Whitbread plc Responsible Sourcing Policy

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Introduction

Whitbread's Responsible Sourcing Programme is a fundamental part of our business philosophy and strategy. We recognise our responsibility as the UK's largest hotel and restaurant business, with a growing business in Germany, to ensure sound social, ethical and environmental practices within our operations, the supply chain and in every market in which we operate.

In line with the UN Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises on Responsible Business Conduct ("the OECD Guidance"), the Modern Slavery Act and the German Supply Chain Due Diligence Act (LkSG), we acknowledge our responsibility to respect the human rights of every worker supplying goods or services to us, and the communities in which they reside. They all deserve the right to live in dignity and work in a safe, clean, and healthy workplace and we take our part in respecting this right very seriously. Moreover, we understand that when workers are treated with respect, work in civilised conditions and earn fair rates of pay, both they, their companies, and communities benefit from increased commitment and productivity.

In order to achieve our Force for Good commitment to source responsibly and with integrity, we require the support of all our suppliers. We recognise there may be local socio-economic, cultural and traditional constraints to consider, but we are determined to work collaboratively with our supply chain to achieve our ambition. We have an established supplier selection process and work together with an expert third party to conduct an annual inherent human rights risk assessment.

We look forward to continuing to work with partners, suppliers and third parties, where required, to meet our Force For Good goal of sourcing responsibly and with integrity.

This Responsible Sourcing Policy, alongside associated supplier contractual obligations, constitutes a minimum and not maximum standard and should not be used to prevent us or our suppliers from exceeding these standards. Suppliers applying this Responsible Sourcing Policy are expected to comply with national and other applicable law and, where the provisions of law and this policy address the same subject, to apply the provision which affords the greater protection to workers and the environment.

Our due diligence system is now well embedded in the way we work with our suppliers, allowing us to measure, monitor and remediate supplier compliance. As part of that due diligence, we also continue to roll out our third-party audit programme which allows us to conduct deeper levels of visibility through factory visits and worker interviews.

We are fully committed to delivering on our responsibility to get this right and keen to see the positive impact we can have on the thousands of workers involved in delivering the Whitbread products of which we are so proud.

Dominic Paul
Chief Executive

WHITBREAD

1 Whitbread Responsible Sourcing Policy

This policy defines both Whitbread's minimum standards and the basic principles of co-operation that we require of all suppliers and business partners. We expect all people working in our business, within our supply chain, and in communities that our business operates in to be treated with respect and integrity and through the implementation of this policy and cooperation with our business partners we will endeavour to ensure this is taking place. If a supplier is a SEDEX Member, then it should ensure that all direct sourcing sites are linked to the Whitbread Group PLC account (ZC403365311).

This policy also identifies the commitments Whitbread will make to ensure the policy is effectively implemented in our business and throughout the supply base. The policy requirements are based on core international conventions on human rights including the rights outlined in the Universal Declaration of Human Rights (UDHR) and the core International Labour Organisation's (ILO) Fundamental Principles and Rights at Work. Regarding international standards on environmental protection and resource management, our requirements are based on the Basel, Minamata, and Stockholm Conventions on the movement of hazardous waste, reduction of mercury pollution, and reduction of persistent organic pollutants (POPs) respectively.

1.1. Modern slavery, including human trafficking and forced labour

1. All applicable anti-slavery and human trafficking laws, statutes, regulations, and codes must be adhered to.
2. All forms of forced, bonded, indentured, trafficked, or involuntary prison labour are prohibited.
3. All work must be conducted on a voluntary basis, not under threat of any kind.
4. Workers must not be required to pay fees, either directly or indirectly to obtain work, or lodge 'deposits' or their identity papers with their employer and are free to leave their employer after legal or statutory notice.
5. Workers' original personal identification and travel documents must not be retained, nor their freedom of movement restricted.
6. Workers must be free to leave their employment with reasonable notice and receive all earned wages, with these terms clearly communicated before employment begins and confirmed in their contract.

1.2. Child labour

7. Suppliers must not employ workers under the age of 15 (14 in certain developing countries as designated by ILO conventions).
8. Suppliers must maintain formal documentation that verifies the age of each worker.
9. Suppliers must comply with all relevant child labour laws. Where there is a conflict between the local law or practice and international standards, international standards will take precedent.
10. Suppliers shall contribute to programmes which provide for the transition of child labour to education, or support Whitbread's efforts to do so.
11. Young persons under 18 (young workers) shall not be employed at night, long hours or in hazardous conditions and suppliers must comply with all international and national laws regulating young workers including educational opportunities.
12. Young workers be afforded extra protection and must not be employed in hazardous work, which according to the ILO Recommendation 190 includes (but is not limited to)

working at night, working long hours or being exposed to chemicals, pesticides, machines or tools, dust or excessive cold, heat or noise.

1.3 Freedom of association and Collective Bargaining

13. Workers, without distinction, have the right to join or form trade unions or other comparable, legal organisations of their own choosing.
14. Workers' representatives are not discriminated against and have access to carry out their representative functions in the workplace.
15. 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 and must engage in constructive dialogue and in good faith with employees.
16. Suppliers must not interfere with or retaliate against workers exercising these rights.

1.4 Working conditions

17. All sites should have an up-to-date risk assessment to ensure working environments are mitigating the risk of infectious disease transmission (such as COVID-19). Relevant stakeholders, such as but not exclusively workers, must have been involved in the creation of such risk assessments and made aware of the significant findings and relevant control measures.
18. A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry, any specific hazards, local epidemics or global pandemics (such as the spread of COVID-19) and legal requirements in line with internationally recognised certification and standards (such as the ISO 45001:2018 or the International Labour Office ILO-OSH 2001 system).
19. Supplier must adhere to country and regional specific guidance and WHO guidance on the spread, of infectious disease, such as (but not limited to) social distancing, enhanced cleaning regimes and self-isolation.
20. Where required, workers will be provided with adequate personal protection equipment (PPE), training, and first aid as outlined by local regulation and pursuant to risk assessments (including but not limited to PPE in respect of disease).
21. A record of health and safety incidents (accidents and injuries) shall be maintained, with an action plan to improve performance by minimising the causes of hazards in the working environment. Whitbread should be notified of any incidents on site which could pose significant impacts to workers or communities and any outbreak of infectious disease and provide such information as is reasonably required by Whitbread to manage such impact.
22. Workers must receive regular and recorded health and safety training, and such training shall be repeated for new or reassigned workers. This training should be refreshed and updated when new measures are introduced, (such as those to mitigate the risk of infectious diseases such as COVID-19).
23. Access is provided to clean toilet facilities and potable water as well as making the provision for facilities to consume food and drink.
24. Facilities will be provided for adequate rest breaks and for breast-feeding mothers and prayer breaks.
25. Responsibility for health and safety is assigned to a trained and competent senior management representative.
26. Facilities will undergo an environmental and safety risk assessment and have all required documentation and permits regarding structural, electrical and fire safety, as per legislative requirements.

1.5 Fair wages

27. Wages and all legally mandated benefits paid for regular hours of work meet, at a minimum, national legal standards or industry benchmark standards, whichever is

higher. In any event, wages should always be enough to meet basic needs and to provide some discretionary income.

28. Overtime must be paid, at a minimum compliant with national legislation and in line with contractual agreements.
29. Wages must be paid directly to the workers in the form of cash or cheques or into a nominated bank account, at the agreed intervals and in full, at least on a monthly basis.
30. All workers must be provided with written and understandable information (in language of the employee) about their employment conditions in respect to wages before they enter employment and provided with wage slips including the particulars of their wages for the pay period concerned each time that they are paid.
31. Deductions from wages as a disciplinary measure are not permitted nor shall deductions from wages not provided for by national law be permitted. All disciplinary measures should be recorded.

1.6 Working hours and annual leave

32. Working hours must comply with national laws and industry standards.
33. Workers must not be required to work in excess of a basic 48 hours per week (unless legal processes such as working time regulations permit you to voluntarily opt out of a 48-hour working week) and workers shall be provided with at least one day off for every seven-day period.
34. All working hours must be contractually defined with adequate rest time.
35. Overtime must be voluntary, and in line with local laws, agreed upon engagement with worker and compensated accordingly.
36. Workers may refuse to work overtime without any disciplinary or retaliatory action being taken against them.
37. Reasonable or legislative annual leave must be afforded to each employee, based on a clear and formal policy that is communicated to and understood by each employee.

1.7 Discrimination

38. Suppliers will fully comply with local laws regarding equality of employment opportunities.
39. Subject to local law, suppliers will practise no discrimination in hiring, compensation, training, promotion, termination or retirement based on race, caste, nationality, ethnicity, religion and beliefs, age, disability. gender, pregnancy and maternity, marital status, sexual orientation, gender reassignment, union membership or political affiliation.
40. If the supplier feels that cultural or structural discrimination exists that is beyond its ability to control, then this should be recorded and reported to Whitbread. A collaborative approach will be taken to resolve the issue in a manner that is sensitive to the cultural and social context.
41. Suppliers must ensure recruitment and remuneration procedures are fair, transparent, and non-discriminatory.

1.8 Regular employment

42. Work performed must be on the basis of a recognised employment relationship established through national law and practice.
43. 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, subcontracting, 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.

44. Migrant, contract, part-time and home-workers must receive the same rights, benefits and opportunities for advancement as other workers performing similar activities.
45. Where sub-contractors or agencies are used, the employment terms and labour standards for their workers must be formally understood and acknowledged by the supplier and through the use of service level agreements and / or contracts.

1.9 Humane treatment

46. Physical and verbal abuse, the threat of physical abuse, sexual harassment or other forms of intimidation shall be prohibited.
47. Disciplinary actions must be fair, proportionate and fully compliant local laws.
48. All disciplinary actions must be recorded.
49. Suppliers will record any incidence of harsh or inhumane treatment and develop action plans to prevent future violations.
50. Suppliers will develop a whistle-blowing policy and grievance mechanism for its workers. This policy should be managed by a trained and competent senior member of staff.

1.10 Accommodation and dormitories

51. Dormitory facilities must meet all local laws and regulations covering health, sanitation, electrical, mechanical, fire and structural safety.
52. An evacuation plan must be prominently displayed.
53. Dormitory facilities should have been designed and built for human habitation, provide a reasonable amount of space, and allow for worker privacy.
54. Facilities should be away from main factory and production buildings.
55. Charges for rent and food must be reasonable and benchmarked against local cost and wage levels.
56. Each worker must be provided with an individual sleeping area (bed or mat).
57. Sleeping quarters must be segregated by gender.
58. Workers must be provided with adequate and lockable storage space that is accessible by the workers.
59. Sleeping quarters must have adequate lighting.
60. Appropriate quarters must be provided for couples who are legally married.
61. The living space per worker must be the minimum legal requirement or the local industry standard, whichever is greater.
62. Workers must be allowed to leave and enter freely during time off work subject to reasonable restrictions imposed based on considerations of safety.
63. Dormitory accommodation must include access to potable water.
64. Workers must be provided with adequate recreational facilities.
65. Adequate toilet and shower facilities must be provided, segregated by gender and maintained in a hygienic condition.

1.11 Ethical Corporate Practices

66. All relevant national and international legal requirements must be complied with.
67. Whitbread must be informed of any serious breaches of compliance or investigations by authorities into potential breaches.
68. Suppliers must not take part in:
    - Money laundering
    - Insider trading
    - Fraud, bribery and corruption and other improper payments or gifts
    - Unauthorised access to personal and business information.
69. Suppliers will adhere to the principle of free, prior and informed consent of local and indigenous communities where sourcing takes place, ensuring rights and access to land is not abused.

70. Suppliers are required to act in accordance with the UK Bribery Act as outlined in The Whitbread Global Code of Conduct 2018.
71. Suppliers are required to act in accordance with the UK Modern Slavery Act 2015.

1.12 Environmental Stewardship

72. Suppliers must comply with all relevant local, national and international legal requirements regarding environmental stewardship.
73. Suppliers must not cause any harmful soil change, water pollution, harmful noise emission or excessive water consumption that significantly impairs the natural bases for the preservation and production of food, denies a person access to safe and clean drinking water, makes it difficult for a person to access sanitary facilities or destroys them, or harms the health of a person.
74. Suppliers should not engage in unlawful eviction or taking of land, forests and waters in the acquisition, development or other use of land, forests and water, the use of which secures the livelihood of a person.
75. Suppliers are required to conduct an environmental risk assessment at the facility level.
76. As appropriate to the size and complexity of the business, suppliers must be able to demonstrate environmental policies and management systems sufficient to ensure continuous improvement in environmental performance.
77. Suppliers should comply with any additional sub-policies or standards that Whitbread introduces to improve environmental stewardship.

1.13 Use of Security Forces

78. Suppliers must not use private or public security forces to protect their property if through such use, due to a lack of instruction or control, the prohibition of torture, cruel, or degrading treatment is disregarded, injury to life or limb occur, or the freedom of association and unionisation are impaired.

1.14 Mercury Prohibition

79. Suppliers must not use mercury-added products, as stipulated in Article 4 paragraph 1 and Annex A, Part I of the Minamata Convention on Mercury of October 10, 2013 (Minamata. Convention).
80. Suppliers must not use mercury and mercury compounds in manufacturing processes as defined in Article 5 paragraph 2 and Part I of Annex B of the Minamata Convention from the phase-out date onwards as specified for the respective products and processes therein.
81. Suppliers must not treat mercury waste contrary to the provisions of Article 11 paragraph 3 of the Minamata Convention

1.15 Prohibition of Persistent Organic Pollutants

82. Suppliers must not produce or use chemicals pursuant to Article 3 paragraph 1 lit. a. and Annex A of the Stockholm Convention on Persistent Organic Pollutants of May 23, 2001 (**POPs Convention**), as last amended by the Counsel Decision of May 6, 2005 in the version of the Regulation (EU) 2019/1021 of the European Parliament and of the Council of June 20, 2019 on persistent organic pollutants (ABI. 169 dated 26.5.2019 p. 45), as last amended by the Commission Delegated Regulation (EU) 2021/277 of December 16, 2020 (ABI. L 62 dated 23.2.2021 p. 1). As updated from time to time.

83. Suppliers must not handle, collect, store or dispose waste in a non-environmentally sound way, as set forth in the respective rules which apply in the relevant jurisdiction pursuant to the requirements of Article 6 paragraph 1 lit. d. numbers (i) and (ii) of the POPs Convention.

1.16 Hazardous Waste

84. Suppliers must not export hazardous waste in terms of Article 1 paragraph 1 and other waste in terms of Article 1 paragraph 2 of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal of 22 March 1989 (Basel Convention), as last amended by the Third Ordinance Amending Annexes to the Basel Convention of 22 March 1989 dated May 6, 2014, and in the meaning of the Regulation (EC) No. 1013/2006 of the European Parliament and of the Council of June 14, 2006 on shipments of waste (ABI. L 190 dated 12.7.2006 p. 1) (Regulation (EC) No. 1013/2006), as last amended by the Commission Delegated Regulation (EU) 2020/2174 of October 19, 2020 (ABI. L 433 dated 22.12.2020 p. 11) (as updated from time to time):

    a) to a party which has prohibited the import of such hazardous and other waste (Article 4 paragraph 1 lit. b. of the Basel Convention),

    b) to a State of Import in the meaning of Article 2 number 11 of the Basel Convention, which has not given its written consent to the particular import, provided that the State of Import has not prohibited the import of such hazardous waste (Article 4 paragraph 1 lit. c. of the Basel Convention),

    c) to a non-Party to the Basel Convention (Article 4 paragraph 5 of the Basel Convention),

    d) to an importing country if such hazardous waste or other waste is not managed in an environmentally sound manner in this country or elsewhere (Article 4 paragraph 8 sentence 1 of the Basel Convention)

85. Suppliers must not export hazardous waste from countries listed in Annex VII to the Basel Convention to countries not listed in Annex VII (Article 4A of the Basel Convention, Article 36 of Regulation (EC) No. 1013/2006).

86. Suppliers must not import hazardous waste and other waste from a non-Party to the Basel Convention (Article 4 paragraph 5 of the Basel Convention).

2 Whitbread Commitments

Whitbread understands that improving social, ethical and environmental standards in the supply chain is a challenging process that requires the co-operation of its employees, suppliers and other stakeholders. We also recognise that compliance to the Responsible Sourcing Policy may not be immediately achievable, but we are committed to working collaboratively towards this goal.

The principles of implementation herewith recognise this challenge and set out a process of continuous improvement with the ultimate objective of achieving compliance to the Policy, including the Modern Slavery Act, UK Bribery Act and the LkSG.

To drive continuous improvement, Whitbread commits to the following principles:

- Work to fair, transparent and mutually agreed terms and conditions.
- Make payments for services provided on time and in full.
- Work collaboratively with suppliers to improve social, ethical and environmental standards where our support is needed and is appropriate.
- Acknowledge specific national, regional or cultural challenges.
- Protect the confidentiality of information entrusted to us.
- Recognise suppliers' own standards where they are comparable to our own.
- Ensure that all relevant employees are aware of the Responsible Sourcing Policy.
- Include transparent environmental, social and ethical performance criteria in our supplier selection processes.
- Work with our suppliers when human rights or environmental risks or issues are identified and to take preventive and remedial actions to support continuous improvement.
- Provide a grievance mechanism to enable affected parties to report (actual or potential) breaches of human rights or protected environmental positions or human rights or environmental risks in our own business and/or in the business of a Whitbread supplier. Information on this grievance mechanism and its rules of procedure can be found on our dedicated Safecall website page www.safecall.co.uk/whitbread
- Give appropriate consideration to the impact of ceasing trading on suppliers and the communities in which they operate.
- Cease trading with suppliers demonstrating disregard for this Policy or where there is breach of this Policy to a level that Whitbread deems to be critical
- Comply with the UK Bribery Act Legislation, UK Modern Slavery Act 2015 and the GSCDDA.

- Integrate the UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises on Responsible Business Conduct throughout our supply chain and in our own operations.

Implementation

In conjunction with the principles of implementation, Whitbread will:

- Allocate the resources required in order to fully implement the Policy.
- Communicate the Responsible Sourcing Policy to relevant employees.
- Assign responsibility for the implementation of this Policy to specific individuals who will provide the Board, suppliers and other stakeholders with compliance updates and implementation performance as required.
- Provide appropriate training and key performance measures to all employees with specific sourcing responsibilities in order to enable them to support the implementation of the Policy.
- Communicate this Policy via our contract management system Arcus & implement this within our supplier contracts with suppliers and seek formal acceptance and commitment to its implementation.
- Work together with suppliers to review their level of compliance to this Policy and to implement corrective actions towards improvement.
- Undertake effective measurement, monitoring and remediation of suppliers' performance against the standards outlined in this Policy, on a risk-basis.
- Undertake an annual risk assessment (and an ad hoc as required) assessment on direct suppliers with regards to human rights and environmental risks per the risk assessment framework from BAFA (Federal Bureau of Economic Affairs and Export Control).
- In cases of substantiated knowledge of a potential breach at an indirect supplier, establish and implement without delay a concept to prevent, end or mitigate the breach.
- Work with third party auditors and partners to verify compliance against this Policy
- Maintain an internal system to record and monitor the level of acceptance to this Policy.
- Actively engage with suppliers to support continuous improvement towards compliance with this Policy.
- Communicate annually to our employees, suppliers and publicly, the progress towards compliance with this Policy.
- Review the Policy on an annual basis and whenever necessary and appropriate.

- Ensure that the Responsible Sourcing Manager position is responsible for overseeing day to day compliance with the Policy.

Whitbread requires those supply chain partners that we deem high risk (from a human rights and environmental perspective) to advise and keep Whitbread updated on suppliers used for the production and processing of Whitbread goods and services and, further, to commit to:

- Communicate the Policy to employees, suppliers, sub-contractors, home workers, and temporary and contract staff engaged in their supply chain.

- Comply with this Policy, all applicable laws in the countries in which they operate and all relevant ILO conventions, UN Guiding Principles on Business and Human Rights, OECD Guidance, the Modern Slavery Act, the UK Bribery Act and German Supply Chain Due Diligence Act. Where standards differ, the standard which offers the greater degree of protection to workers shall apply.

- Establish management systems for delivering compliance with this Policy.

- Maintain records demonstrating compliance. An individual in a senior management position should be given responsibility for compliance with the Policy.

- Train relevant staff on social, ethical, environmental and human rights standards to support compliance with this Policy.

- Allow Whitbread representatives access to documentation, management and workers to determine progress against compliance with this Policy.

- Report any serious breaches of this Policy to the relevant Whitbread representative.

Whitbread reserves the right of access to supplier operations including their entire supply chain for our own auditors or by third party independent auditors engaged by Whitbread in order to assess compliance with this Policy.

Suppliers may in addition be required to comply with additional sub-policies or standards relevant to the products that we source from that supplier and specific risks or issues associated.

References

In addition to its basis in relevant local and national legislation, this Policy is drawn from:

1) **The Modern Slavery Act, 2015**

2) **The Proceeds of Crime Act, 2002**

3) **The Foreign Corrupt Practices Act, 1977**

4) **The UK Bribery Act, 2010**

5) **The Data Protection Act, 1998**

6) **EU General Data Protection Regulation (EU 2016/679)**

7) **The International Labour Organization (ILO)**, a UN agency whose mission is to promote rights at work; encourage decent employment opportunities; enhance social protection, and strengthen dialogue in handling work-related issues. Its conventions create the framework for ethical labour standards.

8) **The United Nations (UN) Universal Declaration of Human Rights,** which defines the rights every human being is entitled to, covering areas such as employment, education and dignity.

9) **The UN Guiding Principles on Business and Human Rights,** which provide a standard of expected conduct for companies, and the means to help firms manage human rights-related risk by adopting adequate human rights due-diligence processes.

10) **The OECD Guidance for Multinational Enterprises on Responsible Business Conduct**, which provides expected standards for multinational companies around managing, addressing, and remedying human rights, environmental, and corporate governance issues.

11) **The Ethical Trading Initiative (ETI)** whose Base Code is drawn from the scope and standards defined by the ILO and the UN.

12) **The International Organization for Standardisation (ISO)**

13) **The German Supply Chain Due Diligence Act (LkSG) (Lieferkettensorgfaltspflichtengesetz)**

14) **The Minamata Convention on Mercury**

15) **The Stockholm Convention on Persistent Organic Pollutants (POPs)**

16) **Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal**

Signed:

..... Title: Date:

I declare that I have received and acknowledge in full Whitbread PLC's Responsible Sourcing Policy and agree to work with Whitbread to work towards full compliance abiding by the Principles of Implementation.

On behalf of: *(Company name)*

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