

# Ethical Guide for Vendors

Incorporating the Principles  
of the ETI Base Code



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## Contents

POLICY STATEMENT  
ETHICAL STANDARDS  
GENERAL REQUIREMENTS  
ETHICAL PRINCIPLES  
UNIVERSAL RIGHTS COVERING UN GUIDING PRINCIPLES (UNGP)

1. EMPLOYMENT IS FREELY CHOSEN
2. FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING ARE RESPECTED
3. HEALTH, SAFETY AND HYGIENE STANDARDS PROCEDURES
4. CHILD LABOUR
5. WAGES AND BENEFITS
6. WORKING HOURS
7. DISCRIMINATORY PRACTICES
8. REGULAR EMPLOYMENT PROVISION
9. TREATMENT OF EMPLOYEES AND DISCIPLINARY
10. SUB-CONTRACTING
11. COMMITMENT TO ANTI-CORRUPTION/ ANTI BRIBERY PRACTICES
12. PRIVACY
13. SANCTIONS
14. MANAGEMENT SYSTEM
15. TRANSPARENCY
16. ACKNOWLEDGEMENT FORM

## Our Policy and the purpose of this Guide

In line with our Human Rights & Ethics Policy ([www.arco.co.uk/legal/ethical](http://www.arco.co.uk/legal/ethical)), it is our policy to protect all workers from modern day slavery or human trafficking and promote Health, Safety and Welfare within our supply chain. As members of the Ethical Trading Initiative (ETI), Arco is committed to the principles of the **ETI Base Code** which are based on the standards of the International Labour Organisation.

This document is prepared in order to give guidance on the minimum and recommended standards acceptable to Arco in the manufacture of products or provision of services. Vendors are also expected to comply with national and other applicable law and, where the provisions of laws and the contents of this document address the same subject, to apply that provision which affords the greater protection. This Guide supplements our **Supplier Code of Conduct** ([www.arco.co.uk/supplier-portal/supplier-code-of-conduct](http://www.arco.co.uk/supplier-portal/supplier-code-of-conduct)), which is incorporated into all of our contracts with vendors.

Arco is committed to ongoing and continual improvement, training and capacity building in the area of ethical trade, with measurable targets set annually as part of the broader company performance review and as a fundamental part of the company's commitment to ETI membership. It is the vendor's responsibility to ensure and provide evidence that any subcontractor or outworker used conforms to the standards outlined in this document.

Vendors producing Arco own brand products will be regularly audited against the principles in this Guide. Arco Ltd also reserves the right to audit any vendor or service provider where it considers it appropriate having regard to risk factors, risk assessments or risk profiles.

Any vendor failing seriously or consistently to adhere to the guidance in this document will be removed from the approved vendor list.

The requirements detailed in this document should be seen as a support to, rather than a substitute for collective bargaining or official regulation and the implementation of these requirements must be sensitive to the rights and livelihoods of the workers it is aiming to protect.

## Ethical Standards

- Arco will identify and establish a working relationship with vendors who's personal and business standards are compatible with its own.
- Arco expects its business partners to be law abiding and to be fully compliant with local legal requirements when conducting all of their business activities. This also includes meeting minimum requirement described at this Arco Ethical Guide for Vendors and the ETI Base Code.
- Arco will only work with vendors that provide their employees with a safe and healthy working environment. Vendors must comply fully with the health and safety and labour laws of the country of manufacture as a minimum.
- The dignity of the individual must be recognised by all Arco vendors. They will not use slave, involuntary prison or forced labour. They should afford the rights of free association and collective bargaining to all employees, and the right to a workplace free of harassment, abuse, degrading treatment and corporal punishment.
- Arco recognises and respects cultural differences and will seek to identify vendors who employ based on their ability to do the job, irrespective of their gender, racial characteristics, colour, nationality, cultural or religious beliefs, age or marital status.
- The Arco vendor must comply with national laws and international standards that aim to protect the environment. This applies both in the country of manufacture and in the country in which the product is sold.
- Arco encourages its vendors to provide training and education for its employees.

## Universal Rights covering UN Guiding Principles (UNGPs)

- Vendors are required to have a policy, endorsed at the highest level, covering human rights impacts and issues and ensure it is communicated to all appropriate parties, including their own suppliers.
- Vendors shall appoint a designated person responsible for implementing standards concerning human rights. Businesses shall identify their stakeholders, their impact and salient issues.
- Vendors shall measure their direct, indirect and potential impacts on stakeholders' human rights.
- Where businesses have an adverse impact on the human rights of their stakeholders, they shall address these issues and enable effective remediation.
- Vendors shall have a transparent system in place for confidentially reporting and dealing with human rights impacts without fear of reprisals towards the reporter.

## General Requirements

Vendors are expected to comply with the relevant laws, industry or collective agreements and any codes of practice.

**Note:** For the purposes of this Guide, workplace is defined as the place of work in which products or services supplied to Arco are manufactured or performed and can include, but is not limited to, agencies, factories, manufacturing units, subcontractors, laundries, packaging manufacturers, embroiderers, processing companies, inspection houses and warehouses.

## 1. Employment is Freely Chosen

- The Employer shall use no forced, bonded, indentured, trafficked or involuntary prison labour. Arco Limited does not condone and will not be party to any form of forced or involuntary labour.
- Employees shall not be required to lodge “deposits” or their identity papers with their Employer for any reason and this should include hiring, accommodation, tools and personal protective equipment.
- Employees shall be free to leave manufacturing or residential facilities at any time when not working.
- Any fees associated with the employment of Workers must be paid by the Employer.
- Employees shall be allowed to consult with medical personnel during working hours.
- Employees shall not be required to pay for any tools used in the execution of their duties, or items required for their personal safety.
- Workers must be free to leave their Employer after reasonable notice.
- Loans provided by the Employer to the Employee shall be subject to a mutual agreement between the two parties in writing, the signed document confirming clear repayment terms which are at an affordable and realistic repayment rate.

## 2. Freedom of Association and the Right to Collective Bargaining are Respected

- Employees without distinction shall have the right to join or form trade unions of their own choosing and to bargain collectively.
- The Employer shall adopt an open attitude towards the activities of trade unions and their organisational activities.
- The Employer shall ensure that employee representatives are not discriminated against and have access to carry out their representative functions in the workplace.
- 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. Health, Safety and Hygiene Standards

It must be the aim of all vendors to continually work towards reducing accidents and maintaining the welfare and safety of their Employees.

Adequate training should be provided by the Employer in the safe and proper use of equipment and machinery, ensuring that awareness is raised on the potential risks involved in its use. Full training should be provided for all new employees upon starting work and should continue for the duration of their employment, particularly where equipment and processes are subject to change, or an Employee's duties have changed. It is of particular importance to review training following any accidents or near miss incidents.

A senior manager should be assigned by the Employer to be responsible for the health, safety, hygiene and welfare requirements of all the premises in which they operate.

All necessary information, instruction, training and supervision to ensure, as far as is reasonably practicable, the health, safety and wellbeing at work of all employees, should be provided by the Employer.

Full training records should also be kept for each individual Employee.

#### 3.1 Fire Safety, Evacuation and Prevention

##### 3.1.1 Smoking Policy

- A policy on smoking shall be developed by the Employer and communicated to all Employees.
- "No smoking" signs shall be posted in all areas where smoking is prohibited.

##### 3.1.2 Evacuation Procedures

- The Employer shall establish a written evacuation procedure which every Employee is made aware of and which covers emergencies such as fire, chemical spillage, natural disaster and electricity failure.
- All Employees must know how to evacuate the building in the event of an emergency.
- Emergency drills shall be conducted on at least an annual basis to ensure employees maintain their understanding of the evacuation procedures. These shall cover both the workplace and dormitories.
- Records should be kept on the extinguishers, date of last inspection and credentials of the inspection agency.

### 3.1.3 Provision of Walkways, Stairs and Exits

- All emergency exits shall be clearly marked and free from obstruction at all times and easily opened.
- Walkways must be marked out to provide easy, safe access within the manufacturing areas and should enable quick and safe evacuation of the workplace in case of an emergency. These shall be at least one metre wide and should be kept free from obstructions and trip hazards.
- Stairs shall have adequate and secure handrails.
- There should be at least two emergency exits on each floor.
- Floor and roof openings shall be covered or guarded to prevent falling.

### 3.1.4 Fire Protection Equipment

- A minimum of one fire extinguisher with adequate extinguishing instruction shall be provided within every 30 metres in distance.
- Emergency lighting shall be provided on all escape routes within the workplace and dormitories in case of power failure.
- Fire alarms shall be provided on all floors to warn employees of evacuation in both workplace and dormitories.
- Fire equipment shall be immediately accessible and free from obstruction at all times.
- Fire extinguishers, hydrants, hose reels, sprinklers, smoke/heat detectors, emergency lights and fire alarms should be inspected monthly for damage, pressure loss and obstruction by qualified personnel, who shall regularly maintain such equipment (at least annually).
- Records shall be kept on fire extinguishers detailing date of last inspection, which should be signed by a qualified Employee.

### 3.2 Machinery/Equipment

- Employers must ensure that all machinery and equipment provided for work is suitable for the intended purpose and maintained in working order and good repair. Any machinery that presents a danger must be securely guarded.
- Fixed guards should be used whenever possible on moving parts that could cause injury. The guards should be properly secured in place with screws or nuts and bolts which need tools to remove them.
- Equipment shall be clean and well maintained, and a maintenance programme shall be in place for all safety devices and guards.
- All electrical connections shall be inspected regularly to ensure that no faults are evident. This should be carried out by qualified personnel, with a record kept of details and date of inspection. If visual or mechanical faults occur, then only trained personnel should carry out the necessary repairs.
- Where fitted, all emergencies stop buttons shall be clearly labelled and easily accessible.

## 3.2 Machinery/Equipment (continued)

- All sharp implements used in production shall be secured to the work benches with all pieces of broken sewing needles entered into a Broken Needle Register, which includes:
- All sharp tools must be secured to workbenches, and broken needles recorded in the Broken Needle Register per factories H&S rules.
- Hoists, pressure vessels, boilers and forklifts shall be regularly inspected and maintained, with maintenance records kept and updated. Forklifts should be operated by authorised personnel only.
- Service lines including steam/compressed air and hot water pipes and tanks shall be regularly inspected and properly maintained.
- Permit-to-work programmes shall be implemented for hot works, working at height, confined space, electricity, pipe and tank work, as well as work on fire protection equipment and for any welding work required.
- Welding cylinders shall be equipped with flame arrestors and check valves.
- Gas cylinders shall be securely fixed and separated from volatile substances that may constitute a fire risk.
- Explosion proof equipment shall be used in areas where flammable materials are stored.

## 3.3 Job Hazard Assessment

- Appropriate personal protective equipment (PPE) must be made available to any Employee, free of charge, whenever there is a risk to their health and safety that cannot be controlled by an alternative method. Examples include gloves, coveralls, respiratory, footwear, hearing and eye protection.
- Protective equipment shall always be stored in the correct allocated place to ensure it is always available and to prevent any unnecessary damage or misuse. Training must be given to workers to ensure they wear these protective items correctly.
- Signs shall be posted where personal protective equipment is required and use of such equipment is mandatory.
- The Employer must ensure the equipment is kept clean, maintained regularly and is used.
- Chain mail gloves shall be provided when using electrical cutting equipment in the cutting process and should be worn at all times when using the cutting equipment.
- In hazardous areas such as high voltage, confined space, extreme temperatures, noise and asbestos or other hazardous area, warning signs shall be posted.
- When noise levels are likely to be higher than recommended levels the Employer shall appoint a qualified person to conduct noise assessments.
- In situations where Employees are exposed to higher than recommended noise levels for extended periods the Employer shall reduce or eliminate the noise source if possible. Otherwise, adequate hearing protection shall be provided and hearing examinations conducted annually.
- A noise control zone shall be defined where noise exceeds the recommended level for eight hours or equivalent.

### 3.3 Job Hazard Assessment (continued)

- No Employee should be required to lift, carry, push or pull any load which could harm them. The personal abilities and physical strength of the individual should be taken into account when deciding this, as well as the nature of the load, task and environment.
- Where possible manual handling should be minimised by providing mechanical handling equipment. Job rotation should be used where repetitive strain injuries could be a risk.

### 3.4 Electrical Safety

- Only trained staff should be allowed to work with electricity, with all electrical systems being maintained in order to prevent danger at all times.
- Work should not be carried out on live systems unless there is no alternative.
- All portable electrical devices shall be tested and checked by a qualified person annually. The same equipment shall be earthed with the power connection securely fixed with a socket.
- Qualified electricians shall maintain electrical equipment and supply.
- Access to the mains electricity supply shall be free from obstacles, with warning signs, properly maintained, with unauthorised access prohibited.
- No live wires should be exposed.
- Only fully waterproof appliances should be used outdoors.

### 3.5 Dust and Fume Extraction

- Extraction of dust fumes or harmful vapours must be available where it has been identified that they are needed to ensure the Employee is not exposed to harmful substances. Adequate fresh air ventilation should also be provided. Windows or other openings may provide ventilation, but mechanical extraction systems should be installed and maintained.

### 3.6 Chemical Safety

- The Employer should aim to minimise the use of hazardous substances and eliminate where possible.
- Chemicals or other such substances which are hazardous to health must be identified and labelled with warning signs in accordance with their chemical properties and legislative requirements.
- Employees who may be exposed to substances hazardous to their health must be made aware of the health risks associated with exposure to such substances through training, instruction and written information made available. They should also be familiar with the precautions and suitable controls necessary for their protection against such substances.
- Material Safety Data Sheets (MSDS) must be held for all chemicals, with the contents communicated to Employees.
- The correct personal protective equipment (PPE) shall be provided for handling chemicals.
- Spill kits and/or absorbents should be available in chemical storage areas.
- Eye washing equipment should be provided in areas where chemicals are used in order to minimise the health effects of chemical splash.

## 3.7 Lighting Levels

- Adequate lighting levels must be provided at all times.
- An independent power source should be available to provide emergency lighting if power failure occurs to the normal supply, which shall enable employees to exit safely.
- Bulbs must be correctly installed and fitted securely, with guards over them to ensure that broken glass does not injure Employees or contaminate production.

## 3.8 Medical Provision

- Adequate and appropriate first aid facilities must be provided by the Employer for their Employees in case of injury or illness at work.
- Accident procedures should be put in place which cover accident reporting and logging, accident investigation and analysis, so that ongoing prevention of accidents can be achieved.
- There shall be at least one trained first aider in the workplace on each floor and on each shift to administer the necessary first aid treatment when required.
- Records should be kept of the training received. The trained person should also ensure that the first aid equipment is stored in an accessible place and is fully stocked at all times.
- It is good practice to ensure that any injury or accident, which has been treated, is recorded in a book. This will then provide vital information on accident trends and possible areas of the factory which could be made safer.
- First aid supplies are available and managed by trained designated staff.
- Fully stocked first aid boxes should be situated in all workplaces with clear signage indicating their location.
- All first aid must be supplied and administered to Employees free of charge.
- All Employees using respiratory equipment in the workplace should be subject to annual medical examination on their respiratory systems.
- For those Employees working in areas that are exposed to excessive noise levels for eight hours or equivalent should be subject to annual medical hearing examinations.
- An accident reporting process shall be established and communicated to all employees, with all accidents being reported, investigated, documented and reviewed.

## 3.9 Working Conditions

A safe and healthy workplace must be provided with a good standard of general housekeeping, cleanliness and factory organisation being achieved and maintained. This will include general tidiness, the provision of clear walkways, and of receptacles for waste which should be regularly emptied. Combustible waste must not be permitted to build up and waste receptacles must be emptied regularly.

A formalised preventative pest control programme shall be in place with suitably trained staff carrying out inspection and control.

### 3.9.1 Workplace

- All workplaces must be constructed safely and in absolute compliance with all local and national laws/legislation governing building construction and associated activities. Any structural changes made to the workplace must be similarly compliant. Evidence in the form of building compliance certificates should be retained by vendors in order to demonstrate building compliance and structural safety.
- The workplace must be clean, safe and of sound build, design and structure.
- Clean drinking water must be provided and be readily available to all Employees at all times.
- A good level of lighting and ventilation must be in place.
- Employees must be protected from extreme temperatures.

### 3.9.2 Toilets

- An adequate number of enclosed toilets must be provided in compliance with local regulations. There shall be separate facilities for male and female unless each toilet is in a separate room which can be locked from the inside.
- The toilets should be private and separate from manufacturing or rest areas with clear signage indicating male and female facilities.
- They should be kept to a good level of hygiene at all times and equipped with flushing water.
- Facilities should be provided for hand washing and drying. Running water must be provided in or close to the toilet for cleaning purposes.

### 3.9.3 Food Hygiene

- An area separate from manufacturing shall be provided for the consumption of meals.
- The area must provide an adequate level of ventilation, light, seating and protection from the elements.
- Food storage and preparation areas shall be clean and hygienic with adequate clean-up/hand washing facilities for use before/after meals.
- Where cooking takes place on-site, the food preparation staff shall be trained and have an understanding of the importance of hygiene in food handling.

### 3.9.4 Storage of Personal Belongings

- Each Employee shall have a secure space in which to store their personal belongings which should not be alongside their workstation, but in a designated storage area.
- This area shall ideally consist of individual secure lockers or cages of sufficient volume to hang items of clothing or store personal belongings.
- The area should be clean and tidy and have sufficient space around and under the storage area to allow access for cleaning.

### 3.10 Residential Accommodation

#### 3.10.1 Dormitories

- Residential accommodation when provided for Employees must be clean, safe (particularly with regard to fire precaution) and provide the necessary space for a person to live in comfortably.
- Adequate toilet and washing facilities should be provided with clean running water.
- The building shall be structurally sound and properly maintained with safety maintained in the areas of security, fire protection and electrical safety.
- Dormitories shall not be in the same building as the factory but a reasonable distance from it, in order to separate Employees from their working environment.
- Dormitories should provide sufficient living space in compliance with local safety regulations and include adequate lighting, heating, and ventilation.
- Each Employee should have his/her own bed.
- Sleeping arrangements shall provide adequate space and privacy.
- All fire exits shall be clearly marked and free from obstruction at all times, with appropriate fire extinguishers provided which are regularly maintained. An evacuation plan must be posted and fire drills conducted at least every six months.
- Lockers shall be provided for personal belongings.
- Employees should be able to leave and enter the dormitory freely and without restriction unless reasonable grounds can be demonstrated for security and safety.
- Adequate shower facilities should be provided in compliance with local safety regulations.

#### 3.10.2 Toilets

- Adequate number of toilets in compliance with local safety regulations.
- Toilets should be well maintained and in a clean, sanitary condition at all times.
- Toilets shall be equipped with flushing water as well as having facilities for washing with running water.
- There must be at least one male toilet block and one female toilet block for every two floors.
- Toilets should have lockable doors and windows shall be opaque to protect privacy.

### 3.10.3 Cooking and Eating Facilities

- Food storage and preparation areas shall be clean and hygienic.
- Cooking staff should be trained in food preparation and associated hygiene.
- Facilities should be provided for comfortable dining and adequate rest.

### 3.10.4 Childcare Facilities

- Critical care must be taken to ensure that childcare facilities are clean and safe, particularly with regard to fire safety and first aid.
- Childcare facilities must be supervised at all times by a responsible adult and care must be taken to ensure that children are not exposed to risk as a result of accidental access to hazardous workplace activities.
- Full records must be kept of illnesses and injuries.

## 3.11 Care of the Environment

### 3.11.1 Waste Disposal

- All waste sources should be identified and procedures developed for the safe disposal of all waste products.
- Hazardous waste should be disposed of correctly and in accordance with national or local authority requirements. Disposal records shall also be maintained.
- Secure areas should be designated for the storage of hazardous waste until safe disposal can be arranged. The containers used for the storage of hazardous should be in good condition and not subject to leakage.
- Sufficient training should be given to relevant staff regarding the handling of hazard waste and this should be updated on an annual basis.

### 3.11.2 Air Pollution and GHG Emissions

- Supplier partners are required to minimise air pollution and to develop and implement plans to support Arco to reach its goal of reaching net zero emissions by 2045. Supplier partners are encouraged to assess their own climate related risks and implement adaptation and resilience plans.
- Sources of air emissions should be identified and monitored in accordance with local and national regulatory requirements.
- In-house air treatment facilities should be regularly maintained in line with pre-determined maintenance programmes. Operating procedures should also be clearly defined and communicated to all relevant staff.

### 3.11.3 Water

- Supplier partners must ensure that water is used efficiently, and that supplier partners' operations do not negatively affect access to safe water for the communities, in which their operations are located, both now and in the future. This is particularly important in water stressed areas.

### 3.11.4 Waste Water Discharge

- Sources of wastewater discharge shall be identified and the emissions monitored in accordance with local and national regulatory requirements.
- No contaminated or toxic waste water should be discharged into the environment and neighbouring communities.
- In-house waste water treatment facilities should be regularly maintained in line with pre-determined maintenance programmes. Operating procedures should also be clearly defined and communicated to all relevant staff.
- Local authority licenses/permits must be held where appropriate.

### 3.11.5 Biodiversity and Ecosystems.

- Vendors must minimise the harm of their operations on ecosystems and are responsible for assessing risks and putting in place measures to ensure that their sourcing, farming, manufacturing, or distribution activities do not compromise and damage biodiversity.
- Vendors must consider the use of pesticides on surrounding biodiversity and ecosystems and minimise use where possible. Supplier partners are encouraged to protect and restore natural habitats where possible to build resilience and protect threatened and endangered species.

### 3.11.6 Asbestos

- The presence of any asbestos in the workplace should be identified and steps taken to ensure its condition is monitored and that it is maintained safely. Anyone working within this environment should be made aware of the presence of asbestos and suitable protection must be used in order to mitigate the effects of such exposure.

### 3.11.7 Chemical Management

- Vendors required to select and purchase chemicals in line with our Environment and chemical policy and Restricted Substances list. All EU and UK REACH regulations must be adhered to in production of all raw materials and finished product.
- Vendors ensure that secondary containment is provided in storage areas to capture any potential chemical leakage. No drains should be present in the storage area to prevent the escape of hazardous substances.
- Chemicals stored in drums must be covered to prevent rainwater contacting the drums

### 3.11.8 Energy Efficiency

- Vendors must ensure that energy is used efficiently. Supplier partners are expected to put in place systems for tracking their energy consumption and work towards optimisation of energy use. Supplier partners are encouraged to consider transitioning to clean energy sources wherever possible.

### 3.11.9 Soil Management

- Vendors must maintain and improve soil health to prevent degradation, foster biodiversity and minimise greenhouse gas emissions.

### 3.11.10 Animals Welfare

- Vendors must maintain high standards of animal welfare across our global supply chain.

## 4. Child Labour

- It is the general policy of Arco not to work with companies who continue to use child labour in any of their facilities. However, where instances are identified every effort must be made to minimise the economic and social impact on the child and associated family members, as a result of changes to such employment.
- The definition of a 'child worker' is someone who has yet to reach their 15th birthday, or any higher age specified in local law for completing mandatory schooling, or the beginning of full time work.
- In countries where the law sets the minimum age at 14 years, under International Labour Organisation (ILO) convention 138 in accordance with developing country exceptions, the lower will apply. All young workers shall be subject to restrictions laid down by local legislation.
- There shall be no new recruitment of child labour.
- Vendors will be supported by Arco who are committed to;
  - Developing or participating in programmes which provide genuine and meaningful education for existing child labour.
  - Who will enable the gradual replacement of child labour with adult members of their family.
  - Are committed to the improvement of wages and conditions for adult workers in order to eliminate the need for child labour.
  - An age verification system shall be developed by the Employer in order to confirm the ages of new Employees which should include the checking of original identity documents and cross referencing with Employee photographs.
  - A system for periodically spot checking the availability of identity documents shall be set up to prevent the use of borrowed identity documents.
  - Copies of the age records for all Employees should be kept in the workplace.
  - Young persons under 18 years of age shall be protected from working in environments where hazardous conditions exist, because they are particularly at risk as a result of their inexperience, immaturity and lack of awareness relative to health and safety issues.
- Full support will be given to vendors who introduce training, education and workplace measures which enable minimisation of safety risks to young workers and should include:
  - The type of work that they are required to carry out should be risk assessed in order to avoid exposure to health and safety risks.
  - The fitting and layout of work stations and the workplace should be included in the risk assessment process.
  - The nature, degree and duration of any exposure to biological, chemical or physical substances.
  - The use and handling of work equipment and machinery.
  - The organisation of work processes and activities.
  - There should be no heavy lifting, pressing or any exposure to dangerous chemical and operations.

## 5. Wages and Benefits

- Wages for a standard working week should meet or exceed national legal standards or industry benchmarks, whichever is higher. In any event wages should always be enough to meet basic needs and to provide some discretionary income.
- All Employees shall be provided with written and understandable information about their wages and benefits before they enter employment and the particulars of their wages for the pay period concerned each time that they are paid. Information should include hours worked or piece rate if appropriate, pay rate, gross pay, overtime pay, itemised deductions and net pay.
- Deductions from wages shall only be permitted if they are required by law or the Employee consents in writing to the deduction.
- Deductions from wages as a disciplinary measure shall not be permitted.
- The Employer should issue labour contracts or a letter of employment for each Employee, which is in compliance with local or national law and which includes; the name of the workplace, Employee name, initial wage and job title. This should be signed by the Employee as acknowledgement of receipt and be retained by both Employer and Employee.
- Documentation should be provided by the Employer which details working hours, work days, rest days, notice period, entitlement to leave and other benefits, that the Employees can refer to at any time.
- In the event of a work stoppage being called by the Employer, the Employees should be paid at a rate that is not less than the minimum wage, unless otherwise specified by legislation.
- Payment in kind is not an accepted form of payment and must not be undertaken.
- All Employers must have a process in place to ensure that full Employee identification is implemented prior to any wage payments being made.

## 6. Working Hours

- A schedule for working hours shall be documented and communicated to all Employees.
- Where the wages for Employees are based on total hours worked the Employer shall ensure that a process is in place to record all Employees working time accurately.
- Working hours, excluding overtime, shall be defined by contract and should not exceed 48 hours per week. Working hours and overtime must comply with national laws or benchmark industry standards, whichever affords greater protection.
- Employees shall be provided with at least one rest day off in every seven day period or, where allowed by law, two days off in every 14 day period.
- All overtime shall be voluntary and used responsibly, taking into account 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 should always be compensated at a premium rate which is recommended to be not less than 125% of the regular rate of pay.
- An Employee should only be requested to work overtime in order to meet reasonable business requirements at such times of peak workload or trading.
- Employees should have the right to refuse overtime work without incurring penalty or negative consequence.
- All overtime should be paid at a premium or the equivalent time given as paid absence at a suitable later date.
- The total hours (including overtime) should not exceed 60 hours in any seven day period other than in exceptional circumstances where all of the following are met:
  - This is allowed by national law
  - This is allowed by collective agreement freely negotiated with a worker's organisation representing a significant proportion of the workforce
  - Appropriate safeguards are taken to protect worker's health and safety
- The employer can demonstrate that exceptional circumstances apply such as unexpected production peaks, accidents or emergencies
- Every Employee shall be entitled to a period of paid holiday leave each year.
- Absence from work should be the entitlement of all Employees on the grounds of genuine incapacity through illness or injury, without financial penalty or threat of dismissal. A reasonable payment shall be made to Employees during any such absence which should, as a minimum, meet basic needs.

## 7. Discriminatory Practices - Equal Opportunities

- Equality of treatment should be afforded to all Employees as a matter of policy in the workplace and decisions or practices that are based on unfair discrimination, rather than on merit, shall not be acceptable.
- There shall be no discrimination of any form in the 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.
- No job applicant should be unfairly refused employment or offered employment on less favourable terms as a result of discriminatory practices.
- Equal access shall be given to all Employees regarding jobs, training, promotion and transfer. Less favourable wages, benefits and access to facilities should not be received as a result of discrimination.
- A policy on discrimination shall be developed and implemented by the Employer covering recruitment, wages, benefits, promotion, training, transfer, termination, retirement and access to facilities.
- No Employee should face, be threatened with, or receive disciplinary action or dismissal on the grounds of discrimination.
- Fair disciplinary procedures should be adopted and adhered to by the Employer.

## 8. Regular Employment Provision

- Whenever possible all workers should enjoy secure stable employment and a regular income.
- The Employer shall issue labour contracts or letters of employment to all Employees which should include as a minimum name of workplace, Employee name, initial wage and job title. These should be signed as acknowledgement of receipt by both Employee and Employer and be retained by both parties.
- All labour contracts issued should be in accordance with local/national legislative requirement.
- Documentation should be provided by the Employer which details working hours, work days, rest days, notice period, entitlement to leave and other benefits which can be referred to by Employees at any time. The contents of this document should also be communicated to Employees.
- No Employer shall demand fees from any Employee for the granting of employment.
- Employees shall not be required to serve unreasonable notice to their Employer and should be free to leave their employment should they wish to.
- It shall be the responsibility of the Employer to ensure that audits are conducted if hiring agents are used, in order for the employment terms and conditions signed by the hiring agents and Employees are in compliance with local/national legislation and the requirements of the Arco Ethical Guide for Vendors.
- Employers should seek to minimise the practice of seasonal or periodic lay-off of Employees.
- Unacceptable practices include 'at will' terminations, termination without notice, zero hour contracts, and inappropriate use of self-employed status for lower grade workers and false apprenticeship.
- Obligations to Employees granted under labour or social security laws and which form the basis of a regular employment relationship shall not be avoided through the use of home working, fixed term contract, sub or labour only contracting.

## 9. Treatment of Employees and Disciplinary Procedures

- Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall not be allowed.
- It is the direct responsibility of the Employer to protect all Employees from all forms of physical or mental harassment, bullying, discrimination, victimisation or physical abuse in the workplace, whether from colleagues, members of the public or from company management.
- The Employer should develop written grievance and disciplinary procedures for the workplace which are fair and these should be communicated to the Employees. They should be adhered to in all cases of alleged Employee misconduct and be referred to where unsatisfactory performance is suspected.
- The Employer should fully document all communications for workplace grievance and disciplinary actions, with all disciplinary or grievance measures recorded.
- Employees facing disciplinary action shall be able to access an appeal channel which should be developed and implemented in the workplace.

## 10. Sub Contracting

- It is the responsibility of the vendor to ensure that all sub-contractors are in compliance with national and local law in respect of labour, environment and health and safety legislation, as well as the Arco Ethical Guide for Vendors.
- The vendor shall ensure that the requirements of the Arco Ethical Guide for Vendors are communicated to all sub-contractors used.
- Regular audits should be conducted by vendors at their sub-contractors to ensure compliance.

## 11. Commitment to Anti-corruption/Anti-bribery Practices

- Vendors to avoid any kind of corruption, extortion, or bribery. This includes complying with national and international anti-bribery and corruption laws and regulations. Supplier partners shall not knowingly benefit from, participate in, or solicit any form of bribe from any person. Under no circumstances are kick-backs, facilitation payments, secret commissions, or similar payments permitted. This includes any act to secure an improper advantage to obtain or retain business.

## 12. Privacy

- Vendors to safeguard confidential information and to comply with all laws on personal data and privacy protection, as they apply to customers, consumers, and employees. Supplier partners must respect their employees' right to privacy, avoid inappropriate surveillance, and only process personal data with expressed consent from the data owner.

## 13. Sanctions

- Vendors must comply with our Sanctions policy to ensure compliance with these principles.

## 14. Management Systems

- Vendors are expected to be operating legally in premises with the correct business licences and permissions and to have systems to ensure that all relevant land rights have been complied with.
- Vendors should communicate the requirements set out in our Ethical Guide for vendors to their own suppliers and extend the principles of these Standards through their supply chain.

## 15. Transparency

Arco aim to implement better visibility on our Sourcing locations where Arco brand is present, where products deemed to be exclusive to Arco's supply strategy and the suppliers of products/ service providers to Arco (Goods not for re-sale).

To achieve this, we are requesting our Vendors to connect Arco with its manufacturing facilities on SEDEX.

- If manufacturing facility already on SEDEX, vendor should ensure a successful link all in-scope locations (manufacturing facilities) to Arco (ZC1071754).
- Vendors should ensure full access and visibility on SMETA audit reports, SAQ, ESAQ for all in-scope locations (manufacturing facilities).

SEDEX SAQ information will be used to assess risk and monitor & demonstrate continuous improvement.

# ETHICAL GUIDE FOR VENDORS

Arco Limited  
PO Box 21  
1 Blackfriargate  
Hull  
HU1 1BH

Tel: 0330 390 2050

We have read and received the 24 page document named:

## **ARCO'S ETHICAL GUIDE FOR VENDORS INCORPORATING THE PRINCIPLES OF THE ETI BASE CODE.**

We have read and understand the requirements set out in this Guide. We understand and agree that the requirements set out in this Guide are in addition to the Arco Supplier Code of Conduct, and that both documents form part of our contractual relationship with Arco. We understand and agree that the requirements set out in this Guide will form the basis of audits of our facilities and we agree to facilitate such audits as reasonably required.

**Signed on behalf of:**

**Printed name:**

**Position:**

**Dated:**

**Authorised signature:** .....

Please complete this form, sign and return to: Your usual Arco contact OR otherwise to:

Arco Ethical Team,  
Arco Limited,  
National Distribution Centre, Priory Park East,  
Hull, HU4 7DY  
Email: [ethical.team@arco.co.uk](mailto:ethical.team@arco.co.uk)