact Paul Smith Limited by e-mail or telephone.**

**E-mail: [CR@paulsmith.co.uk](mailto:CR@paulsmith.co.uk)**

**Telephone number: +44 (0)115 964 5232**