

SMALLWORLD ACCESSORIES LTD

ETHICAL SOURCING POLICY

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1 Background

At Smallworld Accessories we aim to source responsibly. We want to source from suppliers who can provide us with well designed, good quality, mutually profitable products, while caring for the environment and the people who make the products.

We recognise that our business activities have an impact on the lives of the people who make the products that we sell and that we have a duty to ensure decent working conditions in Smallworld's supply chain. We also recognise that we live on a planet with finite resources and that we have a duty to seek to minimise our impact on the environment.

This document outlines the Principles that will guide us in the implementation of our *Ethical Sourcing policy* and sets out the Standards that we are looking to see achieved in our supply chain. The labour standards this code contains are the same as those detailed in the Ethical Trading Initiative Base Code and are based on International Standards. The additional standards concerning subcontracting and homeworking, entitlement to work and immigration, environment, business practices and management systems are based on best practice requirements contained within Sedex's SMETA.

2 Principles of implementation

The following **Principles** will guide Smallworld in the implementation of its *Ethical Sourcing policy*. They will govern the manner in which we seek to achieve the core international ethical standards set out in the **Standards** section below.

Principle 1: Working Together

Smallworld will:

- work collaboratively with suppliers in pursuit of these Standards.
- guide relationships by the principle of continuous improvement.
- welcome rather than penalise suppliers identifying activities that fall below these Standards (undertaken by themselves or sub-contractors) and who agree to pursue our aspirations.
- review and, where appropriate, revise these Principles in the light of experience.
- not hold a supplier to a higher standard than Smallworld's own policy on these issues.

Smallworld and its suppliers will:

- be open, honest and listen to one another when working together in pursuit of these standards.

Principle 2: Transparent Reporting

Smallworld will:

- accurately report to our customers and the Ethical Trading Initiative both our, and our suppliers performance and practices with regard to *Ethical Sourcing*.

Smallworld's suppliers should:

- accurately report to Smallworld both their, and their suppliers, performance and practices with regard to *Ethical Sourcing* when requested.

Principle 3. Awareness Raising and Training

Smallworld and its suppliers should:

- ensure that all relevant people are provided with appropriate training and guidelines to implement the Standards.

Smallworld's suppliers should:

- ensure that factories, subcontractors, and all employees whose work is covered by the Standards are made aware of this document, utilising appropriate and effective communications mechanisms.
- provide a translated version of these Standards in the local language and display them prominently at the place of work.

Principle 4. Monitoring and Independent Verification

Smallworld will:

- assess suppliers level on achievement of these standards and monitor improvements.
- recognise that the implementation of these Standards and suppliers performance may be assessed through monitoring and independent customer verification.
- use reasonable endeavours to provide workers covered by the Standards with a confidential means to report to Smallworld a suppliers failure to observe the Standards.

Smallworld's suppliers should:

- provide Smallworld or its representatives with supply chain transparency, including reasonable access to all relevant people, information and premises and co-operate in any *Ethical Sourcing* assessment.
- agree with Smallworld in advance the production site or sites to be used for each Smallworld order and not sub-contract Smallworld's orders from these agreed locations.
- ensure that any sub-contractors agreed also provide Smallworld or its representatives with reasonable access to all relevant people, information and premises and co-operate in any *Ethical Sourcing* assessment.
- not make any attempt to pervert the course of any assessment through fraud, coercion, deception, or interference.
- provide workers covered by the Standards with a confidential means to report to the supplier failure to observe the Standards.

Principle 5: Continuous Improvement

Smallworld and its suppliers should:

- apply a continuous improvement approach in agreeing schedules for improvement plans with suppliers not meeting these Standards.
- base improvement plans on individual case circumstances.
- work together to identify and address root causes of shortfalls where necessary.
- not use these Ethical Sourcing requirements to prevent suppliers from exceeding these Standards.

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Smallworld will:

- be clear about any minimum requirements that potential suppliers are required to achieve prior to Smallworld starting to source products from a supplier.
- following pre-contract screening, not work with a potential supplier until minimum requirements have been achieved (new supplier introduction process).
- following an escalation to Smallworld's Managing Director, consider terminating any business relationship with the supplier concerned where serious shortfalls of these Principles and Standards persist (responsible exit programme).

3 Standards

Smallworld's aspiration is that its supply base meets the core international labour standards set out in the Ethical Trading Initiative (ETI) Base Code. The ETI Base Code is founded on the conventions of the International Labour Organisation (ILO) and is an internationally recognised code of labour practice. In addition, Smallworld has included standards regarding subcontracting and homeworking, entitlement to work, environment, business practices and management systems. These are based on requirements within Sedex's SMETA.

[Download the ETI Base Code](#) (Available in various translations)

1. Employment is freely chosen

1.1 There is no forced, bonded or involuntary prison labour.

1.2 Workers are not required to lodge "deposits" or their identity papers with their employer and are free to leave their employer after reasonable notice.

Guidance and resources

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.

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.

Guidance and resources

3. Working conditions are safe and hygienic

3.1 A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. 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.

3.2 Workers shall receive regular and recorded health and safety training, and such training shall be repeated for new or reassigned workers.

3.3 Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided.

3.4 Accommodation, where provided, shall be clean, safe, and meet the basic needs of the workers.

3.5 The company observing the code shall assign responsibility for health and safety to a senior management representative.

Guidance and resources

4. Child labour shall not be used

4.1 There shall be no new recruitment of child labour.

4.2 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 the appendices.

4.3 Children and young persons under 18 shall not be employed at night or in hazardous conditions.

4.4 These policies and procedures shall conform to the provisions of the relevant ILO standards.

Guidance and resources

5. Living wages are paid

5.1 Wages and benefits paid for a standard working week 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.

5.2 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.

5.3 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. All disciplinary measures should be recorded.

Guidance and resources

6. Working hours are not excessive

NB: This Base Code clause was revised with effect from 01 April 2014. Find out more.

6.1 Working hours must comply with national laws, collective agreements, and the provisions of 6.2 to 6.6 below, whichever affords the greater protection for workers. Sub-clauses 6.2 to 6.6 are based on international labour standards.

6.2 Working hours, excluding overtime, shall be defined by contract, and shall not exceed 48 hours per week.*

6.3 All overtime shall be voluntary. 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. Overtime shall always be compensated at a premium rate, which is recommended to be not less than 125% of the regular rate of pay.

6.4 The total hours worked in any 7 day period shall not exceed 60 hours, except where covered by clause 6.5 below.

6.5 Working hours may exceed 60 hours in any 7 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.

6.6 Workers shall be provided with at least one day off in every 7 day period or, where allowed by national law, 2 days off in every 14 day period.

* International standards recommend the progressive reduction of normal hours of work, when appropriate, to 40 hours per week, without any reduction in workers' wages as hours are reduced. [Guidance and resources](#)

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 or political affiliation.

[Guidance and resources](#)

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 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.

[Guidance and resources](#)

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.

[Guidance and resources](#)

10. Sub-Contracting and Homeworking

10.1. There should be no sub-contracting unless previously agreed with Smallworld Accessories.

10.2. Systems and processes should be in place to manage sub-contracting, homeworking and external processing. Suppliers will not withhold unfairly payment to subcontractors.

11. Entitlement to work and Immigration

11.1 Only workers with a legal right to work shall be employed or used by the supplier.

11.2 All workers, including employment agency staff, must be validated by the supplier for their legal right to work by reviewing original documentation.

11.3 Employment agencies must only supply workers registered with them.

11.4 The supplier shall implement processes to enable adequate control over agencies with regards the above points and related legislation.

12. Environmental impact is minimised

12.1 Suppliers as a minimum should meet the requirements of local and national laws related to environmental standards.

12.2. Where it is a legal requirement, suppliers must be able to demonstrate that they have the relevant valid permits including for use and disposal of resources e.g. water, waste etc.

12.3. Where required, the supplier shall become aware of their end clients environmental standard / code requirements and have a system in place to monitor their performance against these.

12.4 Suppliers should have an environmental policy, covering their environmental impact, which is communicated to all appropriate parties, including its own suppliers.

12.5 Suppliers shall be aware of the significant environmental impact of their site and its processes.

12.6 The site should measure its impacts, including continuous recording and regular reviews of use and discharge of natural resources e.g. energy use, water use.

12.7 Suppliers shall seek to make continuous improvement in their environmental performance.

12.8 Suppliers shall have available for review any environmental certification or any environmental management systems documentation.

12.9 Suppliers should have a nominated individual responsible for co-ordinating the site's efforts to improve environmental performance.

12.10. In the event of an assessment, the supplier should, if requested, have completed the SMETA SAQ and make that available to the auditor.

13: Business Ethics

13.1 In the event of an audit, Suppliers should have completed the appropriate section of the SMETA SAQ and have made it available to the auditor.

13.2 In the event of an audit, the supplier should have received and acknowledged – preferably in writing – the Business Ethics policy of the auditor / audit company.

13.3 Suppliers shall seek to conduct their business ethically without bribery, corruption, or any type of fraudulent Business Practice.

13.4 Suppliers shall be aware of any applicable laws or customer requirements concerning business practices and have a system in place to monitor their performance against these.

13.5 Supplier should have a Business Practices policy concerning bribery, corruption, or unethical Business Practice. This should be clearly communicated to all relevant parties.

13.6 Suppliers should have a designated person responsible for implementing standards concerning Business Practices

13.7 Suppliers should have a transparent system in place for confidentially reporting, and dealing with unethical Business Practices without fear of reprisals towards the reporter

13.8 Suppliers should ensure that the staff whose job roles carry a higher level of risk in the area of ethical Business Practice e.g. sales, purchasing, logistics, are trained on what action to take in the event of an issue arising in their area.

14. Management Systems are applied to code implementation

14.1 Suppliers are expected to implement and maintain systems for delivering compliance to this Code.

14.2 Suppliers shall appoint a senior member of management who shall be responsible for compliance with this Code.

14.3 Suppliers are expected to communicate this Code to all employees.

14.4 Suppliers should communicate this code to their own suppliers and, where reasonably practicable, extend the principles of this Ethical and Environmental Code through their supply chain.

THE PROVISIONS OF THIS CODE CONSTITUTE MINIMUM AND NOT MAXIMUM STANDARDS, AND THIS CODE SHOULD NOT BE USED TO PREVENT COMPANIES FROM EXCEEDING THESE STANDARDS. COMPANIES APPLYING THIS CODE ARE EXPECTED TO COMPLY WITH NATIONAL AND OTHER APPLICABLE LAW AND, WHERE THE PROVISIONS OF LAW AND THIS BASE CODE ADDRESS THE SAME SUBJECT, TO APPLY THAT PROVISION WHICH AFFORDS THE GREATER PROTECTION.

4 Definitions

The following definitions shall apply to the Child Labour section:

Child: Any person less than 15 years of age unless local minimum age law stipulate 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 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.

At Night

The following text is taken from [ILO Convention 90](#). Please note that there are various exceptions to these provisions contained within the convention

1. For the purpose of this Convention the term night signifies a period of at least twelve consecutive hours.

2. In the case of young persons under sixteen years of age, this period shall include the interval between ten o'clock in the evening and six o'clock in the morning.

3. In the case of young persons who have attained the age of sixteen years but are under the age of eighteen years, this period shall include an interval prescribed by the competent authority of at least seven consecutive hours falling between ten o'clock in the evening and seven o'clock in the morning; the competent authority may prescribe different intervals for different areas, industries, undertakings or branches of industries or undertakings, but shall consult the employers' and workers' organisations concerned before prescribing an interval beginning after eleven o'clock in the evening.

Industry Benchmark Standards

The Chamber of Commerce or the local exporter association in a given country would be able to give an indication as to the national industry benchmark standards concerning wages and working hours. For example, they could provide the average wages paid by the employers of a given industry exporting from the area.

Basic Needs

The definition of basic needs is difficult to determine. Click [here](#) for Guidance on how living wages can be determined.