

UNGlobalCompactReport

In for the long term



PENTLAND'S BUSINESS STANDARDS INITIATIVES, 1999-2004

Pentland Group plc is a UK-based company with a turnover of £328 million in 2003, but with licensees throughout the world. Founded in the 1930s, listed on the London Stock Exchange between 1964 and 1999, we are now again a private company owned by the Rubin family. In 2005 we are managing eleven brand names, mainly in the clothing and footwear sectors. These include those that we own and some for which we hold licences. We also provide several companies with 'own label' products. We have sales in Europe, the Americas, Asia, Africa and Australia.

As a signatory to the United Nations Global Compact, we have undertaken to communicate publicly our continued support, describe practical actions and indicate what we have achieved or plan to achieve. This report is intended to fulfil these requirements. It is the first published in printed form and is also available as a pdf at **www.pentland.com** We have previously submitted information electronically, available at **www.unglobalcompact.org**

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Cover Image: Team leader in a stitching department, Sri Lanka.

CHAIRMAN'S MESSAGE

At Pentland, we have long believed that companies have responsibilities, not just to make money for shareholders, but also to behave as good corporate citizens, adhering to high ethical standards and having regard to the interests of other people who are affected by company actions.

The earthquake in the Indian Ocean on December 26th 2004 has served to remind us how closely intertwined our lives are with those many thousands of miles away.

Our decisions impact all around the world in terms of jobs, livelihoods, environment, quality of life, not only of those who work for Pentland itself, but the many millions who produce, sell, buy and wear our products.

We began including 'Corporate Citizenship' work in our Annual Report in 1992. Since becoming a privately owned company in 1999, we have not produced an annual report and our Business Standards work has gone unreported publicly. This report aims to fill the gap, as well as meeting our reporting obligations as a signatory to the United Nations Global Compact.

The main focus of our Business Standards work over the last decade has been in trying to improve human rights and labour standards in our supply chain. Many of the issues are complex and change which is sustainable is a long term goal. Added to this we don't own or control the factories. We inevitably put conflicting demands on our suppliers, pressing them for the keenest prices and yet also asking for better employment standards.

Over recent years, we have made substantial progress, but have also suffered occasional setbacks. We continue to strive to improve our standards: to learn from our and other people's experiences, to avoid the mistakes of the past and to try to find new ways of addressing intractable issues.

We are a relatively small company and do not have the resources or commercial muscle of some in our industry. We know we are far from having all the answers, but we are proud of our achievements and proud of our innovative approach.

This Report highlights examples of the work we are doing and have done and shows some of the progress that has been achieved. But it also makes clear that many of the issues are far more complex than was initially apparent and require long term, comprehensive and cooperative action if solutions are to be found.

R Stephen Rubin

Chairman, Pentland Group plc



Stephen Rubin, Chairman of Pentland Group plc (pictured right), with FINA President Mustapha Larfaoui in August 2004, announcing a four-year sponsorship agreement between Speedo, a Pentland operating company, and the International Federation of Swimming.

WORKING TO IMPROVE OUR BUSINESS STANDARDS¹

WHAT WE ARE

WE ARE COMMITTED TO GOOD BUSINESS STANDARDS

The Pentland Group is committed to acting as a socially responsible company. We believe in human rights for all and our Board of Directors has published a set of policies designed to implement this belief, available in eleven languages in addition to English². These are distributed to all Pentland employees around the world. We are working with our suppliers to ensure the provision of fair wages and working hours, safe and hygienic working conditions, regular employment and no discrimination or harsh or inhumane treatment of employee

We also recognise that our business activities can affect the natural environment. We aim, through continuous improvement, to minimise these adverse effects, whilst safeguarding the health and safety of our employees and the public.

We want our supplier companies to share our conviction that good Business Standards are an integral part of producing good quality products at competitive prices. We support a policy of 'continuous improvement', based on mutual trust, because we realise that changes are not necessarily achieved overnight. We start from the premise that, provided suppliers show a willingness to improve, we must always be prepared to engage with them on a long-term basis.

WE JOIN WITH OTHERS WHO WANT TO IMPROVE STANDARDS

In 1999, United Nations Secretary General Kofi Annan launched the Global Compact, a voluntary initiative to encourage companies to embrace certain specific universal principles³ in the areas of human rights, labour standards and the environment. Pentland became a signatory in 2001. In June 2004, at a Summit in New York, participants (including Pentland) agreed with Kofi Annan on the steps required to ensure and enhance the credibility of the Global Compact, notably tighter reporting requirements.

Pentland is a founder member of the Ethical Trading Initiative (ETI), created in 1998, and has adopted its Base Code as required by all ETI members. This UK network of companies, NGOs and trade union organisations works to encourage companies to adopt monitored and independently verified codes of conduct. We are currently involved in ETI projects in China and Sri Lanka (*described on page 6*). We are members of the International Business Leaders Forum (IBLF) and they are one of our partners in a continuing project in Vietnam (*described on page 8*).



A team from Impactt Ltd and Pentland in China during the project on finding ways to reduce overtime (described on page 7).



Stitching in a garment factory in China.

“Our experience with the Global Compact over the past four years has shown conclusively that voluntary initiatives can and do work. But we have also learned that they have to be made to work”.

Kofi Annan at UN Global Compact Leaders Summit, 24 June 2004.

¹ Pentland uses the expression Business Standards in its activities and reports to describe what is often called Corporate Social Responsibility.

² They can be viewed at www.pentland.com/our_business.php or a printed copy obtained from the Business Standards Department at the address on the back cover.

³ These are listed on the inside back cover – the last one was added in 2004. As requested by the UN, projects described in this report are tied in to the relevant principle.

WHAT WE DO

WE HAVE SPECIALISED STAFF

Our Business Standards department, set up in 1996, has staff and offices in the UK and Asia. The department acts as the focal point for initiatives on human and labour rights and the environment at our own sites and with our suppliers overseas. It produces written material and takes the lead on projects, liaising with stakeholders - our operating companies¹, supplier companies and external organisations. The Business Standards staff work closely with staff from our operating companies, the people in day-to-day contact with supplier companies.

WE IDENTIFY AND IMPLEMENT STANDARDS

In one of our first initiatives, we worked with a UK-based consultancy to produce training modules covering fire safety, hazardous substances, machinery and worker health. These form the basis of our first encounters with suppliers and are used to monitor progress in areas that need improvement, notably health and safety. We have added two more, on pay and working hours and on young workers, which we introduce after the first four have been accepted (*as explained on page 4*). We are finalising a new module on the environment. We have also produced several booklets on specific issues (*described on page 6*).

WE PROMOTE THE IMPORTANCE OF LAWS AND STANDARDS

It is not always easy to persuade local companies that a competitive advantage should not be achieved at the expense of laws and international standards, especially where governments do not enforce their legislation. Pentland researches, and keeps up to date with, national and international developments, and keeps suppliers informed. We have continuing projects designed to encourage them to comply with such requirements.

WE ENCOURAGE LOCAL PEOPLE TO OWN THEIR ACHIEVEMENTS

We believe that sustainable progress is dependent on those tasked with implementing changes feeling in control of their projects – that they own them. This is an essential part of our long-term approach with supplier companies. On some issues, especially the elimination of child labour (*described on page 10*) and women at work (*described on page 11*), sustainable solutions are complex and need to involve the broader local community to be successful.

PARTNERSHIPS ARE THE KEY

Pentland is a modest player in the market – working with others increases the chances of success. The key to our progress thus far lies in the partnerships that we continuously forge with other stakeholders, in the UK and elsewhere – the approach promoted by the UN in its Global Compact. Our partners include other companies, consultancies, government agencies, trade unions and non-governmental organisations (NGOs). All our current projects with suppliers involve a range of participants.

**BUSINESSES ARE ASKED
TO SUPPORT AND
RESPECT THE
PROTECTION OF
INTERNATIONAL HUMAN
RIGHTS WITHIN THEIR
SPHERE OF INFLUENCE.
- UN GLOBAL COMPACT**



Ruilian Huang (pictured left) of our Business Standards team and Neil Hemsley (second right) of Speedo International working in Asia.



Weidong Zhou of our Business Standards team (pictured right), with Weiguang Chen, Chairman of the Guangzhou Federation of Trade Unions, during a joint seminar on hazardous chemicals management.

¹ The term 'operating company' can be a brand or our private label business.

BUSINESS STANDARDS – A LONG TERM INVESTMENT

HOW WE DO IT



Representatives from the local NGO CENWOR (Centre for Women's Research), pictured right, conducting interviews with workers in Sri Lanka.



Three ways hazardous chemicals can enter the body, one of a series of Chinese health and safety posters, a joint project with the Guangdong Province Safety Inspection Bureau.

“Pentland has established a culture of engagement, capacity building and continuous improvement that is widely respected in the international NGO community”.

Corporate Social Responsibility in China: Mapping the Environment¹

WE UNDERTAKE REGULAR FACTORY REVIEWS

Our customers expect quality from Pentland and we in turn ask the same of our suppliers. But we make clear that we are equally concerned about conditions as they impact on the workers and the environment. We have a continuing programme of reviews with our suppliers worldwide.

As a first step, staff from our operating companies explain our general approach to standards and work through the training modules, focusing initially on health and safety. The modules are used to monitor progress on areas that need improvement. The second stage is for Business Standards staff to join their colleagues to carry out another review and to introduce the final modules. We conduct the reviews ourselves, since we consider this helps suppliers to believe in our own commitment to the process. However a review team always includes external contributors, notably local health and safety experts and local NGOs to conduct worker interviews.

WE TAKE THE TIME TO EXPLAIN THINGS

These reviews also allow us to build up relationships with our suppliers, so that we can get a better understanding of their difficulties and provide technical assistance. We find it essential to take the time to find out the problems the factories feel they are facing and explain what practical steps the companies can take to remedy any deficiencies. In our experience, managements are more likely to invest in improving conditions for the workers if they realise that we, the purchasing company, plan to maintain the relationship.

WE COMMUNICATE IN THE LANGUAGE OF OUR SUPPLIER

If we require suppliers to follow certain standards, they must be easily able to access the information to understand and apply them. To this end we have produced technical and labour rights booklets and have had them translated into a number of languages, notably Indonesian, Mandarin, Portuguese and Vietnamese (*described further on page 6*).

UNDERSTANDING AND MANAGING RISK

We have to manage the specific risks associated with our products, such as those associated with chemicals and sharp implements, in addition to general risks of fire and accidents. We have a booklet on hazardous substances as part of our continuing programme to identify, assess and control risks associated with production (*described further on page 8*).

Our Business Standards department works with operating companies and suppliers to identify the critical areas in a factory that need improvement, to secure external training if necessary and to monitor implementation of the agreed changes. In China, for instance, we have arranged for the local Red Cross to provide training on first aid.

¹ Corporate Social Responsibility in China: Mapping the Environment, Hilary Murdoch and Daniella Gould, Global Alliance for Workers and Communities, 2004.

IN FOR THE LONG TERM

MAKING A SPECIAL EFFORT IN ASIA

We are increasingly working with suppliers in Asia – notably China, India, Pakistan, Sri Lanka and Vietnam – and more of our projects take place there. Working with partners in China, a country with a rapidly developing civil society, poses specific challenges. There are also the cultural differences that can all too easily lead to misunderstandings. To enable us to engage in a relevant way, our Business Standards department employs Chinese specialists to work with local companies and organisations.

Jessie Ding owns a factory near Nanjing, China, west of Shanghai, producing footballs mainly for Mitre, a Pentland operating company – she spoke to us on a visit to the UK.

JESSIE'S STORY

HOW IT ALL BEGAN

'I worked for Mitre in the US, doing quality control work in China and seeing the problems with suppliers. So in 1997 I started my own football factory in China and, after trial orders, became an official supplier to Mitre.

'In 1999, Mitre introduced us to another supplier, Leatherware in Pakistan, to help us develop financially and technically. We set up a joint venture, bought land and built our new factory in 2000. We have the workshop, the office, dormitories and a canteen. We

also have a small yard with grass and a fishpond, to make a nice environment.

'There are 180 employees – roughly half women half men. Many workers are local and live at home but about 60 come from further away and live in the dormitories. We started a library for the employees. We had this idea because my father loves books – the library is very popular.

OVERCOMING PROBLEMS TOGETHER

'Last year (2003) we had a problem with our footballs in the factory. We had shipped 200,000 footballs around the

world and they couldn't be used. Mitre didn't walk away but said "don't panic, we'll work this out together" and helped us sort it out. We discovered there was a chemical leaking from the rubber bladders we had bought in. We have now overcome the problem.

'We feel part of a family and so try to help Mitre - we introduced them to a company that has become their licensee in China.

A MATURING BUSINESS

'Perhaps at the beginning we thought that production was the priority. We have learnt to become more professional in our employee relations and we try to see how we can improve conditions.

'We know that other football factories ignore the legal minimum wage and have poor conditions - they can produce very cheaply. This makes it difficult for us. But we hope that paying good wages and providing a pleasant environment means we can have a stable workforce.

'Our capacity is increasing all the time. We started by making 200,000 footballs a year and now produce 1.5 million, 90 per cent for Mitre, and export them all over the world.'



Jessie Ding with her father, the factory manager.

WORKING TO IMPROVE CONDITIONS IN FACTORIES

WORKING IN MANY LANGUAGES



From the booklet about the ETI Base Code produced for workers in Sri Lanka – the worker is saying: Now we understand that this [ETI Base Code] would benefit everyone.



OUR FIRST STEP: PRODUCE RELEVANT INFORMATION

As a result of the reviews, and using our training modules (*described on page 3*), we came to realise that poor conditions are often the result of suppliers not having the relevant information, or not understanding technical specifications. We have published several booklets, often in collaboration with others, some to make technical material more accessible, others to highlight specific issues. One of our first booklets, *Hazardous Substances in Factories* (*described further on page 8*), has been in use since 1999 and continues to form the basis of specific training in factories.

Some publications represent the planned outcome of research projects on the subject matter. In 2001, we published a booklet on Excessive overtime in factories producing for export, arising from a project in Vietnam. Another report, *Factory Dormitories*, issued in 2002, was the result of research in south China – this was produced in Mandarin and English. Both booklets are now used in further projects (*described further on page 7*).

OUR NEXT STEP: TRANSLATE THIS INFORMATION

Translations are essential if the target audiences are fully to understand the subject matter. Our training modules are available in eight languages in addition to English and the booklet on hazardous substances is available in a number of languages.¹

A WORKER'S RIGHT TO KNOW

It is not sufficient to transmit information to the management: workers also need to learn about the issues directly. We work to ensure that health and safety information is explained and displayed to employees. In China, we helped to produce safety posters in Mandarin. About 50,000 were distributed to companies in Guangdong province. We encourage managers to consult employees, using appropriate national mechanisms – requirements for health and safety consultation in factories, for instance in China, often provide an opportunity for this (*described further on page 9*).

TELLING IT HOW IT IS IN SRI LANKA

With other members of the Ethical Trading Initiative we have produced an illustrated booklet in Tamil for workers in the garment industry in Sri Lanka. There is a simple story line, in which the characters include the trainer, the employer, the human resources manager and several (female) workers; the workers learn the details of the ETI's Code of Conduct and are encouraged to speak up honestly to external reviewers. This is a continuing project, the aim being for all workers in the Sri Lanka factories involved to receive copies.

**BUSINESSES SHOULD
MAKE SURE THEY ARE
NOT COMPLICIT IN
HUMAN RIGHTS ABUSES
- UN GLOBAL COMPACT**

¹ The whole booklet has been translated into Mandarin and parts of it into Portuguese, Vietnamese and Indonesian.

SPREADING THE MESSAGE ON GOOD CONDITIONS

RESEARCHING WAYS TO REGULATE OVERTIME

Some overtime in factories is inevitable. But if workers have little or no choice about it, overtime becomes a form of compulsory labour and is often illegal. Such unremitting work also leads to problems with safety, quality and indeed productivity.

In partnership with a UK-based consultancy (Impactt Ltd) and a local NGO, in 2000 we undertook a project in Vietnam to measure hours worked and mechanisms through which workers can choose to work overtime or not. The case study¹ enabled us to identify ways to regulate overtime and introduce some worker choice: companies should issue contracts and pay slips detailing hours at regular pay and overtime, improve time keeping and ask workers every six months how much overtime they want to work.

RESEARCHING THE LINKS WITH PRODUCTIVITY

In a project completed in 2004 we, together with other European companies, the consultancy Impactt Ltd and local organisations in China, researched the possibility of cutting down working hours without reducing the pay of workers. The project involved meetings with workers, who are significant stakeholders (see page 9). This work² confirmed anecdotal evidence that productivity decreases when working hours are excessive. The factories have responded with a variety of improvements. In some, worker committees have been set up, in others changes have been made in the layout of the factory and new management systems introduced.

THE CHALLENGES POSED BY DORMITORIES

Overtime is a particular issue in China, largely because so many of the employees are young migrant workers who live in dormitories on site. In a research project³ in 2001/02 in Guangdong Province, undertaken with a Chinese NGO, over 200 workers living in dormitories were interviewed. This enabled us to find out about both existing conditions and the improvements workers most wanted to see.

The authorities regulate dormitories – notably to ensure building and fire safety – and we discovered the law was not always adhered to. We are now working with suppliers to ensure dormitories are safe, that workers are involved in decisions about them and that there are rooms for couples. This last point results from the research uncovering that many migrant workers are married, or would like to get married, but cannot afford to live together. One of our suppliers provides family accommodation and arranges access to the local schools for the children.

BUSINESSES SHOULD UPHOLD THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR - UN GLOBAL COMPACT



A factory dormitory for migrant workers in Guangdong Province, south China.



A worker enjoys his time off in his dormitory at a factory in south China.

1 Results published by Pentland in *Excessive Overtime in factories producing for export* – see previous page.

2 Published by the Institute of Business Ethics in *Taking the Temperature*, 2004.

3 Results published by Pentland in *Factory Dormitories* – see previous page.

WORKING TO PROMOTE WORKERS' HEALTH AND SAFETY

LESS WASTAGE, BETTER ENVIRONMENT

“Pentland has demonstrated real leadership in initiating competitors in the footwear sector to work together to improve health and safety standards in Vietnam”.

Frances House,
Director of Operational Policy, IBLF



Fumes escape from this open glue container into the air that workers breathe.



This glue pot, promoted by Pentland with its suppliers, can be kept closed.

**BUSINESSES ARE ASKED
SUPPORT A
PRECAUTIONARY
APPROACH TO
ENVIRONMENTAL
CHALLENGES, ...
ENCOURAGE THE
DEVELOPMENT AND
DIFFUSION OF
ENVIRONMENTALLY
FRIENDLY
TECHNOLOGIES
- UN GLOBAL COMPACT**

LESSENING THE IMPACT OF SOLVENTS

Solvents in the form of primers, glues and cleaners are used extensively in footwear production. Chemical cleaners are essential wherever there is machinery. Much of our work with suppliers has been on reducing the use of organic solvents.

During 1997/98 we identified organic solvents as a major health and safety and environmental hazard in our industry. With the help of the SATRA, the UK-based technology centre for the footwear industry, we published Hazardous Substances in Factories (*mentioned on page 6*), a booklet outlining the risks and ways to minimise them. The major challenges are identifying the chemicals being used and encouraging managements to accept safer alternatives as satisfactory. In 2003, SATRA adapted and republished the booklet to give it a broader circulation.

PRODUCING A BETTER GLUE POT

When solvents are used in open containers, fumes escape into the air, making it difficult to maintain acceptable air quality. In China and Vietnam, we have financed the production of a specialised mould for glue pots, and we encourage all our footwear suppliers to use it. The container has a small opening and can be closed. This results in better air quality and less wasted glue, which in turn reduces costs.

ACTION ON CHEMICALS IN VIETNAM

The export footwear industry in Vietnam has expanded rapidly – the country is at present the third largest exporter of shoes to Europe. We initiated a training programme with our suppliers, using our booklet and introducing our glue pot. We soon realised that there were other factors impeding sustainable progress. In particular, most of the chemicals were imported, but there was no information from the suppliers, no safety data sheets, no awareness of how to ventilate or tackle a fire appropriately.

Working with other footwear companies present in Vietnam, as well as international and Vietnamese organisations, we launched a programme in 1999 to improve the selection, storage, use and disposal of chemicals in the industry. The Vietnamese office of the International Business Leaders Forum acted as coordinator. An international NGO consulted employees in the participating factories, identifying practical ways to improve working conditions.

A new three-year programme begins in 2005, expanded to include the garment industry, and potentially reaching two million workers. The country office of the International Labour Organisation (ILO) is participating and we hope that local trade unions will become directly involved in the efforts to improve working conditions in participating factories.¹

¹ More information about this programme on the iblf website at:
<http://www.iblf.org/csr/webassist.nsf/content/f1c2b3a4b5a6.html>

INVOLVING THE WORKERS

CONSULTING ON HEALTH AND SAFETY IN CHINA

In 2002, the Chinese Government introduced new health and safety legislation.¹ This requires factories with over 300 workers to have a specific health and safety department or employ full time staff and to consult workers on these issues. We have begun training projects to explain the law to both managers and workers and help them set up these new procedures.

We started with a seminar for suppliers, to explain the changes, attended by representatives from about 30 factories. We have now set up pilot projects with three suppliers, and we will use the outcome in 2005 to roll out a programme to other suppliers.

We have also tried to involve the relevant government institutions. Our Chinese specialist, who has become a recognised expert on Business Standards issues, has been invited to train labour officials on international and national requirements.

USING PARTICIPATORY METHODOLOGY

Prompted in part by our overtime project in China (*described on page 7*), a network of local individuals and organisations has grown up to develop the use of Participatory Rural Appraisal (PRA) methodologies in factories.² Initiated by our Chinese specialist, this Participatory Development Appraisal (PDA) Network is now independent and continuing to facilitate the creation both of health and safety committees and of more informal workers' committees. We find that using PRA enables both management and workers to understand the need for improved communication and to find ways to deliver this in the workplace.

GENERAL WELL-BEING

We encourage other initiatives in factories, such as day release for study, days out and special events with the workers as well as projects that reach out to the wider community. In Guangzhou, south China, we persuaded a supplier to participate in an international project run locally by the British Council. A well-known British flower artist runs workshops during which employees from various factories learn to arrange flowers, telling their story through the flowers and preparing an exhibition. This 'Fragrant' project was well supported by both management and workers in the company concerned.

BUSINESSES SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING
- UN GLOBAL COMPACT



Learning to work together – a PRA team-building exercise in a factory in China.



Factory workers in China arranging plants at a workshop sponsored by the British Council.

“Workers who are treated as partners in business are more innovative and more reliable”.

Foreword to Corporate Social Responsibility in China: Mapping the Environment³

¹ Production Safety Law of the People's Republic of China, 29 June 2002.

² PRA was begun by development workers in the 1980s to enable local communities to conduct their own analysis and planning, supported but not directed by the professionals instigating the project.

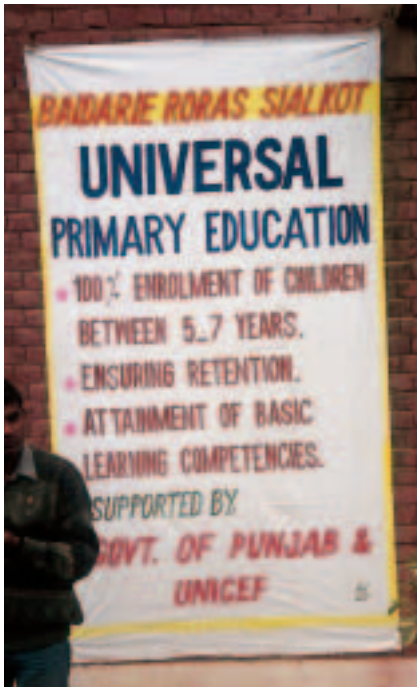
³ Corporate Social Responsibility in China: Mapping the Environment, Hilary Murdoch and Daniella Gould, Global Alliance for Workers and Communities, 2004.

WOMEN AND CHILDREN: PROTECTION, NOT EXCLUSION

ELIMINATING CHILD LABOUR

“A key part of Pentland’s role [in Pakistan] has been to keep its suppliers motivated”.

Human Rights - is it any of your business?²



A school set up in Pakistan as part of the WFSGI initiative.

**BUSINESSES SHOULD
UPHOLD THE EFFECTIVE
ABOLITION OF CHILD
LABOUR
- UN GLOBAL COMPACT**

WORKING TOGETHER TO STOP CHILDREN WORKING

We have been purchasing footballs in Sialkot, Pakistan, since the 1960s. We had a clear policy in our supplier factories that we would not tolerate child labour. In 1995 the international media drew attention to the fact that children were working in the industry. As demand had grown stitching had moved out of the factories via subcontractors to homeworkers and children had become involved.

The World Federation of the Sporting Goods Industry¹ (WFSGI) took the lead in encouraging the industry to collaborate with local and international institutions to mount a programme of rehabilitation. Key elements included monitoring stitching centres and units and strengthening local schools. An unintended side effect was that women, a major part of the workforce, found it difficult to come to work in the centres and the programme was adjusted to accommodate their needs (*described further opposite*).

SUPPORTING THE EDUCATION OF CHILDREN AND THEIR FAMILIES

The international outcry against child labour in the sporting goods industry prompted the major exporters in Jalandhar, India, to create the Sports Goods Foundation of India in 1998. Working with international and regional NGOs and the government, the Foundation has a range of educational projects designed to help keep children at school. As a major customer of the industry in the region, we support this programme.

The programme includes schools, evening tuition centres to help with homework and now literacy classes for adults, this in response to mothers who want to be able to sign their names – learning basic literacy skills increases their confidence as well as their involvement in their children’s education. We facilitated the necessary partnerships between the Foundation and the international and regional NGOs as well as a monitoring organisation.



Women attending a literacy class in India, part of the project initiated by the Sports Goods Foundation of India and supported by Pentland.

¹ The President of the WFSGI at that time was Stephen Rubin, Chairman of Pentland.

² Human Rights – is it any of your business? Peter Frankental and Frances House, Amnesty International/Prince of Wales Business Leaders Forum, 2000.

ENABLING WOMEN TO WORK SAFELY

TARGETING THE WHOLE FAMILY

In Pakistan (see previous page), we quickly realised that bringing all hand stitching jobs back into the factory, where the absence of children could more easily be monitored, would impact negatively on their families. Women work at hand stitching at home and most would not travel to a factory. By encouraging the development in the villages of small stitching centres, which were monitored, women were retained in the workforce.

PROTECTING HOMEWORKERS

Homeworkers are widespread in the clothing, footwear and sports goods industries. Most are women, who combine family responsibilities with some paid work. Homeworkers are particularly vulnerable to exploitation, and the situation is also one where child labour can occur.

In view of the importance of homeworking to women, to tackle exploitation by forbidding homeworking would effectively discriminate against women. We are instead working with NGO partners to improve women's working conditions.

REGISTRATION OF HOMEWORKERS

In India, we facilitated a registration programme for homeworkers. The workers now receive information and training and have simple documents showing whose orders they are working on, the piece rate they are paid and the numbers of items in an order. Our local NGO partners can monitor that they are being paid correctly and given sufficient time to complete the work. They can also help the workers to carry out their tasks without detriment to their health and safety.

WHEN THE LAW IS NOT ENOUGH

Our policies require us, and our suppliers, to apply the law. This is not always easy, as our recent experience concerning homeworkers in the footwear industry in Portugal has taught us.

A law on homeworking, enacted over ten years ago, gives homeworkers labour rights but also requires fiscal transparency. Companies in the footwear sector have not been encouraged to apply the law.

We could require our products to be made without homeworking, but we realise that for many people homeworking is their chosen option and perhaps their only one. We therefore continue to engage with our suppliers on this issue.

Realistically, progress in Business Standards can only be made when all concerned – including the workers – see that there is something to be gained in applying best practice or international law.

**BUSINESSES SHOULD
UPHOLD THE
ELIMINATION OF
DISCRIMINATION IN
RESPECT OF
EMPLOYMENT AND
OCCUPATION
- UN GLOBAL COMPACT**



Lesley Roberts of our Business Standards team with children of homeworkers in Anhui, east-central China.



A homeworker in north Portugal stitches shoes for Kickers, a Pentland operating company.

PRACTISING WHAT WE PREACH

BUSINESSES SHOULD UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY - UN GLOBAL COMPACT



As an initiative to motivate staff in reducing our environmental impact, a Pentland operating company has organised nature walks in the countryside near their office.



Front cover of the Orangutan Foundation's 2004 calendar, financed by Berghaus, a Pentland operating company.

RESTRICTED SUBSTANCES

We keep a close watch on our use of any substance where there is concern about the effect on people or the environment. In 2001, we published a guide to Restricted Substances listing chemicals banned or restricted in the footwear and apparel industries, as well as those where restrictions were planned, and suggesting alternatives. We are updating it in 2005.

We routinely test samples from all our products for these restricted substances, using an independent laboratory. Where substances are found at illegal or unacceptable levels, we work with operating and supplier companies to eliminate the problem.

Sometimes these substances can be introduced into our products without our knowledge, or the knowledge of our suppliers. We impress on all companies the importance of being accurately informed at all times. In order to help suppliers understand these issues SATRA, at our suggestion, has begun to run awareness raising seminars in Asia for our raw material suppliers.

OUR ENVIRONMENTAL MANAGEMENT SYSTEM

We have adopted a formal Environmental Management System in order to reduce our impact on the environment. As a result of setting a series of ten-year targets in 2002 for energy, waste and transport, we are able to work through environmental improvements in a logical manner and on the basis of continuous improvements.

We have an Environmental Assessment Team to carry out assessments at our UK sites. Although our operations in the UK are not highly energy intensive or a major source of pollution, our operations have environmental impacts, notably from packaging waste. Here too we set targets for improvements and monitor results. The programme has been externally audited.

PENTLAND AWARD FOR ENVIRONMENTAL EXCELLENCE

In order to help motivate our staff to reduce our overall environmental impact, we have introduced an annual award to recognise Group companies, departments and individuals who make the greatest contribution in this area. The winner or winners choose one or more environmental charities to receive a cash prize.

OUR ENVIRONMENTAL FOOTPRINTS

We encourage our operating companies to look at their environmental impact worldwide, their 'footprint', and work to reduce it. Since transport forms a substantial part of this footprint, we send goods by sea and rail as much as possible. We have also invested in video conferencing facilities in the UK and Asia to reduce air travel. Our work on reducing the use of organic solvents (*described on page 8*) is part of this effort.

UN GLOBAL COMPACT PRINCIPLES



HUMAN RIGHTS

1. Businesses are asked to support and respect the protection of international human rights within their sphere of influence
2. Businesses should make sure they are not complicit in human rights abuses

LABOUR RIGHTS

3. Businesses should undertake initiatives to promote greater environmental responsibility, the freedom of association and the effective recognition of the right to collective bargaining
4. The elimination of all forms of forced and compulsory labour
5. The effective abolition of child labour
6. The elimination of discrimination in respect of employment and occupation

ENVIRONMENT

7. Businesses should support a precautionary approach to environmental challenges
8. Undertake initiatives to promote greater environmental responsibility
9. Encourage the development and diffusion of environmentally friendly technologies

ANTI-CORRUPTION

10. Businesses should work against corruption in all its forms, including extortion and bribery.

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International Business Leaders Forum: www.iblfi.org

Institute of Business ethics: www.ibe.org.uk

SATRA: www.satraco.uk

Sports Goods Foundation of India: www.sgfi.org

World Federation of the Sporting Goods Industry: www.wfsgi.org

PHOTOGRAPHIC ILLUSTRATIONS

Page 1: Getty Images

Page 4: Safety poster produced in China with the Guangdong Province Safety Inspection Bureau

Page 6: From ETI for your development, published by the Ethical Trading Initiative

Page 12: Picture of orangutan with carer by Mike Swallow for Berghaus

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KICKERS


LACOSTE

 **berghaus**

brasher

mitre

KangaROOS

Red or Dead

TED BAKER
LONDON

 **AIRWALK**


Pentland

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