

ETHICAL POLICY

POLICY STATEMENT

Propack is committed to ensuring a high standard of ethical and environmental trade practices, including the provision of safe working conditions and the protection of workers' rights. Propack conducts its business in accordance with the provisions of this Code of Ethical Policy ("the Code") and expects its Suppliers to observe the Code's provisions and to demonstrate a similar commitment to an ongoing programme of ensuring and, where necessary, improving, ethical and environmental practices. This Code of Ethical Policy enshrines the principles of the Ethical Trading Initiative Base Code and reflects the international standards set out in the International Labour Organisation (ILO) Conventions

SCOPE OF THE CODE

The Code applies to all areas of Propack's business and to its direct Suppliers as well as to goods and services sourced by Propack. Propack requires all direct Suppliers to observe the provisions of this Code and requires that such Suppliers, in turn, obtain similar compliance with its provisions from their Suppliers. All parties to whom this Code applies are required to comply with applicable national and international laws. Where the provisions of this Code afford greater protection than national law, the terms of this Code prevail.

POLICY OBJECTIVE

The objectives of the Code are:

- To set out a clear statement of Propack's policy
- To promote the adoption and improvement of ethical practices globally
- To implement effective processes for improvement of trade practices

COMPLIANCE WITH THE CODE

Propack recognises that its Suppliers may not be able to achieve all the standards laid out in this Code immediately but is willing to engage with Suppliers who:

- have implemented, or are willing to implement, appropriate and workable processes for raising standards to be compliant with this Code within an agreed period; and
- are able to demonstrate a responsible and transparent approach to their working and general practices; and
- have successfully undergone an appropriate audit or verification procedure in accordance with Propack's audit procedure which demonstrates compliance with Propack's Core Requirements; and
- have demonstrated an ongoing commitment to improving working and ethical standards.

THE CODE – PROPACK’S CORE REQUIREMENTS (‘critical failure points’)

Propack will not engage in business with Suppliers who do not meet Propack’s 10 Core Requirements and Propack will be entitled to terminate any contract with any Supplier who is found to be non-compliant with any of the Core Requirements. Such termination on the part of Propack may be without notice and shall be without liability of any description on the part of Propack (whether to the Supplier or any third party contracted by the Supplier). Propack’s Core Requirements are as follows;

1. Suppliers must not use any form of forced, bonded or involuntary labour, and workers must not be obliged to lodge identity papers or pay any deposit as a condition of work.
2. Workers must not be subject to physical or verbal abuse or threats or intimidation of any description.
3. Workers must not be required to work extreme hours or work without adequate rest periods.
4. Suppliers must not use workers under the age of 15, or the minimum legal working age in the country in question, if higher than 15. Suppliers must accept the principles of remediation of child and under age workers, and where such labour is discovered Suppliers must establish and implement appropriate remediation for such workers and introduce effective systems to prevent the use of child labour in the future.
5. Factories and work sites used by Suppliers must be safe and hygienic with an adequate number of safe and accessible fire exits from all buildings including living accommodation and workers must have access to drinking water.
6. Workers’ life or limb must not be endangered due to the use of dangerous machinery, unsafe building structure or layout, or hazardous chemicals. Where serious or fatal accidents have occurred Suppliers must demonstrate to the satisfaction of Propack that all appropriate steps have been taken to prevent similar accidents occurring in the future.
7. Living accommodation, where provided, must be in buildings that are separate from other areas of the workplace and have an adequate fire alarm system.
8. Suppliers must pay wages sufficient to meet basic needs and to provide some discretionary income.
9. Suppliers must maintain proper and accurate employment records including calculation of pay and hours worked and Suppliers must be transparent and cooperative as regards the inspection of employment records.
10. Suppliers must not engage in bribery, corruption or other similar unethical practices in order to gain competitive advantage.

THE CODE – GENERAL PROVISIONS

The General Provisions of the Code need to be read and applied in conjunction with the Core Requirements set out above.

1. Employment of appropriate workers
 - 1.1 No forced, bonded, or involuntary prison labour may be used in the production of goods. Workers must not be required to lodge deposits or identity papers as a condition of work and must be free to leave their employer upon reasonable notice.

- 1.2 No child or under age labour may be used. All workers must have reached the age of 15, or have reached the minimum legal working age under national law, whichever age is the higher. Exemptions under ILO Convention 138 will be conditional on prior approval by Propack
- 1.3 By entering into an agreement with Propack Suppliers accept the principles of remediation programmes enabling children and under age workers to return to quality education, even if children and under age workers do not form part of Supplier's work force.
- 1.4 Where the use of under age labour is revealed, then without prejudice to Propack's right to terminate its Supplier agreements under the provisions of the Code, Suppliers must establish and implement appropriate remediation programmes in cooperation with Propack.
- 1.5 Workers under the age of 18 must not work at night or under potentially hazardous conditions. Suppliers must have in place worker management systems for young workers.

2. WORKING ENVIRONMENT

All workers are entitled to a safe, hygienic working environment and Suppliers must ensure that working conditions meet the following standards:

- 2.1 Suppliers must comply with all national health and safety laws and with the standards laid down in ILO Convention 155.
- 2.2 Suppliers must establish an active Health and Safety Committee on which workers must be represented and which must be consulted on and entitled to participate in the investigation of health and safety matters.
- 2.3 Suppliers must formally appoint a senior manager to be responsible for health and safety issues, including compliance with the relevant terms of this Code, and the establishment and communication of written health and safety policies.
- 2.4 Workers must not be employed in potentially hazardous conditions without regular adequate safety training or supervision. Training must include emergency evacuation procedures and, for appropriate designated personnel, first aid. Adequate records of all safety training must be maintained and made available to Propack for inspection. Adequate first aid provision must be readily accessible to all workers.
- 2.5 Work places must be well ventilated with comfortable, well lit work stations. No workers may be subject to unsafe or unhealthy working conditions (including dangerous machinery, unsafe building structure or lay-out, and hazardous chemicals and substances) and all necessary safety equipment must be provided by Supplier without charge.
- 2.6 Factories and work sites used by Supplier must be safe and hygienic with an adequate number of safe, accessible and clearly marked fire exits from all buildings (including production and storage facilities, and office and domestic accommodation used by employees).
- 2.7 Living accommodation, where provided, must be in buildings that are separate from other areas of the workplace and must have an adequate fire alarm system. In any event Suppliers must provide clean bathrooms, access to drinking water, and appropriate food storage facilities.

3. HOURS, PAY AND BENEFITS

- 3.1 Suppliers must comply with local legislation regulating employment, hours of work and pay, including any minimum wage, allowances and benefits (including, without limitation, holidays, sick leave, child care, maternity provisions, social security) and must not seek to avoid their legal obligations to workers by any means. In any event wages must be adequate to meet the basic needs of workers and provide a reasonable discretionary income.
- 3.2 Workers must be provided with clear and understandable written information about their employment conditions (including pay and hours of work) before commencing work and Suppliers must at all times maintain proper and accurate employment records.
- 3.3 Workers must not be required to work excessive hours and may not ordinarily and regularly work more than 60 hours per week (including overtime). All workers shall be entitled to at least one day off in each 7 days period and overtime must be strictly voluntary and paid at a premium rate.
- 3.4 Deductions from wages must be of a reasonable sum and relate to the service provided for that deduction. Workers must give their express agreement for each deduction and such agreement may not form a part of their employment contract. The use of fines as a disciplinary measure is not permitted.
- 3.5 Suppliers must comply with all applicable legislation concerning life insurance, health insurance, retirement benefits and workers' compensation
4. Respect for the individual
 - 4.1 Suppliers must conduct their business in a manner which recognises the entitlement of all individuals to be treated equitably with dignity and respect and to work in an environment free from harassment, physical and verbal abuse, threats or intimidation of any description.
 - 4.2 Disciplinary practices shall be fair and appropriate and must be clearly set out and communicated to workers. Workers have the right to appeal and representation at disciplinary proceedings.
 - 4.3 Suppliers must not discriminate against workers in any manner on the grounds of gender, religion, race, caste, age, disability, sexual orientation, union membership, political affiliation, national or ethnic origin.

5. TRADE UNIONS

Suppliers must give all workers the right to join or form trade unions and to organise collective bargaining in a lawful and peaceful manner and Suppliers must not discriminate against workers who engage in such activities. Where these rights are restricted by law Suppliers must allow alternative lawful means for independent workers' representation.

6. ETHICAL STANDARDS

Suppliers must conduct their businesses in an ethical manner and must not seek to gain competitive advantage by means of unethical or dishonest practices including without limitation; bribery, corruption, kickbacks, the provision of gifts, favours or services.

7. ENVIRONMENTAL STANDARDS

Suppliers must comply with applicable local environmental regulations and such additional environmental standards as Propack may notify in writing from time to time. In any event Suppliers must demonstrate an awareness of environmental matters and a commitment to improving environmental standards, (including, without limitation, waste reduction, increased recycling, reduction of pollution, increased use of environmentally friendly products from sustainable sources) and are to develop and implement a meaningful environmental action plan by which progress can be measured.

8. DOCUMENTATION AND INSPECTION

- 8.1 Suppliers must adopt effective systems (including the appointment of a named individual with responsibility for compliance with the Code) for the implementation of the provisions of this Code by Suppliers and for monitoring and documenting compliance with its provisions to the satisfaction of Propack. Suppliers shall in turn be responsible for implementing monitoring and recording the compliance of its own Suppliers.
- 8.2 Suppliers must maintain such documentary records as may be necessary to demonstrate compliance with the terms of this Code (or otherwise relating directly or indirectly to the implementation of the Code) including a single set of verifiable, accurate and complete records on wages paid and hours worked for each employee, and stored for a period of three years. All such documentation must be original records and available to Propack for inspection upon request.
- 8.3 Suppliers must permit Propack (or its representative or nominees) to enter their premises (and any other work place utilised for or on behalf of Supplier, whether or not owned or controlled by Supplier) for the purpose of inspecting premises and / or documentation and in order to establish due compliance with the provisions of the Code.

9. NON-COMPLIANCE

- 9.1 By entering into an agreement with Propack, Suppliers hereby agree to and accept the terms of this Code.
 - 9.2 Without prejudice to the provisions of the Code or the terms of any agreement between Supplier and Propack, Propack shall be entitled in its sole and absolute discretion to terminate all contracts with Suppliers with immediate effect and without liability in the event that;
 - 9.2.1 Suppliers are not be fully compliant with the Core Requirements at any time, or
 - 9.2.2 if, in the reasonable determination of Propack, Suppliers shall have failed to demonstrate to the satisfaction of Propack, a genuine willingness to work towards meeting all of the provisions of the Code within a reasonable time.
 - 9.2.3 if, in the reasonable opinion of Propack, Suppliers shall have failed to demonstrate to the satisfaction of Propack, sufficient openness and transparency to allow a robust verification of their working practices.
 - 9.3 In the event that Propack considers that a Supplier is not in compliance with the Core Requirements or the wider provisions of this Code, the Supplier must take all such appropriate remedial actions as requested by Propack to address any areas of concern.
- [1] The Ethical Trading Initiative (ETI) is an alliance of companies, NGOs and trade union organisations working to promote and improve the implementation of corporate codes of practice which cover supply chain working conditions. The Base Code contains clauses which reflect the most relevant international standards with respect to labour practices.

- [2] The Propack Code of Ethical Policy reflects the standards set out in the following ILO Conventions and Recommendations; Conventions 29 & 105 and Recommendation 35 (Forced and Bonded Labour); Convention 87 & 98 (Freedom of Association and Rights to Collective Bargaining); Conventions 100 & 111 and Recommendations 90 & 111 (Equal Remuneration and Non-Discriminatory Practice); Convention 138 and Recommendation 146 (Child Labour); Convention 135 and Recommendation 143 (Workers' Representation), Convention 155 and recommendation 164 (Occupational Safety and Health); Convention 159 and Recommendation 168 (Vocational Rehabilitation and Disability); Convention 177 and Recommendation 184 (Home Work); Convention 182 (Elimination of the Worst Forms of Child Labour) Copies of the ILO Conventions are available through the ILO website at **www.ilo.org**
- [3] The term "Supplier" shall be deemed to include suppliers, contractors and licensees.
- [4] Exemptions under ILO convention 138 shall be considered only where Propack are satisfied that there is evidence of compliance with applicable regulations and that the Supplier has in place a monitoring regime which is acceptable to Propack.