

1. Public Reporting

Pentland Brands is a family owned company and does not issue an annual report in the public domain.

As far as corporate responsibility is concerned however, we do the following:

- Annual reporting to the Ethical Trading Initiative. These reports are available to the tripartite partners within the ETI on a confidential basis. Information relating to presence of unions and collective bargaining agreements, length of relationships with factories and supplier selection procedures is covered in this reporting.
- Annual communication on progress report to the United Nations Global Compact office, which is available on their and Pentland's website.

2. Policy Development

A1. We work with our principal suppliers on codes of conduct, which includes Freedom of Association. Our Group Code of Employment Standards for Suppliers is based on the Ethical Trading Initiative Base Code; it is available on our website in thirteen languages.

These discussions lead to significant improvements across the different code provisions. Where there is a generally positive climate for the development of unions, there is good and productive discussion. Where there is not, the discussion is limited by the lack of institutional support for unions to develop and a political environment which is not conducive to the development of free and independent trades unions.

Our regular discussions with suppliers on ethical standards include meetings which bring together management, worker representatives and worker interviewers. Over many years we have built up a network of independent worker interviewers from a wide range of civil society organisations; these include people from universities, non-governmental organisations and other institutions.

B4/B5 Labour only contracting arrangements etc is covered by our policy, which is based on the ETI Base Code. In some parts of the shoe industry and the football industry there is homeworking. This brings considerable benefits to some rural populations who would not or could not benefit from factory work. Where it is confirmed that homeworking exists, we actively work with others to develop programmes that deliver a transparent paper trail and generally improved conditions of work.

Where factories have higher than sector norm percentages of short term contract workers, we actively work with them to reduce these.

C1 Due to our long term relationships with our suppliers, we would strive to be aware of situations likely to lead to lay-offs of workers. We accept responsibility to work with our

suppliers to comply with all legal requirements and to minimise the negative impacts on workers.

D1 Living wage is already present in our policies.

3. Study Measurement

A3 We are happy to collaborate with others in trying to measure impacts of training. In our experience training has a long term impact and benefits from a positive environment in the country and industry. Training has a deeper impact when it is done in co-operation with the relevant local institutions, who can follow up with additional training and standard setting.

D3 Although many partners are willing to share open pricing, it cannot be assumed. It is more possible with our long standing partners. Our position is weakened if other customers do not have codes of conduct or commission social audits as risk assessment rather than wanting to change workers' lives. Our negotiations should include considerations of wages and we are working with our major suppliers to give more transparency of the wage component.

D5 We are happy to work with trades unions, suppliers, ngos and other brands on mechanisms to raise low wages over time.

D8 Where our suppliers are working to streamline production systems, we are willing to work with other brands to ensure that the impact on wages is favourable.

4. Factory Monitoring

A4 We work with our suppliers to improve internal communications so that problems can be raised and resolved internally.

A11 We have worked with many suppliers to do this over the last few years. Without an institutional framework which supports such initiatives, the work is fragile.

B1/B2/B3 These already form part of our work with suppliers. Although there are some problems in some countries, in general all our core business suppliers have permanent, direct and open-ended contracts with workers.

D9 We monitor our suppliers on this and occasionally such practices have been found. These are discussed with management and worker representatives to see if they can be resolved.

5. Factory level actions

We continue to monitor our suppliers in this area.

A2 The willing participation of factories is a pre-requisite for any activity. In the context of a wider programme to reinforce worker representation in sectors or regions, this willingness would not normally be a problem.

A9 We would aim to protect right of access where these are impeded, particularly where protected by law. However we can not commit to requiring suppliers to enter into access agreements

This could be possible as part of a sectoral programme in a country or region.

A10 Where unions exist this would be part of our discussions

In China we developed with the Guangdong Human Resources Management Association (a part of the Department of Labour) three booklets to enhance the process at factories with model staff handbook and a workers' rights booklet.

We have encouraged suppliers to take up training programmes, where they exist.

A12 We have some experience in trying to do this over the last few years with worker-management committees and health and safety committees.

However, without an institutional framework and a political environment which support such initiatives, the work is fragile. In particular, workers who have been trained to represent others, participate in meetings and negotiate change have taken the opportunity to find better jobs. Unless this training is more generally available, the factories find it difficult to sustain such efforts.

D4 We would rather focus on developing a collective bargaining agreement as pricing is based on many elements, which would differ for each customer, eg size of the order, origin of the raw materials, complexity of the product and so on.

6 Supplier relationships

A5 In our experience collective bargaining agreements are not common in our principal supplier countries. We will continue to monitor this and, with others, encourage their development.

B6 Our ability to work with our suppliers depends on a strong business relationship. If the relationship is a long term one then management can begin to build in the changes to the development plan, knowing that the business is likely to continue.

B7 and D2 This standard already exists in our business standards policies.

B8 We continue to work with suppliers to establish optimal notice times. We are actively considering joining the ETI Purchasing Practices Project.

D7 We are committed to work with others to develop wage ladders or similar mechanisms within a sectoral level project in a region or country.

7 Government policy

A13. We have encouraged our suppliers to engage at local and national levels on a range of issues in Portugal, Pakistan, India, Indonesia, China and Vietnam. Active lobbying on law reform would not be appropriate on a unilateral basis.

B9 This would not be a problem within the context of multi-stakeholder coalitions which include local partners. However short term contracts are per se not problematic, it is the context which makes them so.

D10 This would not be a problem within the context of multi-stakeholder coalitions which include local partners.

The focus however should be on strengthening the process for negotiating national minimum wages, in particular improving the transparency of the process and the inclusion of all relevant stakeholders. At the moment this is not the case in many countries.

8 Collaboration with other brand buyers

The most successful initiatives in this area have been collaborative efforts with other brands and retailers working with local and international organisations and institutions. We must be careful however that co-operation does not lead to possible illegal activities such as collusion or anti-competitiveness.

Pentland 5th December 2008