

# Supplier Ethical Code of Conduct ('Code of Conduct')

## Introduction

### Business Information

Headlam is Europe's leading floorcoverings distributor, providing the channel between suppliers and trade customers of floorcoverings.

Headlam works with suppliers across the globe manufacturing a diverse range of floorcovering products, and provides them with a cost efficient and effective route to market for their products into the highly fragmented customer base. Alongside long-established processing and distribution expertise, suppliers benefit from Headlam's marketing and customer servicing into the most extensive customer base.

To maximise customer reach, Headlam operates 66 businesses across the UK and Continental Europe (France and the Netherlands). Each business operates under its own trade brand and utilises individual sales teams while being supported by the Company's network and centralised resources.

The Company's customer base covers both the residential and commercial sectors, with the principal customer groups being independent retailers and smaller flooring contractors alongside other groups such as larger retailers, housebuilders, specifiers, and local authorities.

Headlam is focused on providing customers with a market-leading service through:

- the broadest product offering;
- unrivalled product knowledge and tailored solutions;
- sales team and marketing support;
- e-commerce support; and
- nationwide delivery and collection service.

### Our Approach to Modern Slavery and Human Trafficking

Slavery and Human Trafficking remains a hidden blight on our global society. We all have a responsibility to be alert to the risks in our business and in the wider supply chain. We are all committed to improving our practices to combat slavery and human trafficking.

We are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our operations. The way we conduct our business, our employment policies and our processes all reflect our commitment to acting ethically and with integrity.

As part of our initiative to identify and mitigate risk we have:

- Systems in place to encourage the reporting of concerns and the protection of whistleblowers.
- Zero tolerance to slavery and human trafficking and we therefore expect all those in our supply chain, including our contractors, to comply with our Code of Conduct for suppliers, given below.

## Our Code of Conduct

### 1 - Transparency

- Headlam Group plc requires that all suppliers provide transparency into their operations.
- Suppliers accept unannounced audits of their supplier, and their sites should it be deemed necessary
- At a minimum all companies must comply with local law

## 2 - Freedom of Employment

- Suppliers shall not use any form of slave, forced, bonded, indentured, or involuntary prison labour, nor shall they be engaged in exploitation or human trafficking, or import goods tainted by slavery or human trafficking.
- All supplier personnel *shall* have the freedom to accept or leave a job voluntarily.
- Supplier employees are not required to lodge "deposits" or their identity papers with their employer and are free to leave their employment after reasonable notice.
- Supplier shall ensure that policies, systems and procedures are in place to ensure compliance to this clause. With training to relevant management and employees.

## 3 - Freedom of Association & The Right to Collective Bargaining

- Suppliers are required to respect the rights of their employees to associate or not to associate with any group, as permitted by law.
- All supplier personnel *shall* have the right to associate or not associate with any group of their choice, as permitted by law without fear of reprisal, intimidation, or harassment.
- All supplier personnel *shall* have the right to form, join and organise trade unions of their choice to bargain collectively on their behalf with the supplier.
- In situations where the right to freedom of association and collective bargaining are restricted under law, the supplier *shall* allow employees to elect their own representatives freely.
- The supplier *shall* ensure that union members, representatives of employees and any personnel engaged in organising employees are not subjected to discrimination, harassment, intimidation or retaliation for being union members, the representative(s) of employees or involved in organising employees and that such representatives have access to their members in the workplace.
- Supplier shall ensure that policies, systems and procedures are in place to ensure compliance to this clause. With training to relevant management and employees.

## 4 - Working Conditions

- The supplier *shall* provide a safe and hygienic workplace environment bearing in mind the prevailing knowledge of the industry and of any specific hazards.
- The supplier *shall* appoint a senior management representative to be responsible for ensuring a safe and healthy work environment for all personnel and for implementing this Standard's Health & Safety requirements.
- The supplier *shall* provide and *shall* take adequate steps to prevent potential health & safety incidents and occupational injury, or illness arising out of, associated with or occurring in the course of work. It *shall* minimise or eliminate, so far as is reasonably practicable, the causes of all hazards in the workplace environment.
- The supplier *shall* provide personnel with appropriate personal protective equipment as needed when hazards remain after adequate minimisation or elimination of the causes of all hazards in the workplace environment and the supplier.
- The supplier *shall* assess all the workplace risks to new, expectant and nursing mothers including those arising out of their work activity, to ensure that all reasonable steps are taken to remove or reduce any risks to their health & safety.
- In the event of a work-related injury, the supplier *shall* ensure that adequate employees are trained to provide first aid.

- The supplier *shall* ensure that all personnel receive regular and recorded health & safety training, and such training *shall* be repeated for new or reassigned employees.
- The supplier *shall* provide, for use by all personnel, free access to clean toilet facilities, potable water, suitable spaces for meal breaks, and, where applicable, sanitary facilities for food storage.
- All personnel *shall* have the right to remove themselves from imminent danger without seeking permission from the supplier.
- The supplier *shall* provide access to medical assistance in the case of workplace injury.
- The suppliers *shall* provide adequate fire procedures and safeguards.

## **5 - Child & Young Employees**

- The supplier *shall* not engage in or support the use of child labour as defined below.
- Underage labour is any person under the minimum employment age according to the laws of the facility's country, or, in the absence of regulation, under the minimum age for completing required education. If the country's minimum working age is either not defined or younger than 15, suppliers, facilities and subcontractors within their supply chain *shall* not employ anyone younger than 15. Underage labour is not to be used to produce or distribute goods or services. Underage labour laws protect children and benefit communities.
- The supplier *shall* develop, document, maintain and effectively communicate to personnel and other interested parties, written policies and procedures for remediation of child labourers, and *shall* provide adequate financial and other support to enable such children to attend and remain in school until no longer a child as defined above.
- The supplier may employ young employees, but where such young employees are subject to compulsory education laws, they *shall* work only outside of school hours.
- The supplier *shall* ensure that under no circumstances *shall* any young employee's school, work and transportation time exceed a combined total of 10 hours per day, and in no case *shall* young employees work more than 8 hours a day.
- Young employees may not work during night hours.
- The supplier *shall* not expose children or young employees to any situations, in or outside of the workplace, that is hazardous or unsafe to their physical and mental health and development.
- *Supplier shall ensure that policies, systems and procedures are in place to ensure compliance to this clause, with training to relevant management and employees.*

### **Definitions:**

*Child means any person less than 15 years of age. If local minimum age law stipulates a higher age for work or mandatory schooling, the higher age applies.*

*Young Person means any employee over the age of a Child (as defined above) and under the age of 18.*

*Child Labour means any work by a Child or Young Person younger than the age specified in the above definitions, which does not comply with the provisions of the relevant ILO standards, and any work that is likely to be hazardous or to interfere with the Child's or Young Person's education, or to be harmful to the Child's or Young Person's health or physical, mental, spiritual, moral or social development.*

## **6 - Wages and Benefits**

- The supplier *shall* ensure that personnel are compensated according to the law including minimum wage, overtime and premium pay.
- The supplier *shall* ensure that personnel receive equal pay for equal work without discrimination.

- The supplier *shall* ensure that no deductions are taken from the employees pay as part of any disciplinary action.
- The supplier *shall* ensure that personnel's wages and benefits composition are detailed clearly and regularly to them in writing for each pay period.
- The supplier *shall* lawfully render all wages and benefits due in a manner convenient to employees, but in no circumstances in delayed or restricted forms, such as vouchers, coupons or promissory notes.
- Supplier *shall* ensure that policies, systems and procedures are in place to ensure compliance to this clause, with training to relevant management and employees.

## **7 - Working Hours**

- The supplier *shall* comply with applicable laws, collective bargaining agreements (where applicable) and industry standards on working hours, breaks and public holidays. The regular work week, not including overtime, *shall* be defined by law but *shall* not exceed 48 hours.
- The supplier *shall* ensure Working hours, excluding overtime, is defined by the contract, and shall not exceed 48 hours per week.
- The supplier *shall* ensure employees do not work over 12 hours per day, where allowed by local law.
- The supplier *shall* ensure all overtime is voluntary and that overtime *shall* be used responsibly, taking into account all the extent, frequency and hours worked by individual employees and the workforce as a whole.
- The supplier *shall* ensure that the total hours worked in any 7 days shall not exceed 60 hours.
- The supplier *shall* ensure employees *shall* be provided with at least one day off in every 7 days or, where allowed by national law, 2 days off in every 14 days
- Supplier *shall* ensure that policies, systems and procedures are in place to ensure compliance to this clause, with training to relevant management and employees.

## **8 - No Discrimination**

- The supplier *shall* ensure that the environment provided is free from discrimination.
- The supplier *shall* not discriminate in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.
- The supplier *shall* not interfere with the exercise of personnel's rights to observe tenets or practices or to meet needs relating to race, national or social origin, religion, disability, gender, sexual orientation, family responsibilities, union membership, political opinions or any other condition that could give rise to discrimination.
- The supplier *shall* not subject personnel to pregnancy or virginity tests under any circumstances.
- The supplier *shall* ensure that policies, systems and procedures are in place to ensure compliance to this clause, with training to relevant management and employees.

## **9 - Regular Employment**

- The supplier *shall* only employ employees who are legally authorised to work in their location and facility and have a process for validating employees' eligibility to work status through appropriate documentation

- The supplier *shall* ensure that all work performed is on the basis of a recognised employment relationship established through national law and practice.

#### **10 - No Harsh or Inhumane Treatment**

- \* Any physical, verbal or threatening abuse, harassment in any form, including intimidation and unethical disciplinary actions, shall be prohibited.
- \* The supplier *shall* establish a written grievance procedure that is confidential, unbiased, non-retaliatory and accessible and available to personnel and interested parties to make comments, recommendations, reports or complaints concerning the workplace
- \* The supplier *shall* have procedures for investigating, following up on and communicating the outcome of complaints concerning the workplace and/or non-conformances to this standard or of its implementing policies and procedures. These results *shall* be freely available to all personnel and, upon request, to interested parties.
- \* The supplier *shall* not discipline, dismiss or otherwise discriminate against any personnel or the interested party for providing information on compliance or for making other workplace complaints.

#### **11- Environmental**

- The supplier *shall* comply with the requirements of local and international laws and regulations including having necessary permits.
- The supplier *shall* as a minimum meet the requirements of local and national laws related to environmental standards.
- The supplier *shall*, where it is a legal requirement, be able to demonstrate that they have the relevant valid permits for the use and disposal of resources, e.g., water, waste and air emissions etc.
- The supplier shall have an environmental policy, covering their environmental impact and processes to reduce, which is communicated to all appropriate parties, including its own supply chain.

#### **12 - Employees Accommodation**

- The supplier *shall* ensure that dormitories or other housing that is provided, have sufficient living space that meets all Health and Safety standards and applicable laws.
- The supplier *shall* ensure accommodation/ dormitories or other housing provided (such as single dwelling homes, or apartments) includes the same standard of living for all residents.
- The supplier *shall* ensure that the physical and structural integrity of living quarters are assessed by experts to guarantee that they are capable of and suitable for housing people.
- The supplier *shall* ensure that the Living quarters should afford a minimum of approximately 20 square feet (1.8 square meters) per person, which includes a sleeping area and available floor space. Everyone should be provided with a secure storage of at least one cubic foot (0.3 cubic meters).

#### **13 -Workforce, Subcontractors Agencies & Migrant Labour**

- There should be no sub-contracting unless previously agreed with Headlam
- Any Employment Agencies or Subcontractors used must have the legal right to operate and only supply employees registered with them.
- All Employment Agencies and subcontracted suppliers must meet the same criteria as directly contracted product and service suppliers.

- The supplier *shall* ensure that third-party agencies, recruitment firms, labour brokers and subcontractors comply with legal employment practices. All standards also apply to temporary employees as well as regular employees.
- The supplier *shall* ensure a full understanding of the entire recruitment process and assess all labour recruiters and intermediaries against legal requirements.
- Supplier shall ensure that policies, systems and procedures are in place to ensure compliance to this clause. With training to relevant management and employees.
- The supplier *shall* implement processes to enable adequate control over agencies with regards to the above points and related legislation.
- The supplier *shall* ensure that Employment agencies only supply employees registered with them.
- The supplier *shall* ensure employees do not pay any recruitment fees at any stage of the recruitment process.

**14 – Anti-Bribery and Corruption**

- Suppliers undertake to comply with all applicable laws and regulations governing the prevention and fight against bribery and corruption. In particular, suppliers shall require that their directors, officers, agents, subcontractors, partners, affiliates and/or employees shall not commit any act or omission that would constitute a breach or an offence under anti-bribery laws. Any violation of anti-bribery rules will constitute a right to terminate the relationship without compensation.

**Supplier Compliance**

- \* Business with Headlam Group plc, including any of its subsidiaries, depends upon full compliance with this code. Failure to abide by any part of this code may result in the termination of the Supplier's trading relationship with Headlam Group plc, including any of its subsidiaries, and the immediate cancellation of all outstanding orders without compensation.
- \* **Records:** Suppliers shall maintain transparent and up-to-date records to demonstrate compliance with applicable materials, services, governmental, industrial and environmental regulations as per applicable law. Traceable quality data should be available on request for a period as per applicable law.
- \* The Supplier agrees that any non-compliance issues raised by regular audits and inspections will be disclosed to Headlam Group plc, and a timetable for the rectification of these points will be implemented to ensure full compliance.

Please sign below that you acknowledge receipt of the Code of Conduct and agreed to abide by its requirements

**Name:** .....

**Position:** .....

**Signature:** .....

**Date:** .....