



CONCEPTS

BEAT CONCEPTS'
CORPORATE
RESPONSIBILITY
POLICY

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PART A ETHICAL TRADE POLICY

1. BEAT CONCEPTS' ETHICAL CODE OF CONDUCT

At Beat Concepts we are fully committed to sourcing all of our products in a responsible and ethical manner. We have a close working relationship with all of our sourcing partners and we have clearly laid down to them what our expectations are in terms of ethical trading. All of the suppliers we use have signed up to this policy and our Ethical Code of Conduct and they have showed commitment to its cause.

The Beat Concepts Ethical Code of Conduct (CoC) is based on the **Ethical Trading Initiative (ETI) Base Code**. The Ethical Trading Initiative Base Code is an internationally recognised set of labour rights principles that in turn is founded on the International Labour Organisation (ILO). The Beat Concepts Ethical CoC establishes 9 labour right principles that must be adhered to in all the factories that manufacture our products. By signing our Ethical Trade policy, our suppliers agree to ensure these principles are followed in the factories they work with when producing our products. The Beat Concepts' Ethical CoC is as follows:

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.

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** Employers adopt 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 at 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** 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 employer observing the code shall assign responsibility for health and safety to a senior management representative.

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 ETI Base Code Appendix B (<http://www.ethicaltrade.org/sites/default/files/resources/ETI%20Base%20Code%20appendices%20-%20international%20standards%20and%20definitions.pdf>).

4.3 Children 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.

5. LIVING WAGES ARE PAID

5.1 Wages and benefits paid for a standard working week shall meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. In any event, wages shall 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 of 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 express permission of the worker concerned. All disciplinary measures shall 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 6.6 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 the following: the extent, frequency and hours worked by individual workers and the workforce as a whole. Overtime 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.

7. NO DISCRIMINATION IS PRACTISED

7.1 There shall be 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.

8. REGULAR EMPLOYMENT IS PROVIDED

8.1 To every extent possible, work performed must be on the basis of a 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.

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.

2. ADHERENCE TO BEAT CONCEPTS' ETHICAL CODE OF CONDUCT

We monitor our factories' performance against our Ethical Trade Policy and Ethical CoC through the commissioning of annual factory audits and frequent visits from our team. As members of the Supplier Ethical Data Exchange (SEDEX), we use the SEDEX database system to ensure all the factories we source from have in-date ethical audits. We commission these audits using the SEDEX Members Ethical Trade Audit (SMETA) audit methodology. All audits that we commission are preferably Unannounced, or if not possible, Semi-Announced. All our sourcing partners are required to be part of SEDEX and this ensures we have full visibility of our auditing compliance programme throughout our supply chain.

Where we identify issues of concern, we work with our factories to make positive changes through Corrective Action Plans (CAPs). Once a CAP has been applied and followed through, we will, if appropriate, commission a follow up audit to verify that the non-compliance has been rectified. It is considered best practice in the Ethical Trading industry to take this approach, as leaving a factory immediately upon detecting a serious issue will harm the workers more than any other party.

However, if an issue is found which we deem to be critical (see the list below), or there are no improvements to non-critical issues after a CAP has been agreed, we will terminate our relationship with that sourcing partner.

CRITICAL ISSUES

TYPE OF ISSUE:

This factory presents an immediate and critical risk to the business

There are severe and critical ETI base code violations

The resolution of these issues will require long term and resource-intensive action

Verification will require one or more factory follow-up visits to the factory

EXAMPLE OF ISSUE:

Child labour

Forced Labour

Locked fire exits

Physical abuse

Deposits taken from workers (financial or identification documents)

Minimum wages not paid

Insufficient wages/overtime wages paid

Factory actively hindering right to exercise freedom of association

3. APPROVAL PROCESS FOR NEW FACTORIES

All new factories, regardless of order size, are required to comply with our Ethical Trade Policy and Beat Concepts' Ethical CoC. When bringing on a new factory, our sourcing team places the factory through our approval process and orders cannot be raised until the factory has received Approval status.

We require all our factories to become members of SEDEX, whereby the factories complete a Self-Assessment Questionnaire and allow for a SMETA audit to be booked with SGS. The funding of this audit, together with all future annual audits that follow, is covered by Beat Concepts.

4. ORDERS MADE IN UNAPPROVED FACTORIES (SUBCONTRACTING)

Beat Concepts recognises the prevalence of subcontracting in the manufacturing industry. In this we separate between subcontracting due to processes that cannot be made in-house because of machinery (for example printing), and subcontracting due to capacity (for example if our order or part of our order is moved to a different facility to that which was approved and registered with us, due to capacity). We understand that changes in supply chains may result in our orders moving sites; however, we do not allow the use of any unauthorised subcontracting in regards to capacity, and it is vital we have full visibility of where our products are being produced at all times.

We require all our sourcing partners to notify us far in advance if any of our orders are expected to be produced in a different site than that which was registered with and approved by us. The new site must meet our Beat Concepts' Ethical Trade Policy and Ethical CoC, go through our On-boarding process and reach Approval status before the order can be moved to that facility.

We reserve the right to visit factories when needed and we may commission specific spot check audits on factories to ensure our products are only manufactured in approved factories. Failure to accommodate our visits and auditors will be seen as a violation which would lead us to terminate our trading partnership.

We are committed to establishing long term, mutually beneficial partnerships with our sourcing partners. Through our commitment towards ethical trading we aim to work together with our suppliers and factories to achieve sustainable improvements for the workers who make our products.

5. MODERN SLAVERY

UK MODERN SLAVERY ACT 2015

The Modern Slavery Act 2015 aims to tackle modern slavery within the UK and within global supply chains. Although our Beat Concepts' Ethical Code of Conduct explicitly prohibits any type of forced labour, we are committed to raising awareness about this crime to all our sourcing partners and making them particularly aware of specific actions that can lead to a person becoming a slave.

MODERN SLAVERY OVERVIEW

Various research studies show that an estimated 21 – 45 million people are victims of modern slavery worldwide (2016). A growing number of these victims are migrant workers who have been trafficked for often legal employment in various facilities including apparel factories.

DEFINITION OF MODERN SLAVERY

"Modern Slavery" is a broad term that encompasses slavery, servitude, forced and compulsory labour, and human trafficking. Traffickers and slave drivers coerce, deceive and force individuals into a life of abuse, servitude and inhumane treatment.

PROHIBITED LABOUR PRACTICES IN BEAT CONCEPTS' SUPPLY CHAIN

Below are a number of practices that, either on their own, or in combination, give rise to a situation whereby a worker is subjected to modern slavery. Our sourcing partners are responsible for ensuring that the practices outlined below do not occur at any stage of the production of Beat Concepts' orders.

i) Recruitment fees - Workers shall not be charged any fees or costs for recruitment, directly or indirectly, in whole or in part, including costs associated with travel, processing official documents and work visas in both home and host countries.

ii) Unclear contracts of employment - Written contracts of employment shall be provided to migrant workers in a language they understand, clearly indicating their rights and responsibilities with regards to wages, working hours and other working and employment conditions. Migrant workers shall be provided with their employment contract prior to deployment. The use of supplemental agreements and the practice of contract substitution (the replacement of an original contract or any of its provisions with those that are less favourable) are strictly prohibited.

iii) Documentation retention - Confiscating or withholding worker identity documents or other valuable items, including work permits and travel documentation (e.g. passports), is strictly prohibited. The retention of personal documents shall not be used as a means to bind workers to employment or to restrict their freedom of movement.

iv) Deposits - Workers, including migrant workers, shall not be required to lodge deposits or security payments at any time.

v) Inhumane treatment - The use or threat of physical or sexual violence, harassment and intimidation against a worker, his or her family, or close associates, is strictly prohibited.

vi) Workplace inequality - Migrant workers shall benefit from conditions of work (including but not limited to wages, benefits, and accommodations) no less favourable than those available to country nationals. Migrant workers (or their family members) shall not be threatened with denunciation to authorities to coerce them into taking up or maintaining employment.

vii) Withholding wages and benefits - All workers must retain full and complete control over their earnings. Workers shall not be held in debt bondage or forced to work in order to pay off a debt. Deception in wage commitments, payment, advances, and loans is prohibited.

ix) Restriction on freedom of movement and personal freedom - Workers' freedom of movement shall not be unreasonably restricted. Workers shall not be physically confined to the workplace or related premises, such as employer- or recruiter-operated residences; nor shall any other coercive means be used to restrict workers' freedom of movement or personal freedom. Mandatory residence in employer-operated facilities shall not be made a condition of employment.

x) Absence of grievance procedures - An effective grievance procedure shall be established to ensure that any worker (migrant or national), acting individually or with other workers, can submit a grievance without suffering any prejudice or retaliation of any kind.

xi) Private employment agencies and labour recruiters - Companies should hire workers directly whenever possible, including migrant workers. When the subcontracting of recruitment and hiring is necessary, suppliers shall ensure that the labour agencies they engage with operate legally, are certified or licensed by the competent authority and do not engage in fraudulent behaviour that places workers at risk of forced labour or trafficking for labour exploitation.

xiii) Sourcing cotton from Uzbekistan or Turkmenistan - All use of cotton from Uzbekistan and Turkmenistan is completely prohibited. Further, any affiliation between Beat Concepts' product and companies operating in Uzbekistan and Turkmenistan, included but not limited to Daewoo International, Indorama Corporation and Youngone, is completely prohibited. All vendors, vendors' subsidiaries and vendors' affiliates must adhere to this requirement.

6. ETHICAL TRADE POLICY SIGNED BY SUPPLIER

AGREEMENT

SIGNED BY SUPPLIER CONTRACTING WITH BEAT CONCEPTS

Representing your Company – please confirm you have read, understood and adhere to Beat Concepts’

Ethical Trade Policy and agree to complying with **Beat Concepts’ Ethical Code of Conduct**

Yes: No:

Please print Name and Position (Owner/Production Manager /Ethical Compliance Manager):

Please sign name:

Please provide email and direct telephone number:

Date:

Please let us know of any other information you feel we should know of:

PART B CORPORATE GOVERNANCE

7. BEAT CONCEPTS' CORPORATE CODE OF ETHICAL GOVERNANCE

At Beat Concepts, we know how important it is for a business to act with integrity, transparency, impartiality, professionalism and accountability. We have adopted a Corporate Code of Ethical Governance, as based on Chartered Institute of Procurement and Supply Corporate Code of Ethics, which we ask all of our sourcing partners to sign. The principles within the Code, as set out below, are ones that we at Beat Concepts sign up to and support fully, and we expect all of our business partners to do the same.

UNDERSTANDING AND COMMITMENT

- Ensure consistent understanding of business ethics across the organisation at all levels.
- Continually improve knowledge of all relevant laws and regulations in the countries in which the organisation operates, either directly or indirectly.
- Commit to eradicating unethical business practices including bribery, fraud and corruption.

ETHICAL PRACTICE

- Conduct all business relationships with respect, honesty and integrity, and avoid causing harm to others as a result of business decisions.
- Treat all stakeholders fairly and impartially, without discrimination or favour.
- Actively support and promote corporate social responsibility (CSR).
- Avoid any business practices that might bring the procurement profession into disrepute.

PROFESSIONALISM

- Use procurement strategies that drive ethical practices throughout the supply chain.
- Ensure procurement decisions minimise any negative impact whilst endeavouring to maximise value and service levels.
- Establish ethical policies and procedures which are regularly monitored and updated, and ensure compliance.
- Mandate the education and training of all staff involved in sourcing, supplier selection and supplier management to professional standards.
- Practise due diligence in all business undertakings.

ACCOUNTABILITY

- Accept accountability and take ownership of business ethics.
- Foster a culture of leadership by example.
- Take steps to prevent, report and remedy unethical practices.
- Provide a safe environment for the reporting of unethical practices.

8. CORPORATE CODE OF ETHICAL GOVERNANCE SIGNED BY SUPPLIER

AGREEMENT

SIGNED BY SUPPLIER CONTRACTING WITH BEAT CONCEPTS

Representing your Company – please confirm you have read, understood and adhere to **Beat Concepts'**

Corporate Code of Ethical Governance

(in accordance to CIPS Statement of Commencement)

Yes:

No:

Please print Name and Position

(Owner/Production Manager/Ethical Compliance Manager):

Please sign name:

Please provide email and direct telephone number:

Date:

Please let us know of any other information you feel we should know of:

PART C ENVIRONMENTAL POLICY

9. BEAT CONCEPTS' COMMITMENT TO THE ENVIRONMENT

As part of our commitment to reduce our impact on the environment, we ask all our suppliers to agree to the following set of principles:

- Comply with all relevant environmental legislation, and where possible exceed these standards.
- Establish environmental objectives and targets and perform an annual review of these objectives.
- Reduce waste production by taking full advantage of all re-use and recycle opportunities.
- Reduce the consumption of energy and water by improving efficiency controls, introducing energy saving initiatives, and using renewable wherever possible.
- Minimise contamination of land, air and water particularly with regard to the volume, safe use and disposal of hazardous substances.

10. ENVIRONMENTAL POLICY SIGNED BY SUPPLIER

AGREEMENT

SIGNED BY SUPPLIER CONTRACTING WITH BEAT CONCEPTS

Representing your Company – please confirm you have read, understood and adhere to **Beat Concepts' Environmental Policy**

Yes: No:

Please print Name and Position
(Owner/ Production Manager/Ethical Compliance Manager):

Please sign name:

Please provide email and direct telephone number:

Date:

Please let us know of any other information you feel we should know of: