

## RESPONSIBLE AND ETHICAL SOURCING POLICY

The Responsible and Ethical Sourcing Policy (“**Policy**”) is applicable to all suppliers of goods and services in our centralised procurement process, including branded and own-brand suppliers in all sourcing countries and all business partners of PPHE Hotel Group Limited and its subsidiaries in all regions in the UK and Europe (collectively “**PPHE Hotel Group**”). We require that all business partners and suppliers in our centralised procurement process agree to uphold these standards regardless of their size, sector, location, ownership or structure.

Suppliers and business partners must establish management systems for implementing this Policy and maintain records demonstrating compliance. We reserve the right to audit and request copies of records demonstrating compliance. It is important that all workers and those in their supply chains understand their rights set out in the Policy.

The Policy is based on the UN Guiding Principles on Business and Human Rights and the ETI base code (founded on the conventions of the International Labour Organisation (the “**ILO**”)) and sets out a minimum standard.

### 1. Employment is freely chosen

- 1.1 There is no forced, bonded or involuntary prison labour.
- 1.2 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.
- 1.3 Workers are not required to lodge "deposits" or their identity papers with their employer and are free to leave their employer after reasonable notice.
- 1.4 Workers are not required to pay fees, either directly or indirectly to obtain work.

### 2. Freedom of association and the right to collective bargaining are respected

- 2.1 Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively or enter into negotiations over employment issues with their employer.
- 2.2 The employer adopts an open attitude towards the activities of trade unions and their organisational activities.
- 2.3 Workers’ representatives are not discriminated against and have access to carry out their representative functions in the workplace.
- 2.4 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.

### 3. Working conditions are safe and hygienic

- 3.1 Where it is required by law in line with local legislation or when it is industry standard:
  - 3.1.1 All locations must comply with local law governing the protection of employee health and safety, and where relevant have an up to date risk assessment to ensure working

environments are mitigating the risk of infectious disease transmission (such as COVID-19). Employees must have been involved in the creation of such risk assessments and made aware of the significant findings and relevant control measures.

- 3.1.2 A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards, local epidemics or global pandemics (such as the spread of COVID-19).
  - 3.1.3 There must be adherence to country and regional specific guidance and WHO guidance on the spread, of infectious disease, including social distancing, enhanced cleaning regimes and self-isolation.
  - 3.1.4 Workers should be provided with (where required) adequate personal protection equipment (PPE) as outlined by local regulation and pursuant to risk assessments.
  - 3.1.5 Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.
  - 3.1.6 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. PPHE Hotel Group should be notified of any incidents on site which could damage the reputation of PPHE Hotel Group and any outbreak of infectious disease, and provide such information as is reasonably required by PPHE Hotel Group to manage such impact.
  - 3.1.7 Workers shall receive regular and recorded health and safety training where this is required by law, and such training shall be repeated for new or reassigned workers. This training should be updated as and when new measures are introduced,(such as those to mitigate the risk of infectious diseases such as COVID-19).
  - 3.1.8 Facilities will undergo an environmental and safety risk assessment and have all required documentation and permits regarding structural, electrical, and fire safety.
  - 3.1.9 Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided.
  - 3.1.10 Accommodation, where provided, shall be clean, safe, and meet the basic needs of the workers.
- 3.2 The company observing this policy shall assign responsibility for health and safety to a senior management representative.

#### **4. Child labour shall not be used**

- 4.1 We will comply with all relevant child labour laws and not employ workers under the legal minimum age as prescribed by the local laws in in different regions.
- 4.2 There must be formal documentation that verifies the age of each worker. This documentation must be kept securely and maintained only for the purpose of verifying the right to work.

- 4.3 There shall be no new recruitment of child labour and there must be full compliance with all relevant child labour laws.
- 4.4 Companies shall develop or participate in and contribute to policies and programmes which provide for the transition of any child found to be performing child labour to enable her or him to attend and remain in quality education until no longer a child; "child" and "child labour" being defined in Appendix 1 of this Policy.
- 4.5 Children and young persons under 18 shall not be employed at night or in hazardous conditions and suppliers must comply with the relevant local laws and ILO standards regulating young workers including educational opportunities. "Child" and "Young person" being defined in Appendix 1 of this Policy.
- 4.6 These policies and procedures shall conform to the provisions of the relevant ILO standards.

**5. Living wages are paid**

- 5.1 Wages and benefits paid for a standard working week / month meet, at a minimum, national legal requirements.
- 5.2 Overtime must be paid, at a rate which is, at a minimum, compliant with national legislation.
- 5.3 All workers shall be provided with written and understandable information about their employment conditions in respect to wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid.
- 5.4 Deductions from wages as a disciplinary measure shall not be permitted nor shall any deductions from wages not provided for by national law be permitted without the expressed permission of the worker concerned.
- 5.5 All disciplinary measures should be recorded.

**6. Working hours are not excessive**

- 6.1 Working hours must comply with national laws, collective agreements, and the provisions of 6.2 to 6.7 below, whichever affords the greater protection for workers. Sub-clauses 6.2 to 6.7 are based on international labour standards.
- 6.2 Working hours, excluding overtime and / or flexible work time arrangements shall be defined by contract, and shall not exceed 48 hours per week, unless voluntarily agreed in writing by worker.
- 6.3 There shall be no requirement for a worker to work more than 48 hours per week and workers shall be provided with at least one day off for every seven-day period on average. Reasonable annual leave must be afforded to each employee, based on a clear, formal policy.
- 6.4 All overtime shall be provided in line with local requirements and shall not average more than 12 hours per week.
- 6.5 Overtime shall be used responsibly, taking into account all the following: the extent, frequency and hours worked by individual workers and the workforce as a whole. It shall not be used to replace regular employment.

- 6.6 The total hours worked in any seven-day period shall not exceed 60 hours, except where covered by clause 6.7 below.
- 6.7 Working hours may exceed 60 hours in any seven-day period only in exceptional circumstances where all of the following are met:
- this is allowed by national law;
  - this is allowed by a collective agreement freely negotiated with a workers' organisation representing a significant portion of the workforce;
  - appropriate safeguards are taken to protect the workers' health and safety; and
  - the employer can demonstrate that exceptional circumstances apply such as unexpected production peaks, accidents or emergencies.

**7. No discrimination is practised**

- 7.1 There is no discrimination 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, political affiliation or any other legally recognised grounds for discrimination in the different regions.
- 7.2 Any cultural or structural discrimination that is beyond the ability to control must be reported to PPHE Hotel Group in writing. A collaborative approach will be taken to resolve the issue in a manner that is sensitive to the cultural and social context.
- 7.3 There must be full compliance with local laws regarding equality of employment opportunities.

**8. Regular employment is provided**

- 8.1 To every extent possible work performed must be on the basis of recognised employment relationship established through national law and practice.
- 8.2 Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the excessive or inappropriate use of labour-only contracting, sub-contracting, 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.
- 8.3 Migrant, contract, part-time and home-workers must receive the same rights, benefits and opportunities for advancement as other workers performing similar activities.

**9. No harsh or inhumane treatment is allowed**

- 9.1 Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.
- 9.2 Disciplinary actions must be fair, proportionate and fully compliant with local laws.
- 9.3 All disciplinary actions must be recorded.
- 9.4 Suppliers will record any incidence of harsh or inhumane treatment and develop action plans to prevent future violations.

9.5 Where this is required by local law, suppliers will develop a whistle-blowing policy and process for its workers.

## **10. Dormitories**

10.1 Dormitory facilities must meet all local laws and regulations covering health, sanitation, electrical, mechanical, fire, and structural safety.

10.2 An evacuation plan must be prominently displayed.

10.3 Dormitory facilities should have been designed and built for human habitation.

10.4 Facilities should be away from main factory and production buildings.

10.5 Charges for rent and food must be reasonable and benchmarked against local cost and wage levels.

10.6 Each worker must be provided with an individual sleeping area (bed or mat).

10.7 Sleeping quarters must be segregated by gender.

10.8 Workers must be provided with adequate and lockable storage space.

10.9 Sleeping quarters must have adequate lighting.

10.10 Appropriate quarters must be provided for couples who are legally married.

10.11 The living space per worker must be the minimum legal requirement or the local industry standard, whichever is greater.

10.12 Workers must be allowed to leave and enter freely during time off work subject to reasonable restrictions imposed based on considerations of safety.

10.13 Dormitory accommodation must include access to potable water.

10.14 Workers must be provided with adequate recreational facilities.

10.15 Adequate toilet and shower facilities must be provided, segregated by gender, and maintained in a hygienic condition.

## **11. Ethical Corporate Practices**

11.1 All relevant national and international legal requirements must be complied with.

11.2 PPHE Hotel Group must be informed, in writing, without undue delay, upon the occurrence of any serious breaches of compliance or investigations by authorities into potential breaches.

11.3 Suppliers and business partners must not take part in:

- money laundering;
- insider trading;
- fraud, bribery and corruption and other improper payments or gifts; or
- unauthorised access to personal and business information.

- 11.4 Suppliers and business partners 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.
- 11.5 Suppliers shall not use bribery to obtain business advantages, and must respect local anti-bribery and corruption legislation as outlined in the PPHE Hotel Group Anti-bribery Policy and related policies in the ABC Program.
- 11.6 Suppliers and business partners are required to act in accordance with applicable law to help mitigate the risk of the use of coercive and exploitative labour practices, or the practice of human trafficking.

**12. Sustainability and Environment**

- 12.1 Suppliers must comply with all applicable legal requirements regarding fulfilment of their employment and sustainability related obligations.
- 12.2 Depending on the scope and complexity of the business and services provided, suppliers must be able to demonstrate compliance with environmental policies and management systems.

## **Appendix 1 - Definitions**

*Child:* Any person less than 15 years of age unless local minimum age law stipulates a higher age for work or mandatory schooling, in which case the higher age shall apply. If, however, local minimum age law is set at 14 years of age in accordance with developing country exceptions under ILO Convention No. 138, the lower will apply.

*Young Person:* Any worker over the age of a child as defined above and under the age of 18.

*Child Labour:* Any work by a child or young person younger than the age(s) 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.