

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 company and coffee shop business 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, we acknowledge our responsibility to respect the human rights of every worker supplying goods or services to us. They all deserve the right to live in dignity and work in a safe 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 and their companies benefit from increased commitment and productivity.

This Responsible Sourcing Policy defines both Whitbread's minimum standards and the basic principles of cooperation that we expect from all of our suppliers and business partners. It represents the core of our wider Responsible Sourcing Programme which has progressed significantly over the past two years. We have become the first hospitality company to be awarded Ethical Trading Initiative foundation stage membership - an achievement we are proud of and which will provide real opportunities to positively impact workers on the ground in our supplier geographies.

We do not shy away from a challenge, and we have set ambitious targets. In order to achieve our 2020 goal of 100% accredited sustainable supply of our critical commodities, 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 look forward to working with partners, suppliers and third parties where required to meet this goal, always ensuring that the workers' rights are fully protected.

This policy constitutes minimum and not maximum standards and should not be used to prevent suppliers from exceeding these standards. Suppliers applying this 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 that provision which affords the greater protection to workers.

Our assurance system is now well embedded in the way we work with our suppliers, allowing us to measure, monitor and remediate their levels of compliance. We have also launched our third party audit programme which allows us to conduct deeper levels of due diligence through factory visits and worker interviews.

We are passionate about delivering on our responsibility to get this right and excited 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.



Alison Brittain
Chief Executive

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. It also identifies the commitments Whitbread will make to ensure the Policy is effectively implemented throughout the supply base. The policy requirements are based on core international labour organisation conventions, the ETI base code and the UN Guiding Principles on Business and Human Rights.

1.1 Employment:

1. There are no trafficked individuals working in any part of the supply chain, who have been recruited, transported, transferred, harboured or received for the purposes of exploitation.
2. There is no forced, bonded, indentured or involuntary prison labour.
3. Workers are not 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 reasonable notice.

1.2 Freedom of association and Collective Bargaining:

4. Workers, without distinction, have the right to join or form trade unions or other comparable, legal organisations of their own choosing and to collectively make representations to, or enter into negotiations over employment issues with their employer;
5. The employer adopts an open attitude towards the activities of both trade unions and worker organisations.
6. Workers' representatives are not discriminated against and have access to carry out their representative functions in the workplace.
7. 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.

1.3 Working conditions

8. A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry, any specific hazards and legal requirements in line with internationally recognised certification and standards (such as the Occupational Health and Safety Assessment Series OHSAS 18001 or the International Labour Office ILO-OSH 2001 system).
9. 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.
10. Workers receive regular and recorded health and safety training and such training shall be repeated for new or reassigned workers.
11. Access is provided to clean toilet facilities, potable water, and sanitary food storage.
12. Responsibility for health and safety is assigned to a senior management representative.
13. Facilities will undergo an environmental and safety risk assessment and have all required documentation and permits regarding structural, electrical and fire safety.

1.4 Child labour

14. Suppliers may not employ workers under the age of 15 (14 in certain developing countries as designated by ILO conventions).
15. Suppliers must maintain formal documentation that verifies the age of each worker.
16. Suppliers must comply with all relevant child labour laws.

17. Suppliers shall contribute to programmes which provide for the transition of child labour to education, or support Whitbread's efforts to do so.
18. Young persons under 18 shall not be employed at night, in hazardous conditions and suppliers must comply with all international and national laws regulating young workers including educational opportunities.

1.5 Fair wages

19. 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.
20. Overtime must be paid at a premium rate, at a minimum compliant with national legislation.
21. Wages shall 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.
22. All workers shall be provided with written and understandable information 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.
23. Deductions from wages as a disciplinary measure shall not be permitted nor shall 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.

1.6 Working hours and annual leave

24. Working hours must comply with national laws and industry standards.
25. Workers shall not be required to work in excess of a basic 48 hours per week and shall be provided with at least one day off for every seven day period on average.
26. Overtime must be voluntary, must not average more than 12 hours per week, and must not be undertaken on a regular basis.
27. Workers may refuse to work overtime without any disciplinary action being taken against them.
28. Reasonable annual leave must be afforded to each employee, based on a clear, formal policy.

1.7 Discrimination

29. Suppliers will fully comply with local laws regarding equality of employment opportunities.
30. Subject to local law, suppliers will practise no discrimination in hiring, compensation, training, promotion, termination or retirement based on race, caste, nationality, ethnicity, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.
31. 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.

1.8 Regular employment

32. Work performed must be on the basis of a recognised employment relationship established through national law and practice.
33. 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.

34. Migrant, contract, part-time and home-workers must receive the same rights, benefits and opportunities for advancement as other workers performing similar activities.

1.9 Humane treatment

35. Physical and verbal abuse, the threat of physical abuse, sexual harassment or other forms of intimidation shall be prohibited.
36. Disciplinary actions must be fair, proportionate and fully compliant with local laws.
37. All disciplinary actions must be recorded.
38. Suppliers will record any incidence of harsh or inhumane treatment and develop action plans to prevent future violations.
39. Suppliers will develop a whistle-blowing policy and process for its workers.

1.10 Dormitories

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

1.11 Ethical Corporate Practices

55. All relevant national and international legal requirements must be complied with.
56. Whitbread must be informed of any serious breaches of compliance or investigations by authorities into potential breaches.
57. 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.
58. 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.
59. Suppliers are required to act in accordance with the UK Bribery Act as outlined in The Whitbread Global Code of Conduct 2011.
60. Suppliers are required to act in accordance with the UK Modern Slavery Act 2015 where relevant.

1.12 Environmental Stewardship

61. Suppliers must comply with all relevant local, national and international legal requirements regarding environmental stewardship.
62. Suppliers are required conduct an environmental risk assessment at the facility level.
63. 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.
64. Suppliers should comply with any additional sub-policies or standards that Whitbread introduces to improve environmental stewardship.

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.

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.
- Cease trading with suppliers demonstrating persistent disregard for this Policy.
- Give appropriate consideration to the impact of ceasing trading on suppliers and the communities in which they operate.
- Comply with the UK Bribery Act Legislation.
- Comply with the UK Modern Slavery Act 2015.
- Integrate the UN Guiding Principles on Business and Human Rights 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 all 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 to all suppliers and seek formal acceptance and commitment to its implementation.
- Require all suppliers to report their level of compliance to this Policy and the corrective actions being taken towards improvement.
- Undertake effective measurement, monitoring and remediation of suppliers' performance against the standards outlined in this Policy.
- Work with third party auditors to verify compliance against this Policy
- Maintain an internal system to record and monitor the level of compliance to this Policy.
- Actively engage with all 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.

Whitbread requires its suppliers to advise and keep Whitbread updated on all suppliers used for the production and processing of Whitbread goods and services and, further, to commit to:

- Communicate the Policy to all 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, the Modern Slavery Act and the UK Bribery 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 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) **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.
- 7) **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.
- 8) **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.
- 9) **The Ethical Trading Initiative (ETI)** whose Base Code is drawn from the scope and standards defined by the ILO and the UN.
- 10) **The International Organization for Standardisation (ISO)**

Signed:

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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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