

Whitbread Responsible Sourcing Policy Cotton

Contents

1. Context
2. Scope
3. Policy Requirements
 - 3.1 Uzbekistan
 - 3.2 Traditional, civil & human rights and labour standards
 - 3.3 Transparency
 - 3.4 Legal compliance
 - 3.5 Chemical use
 - 3.6 Water management
 - 3.7 Greenhouse gas emissions
 - Primary Production standards**
 - 3.8 Protection and conservation of natural biodiversity and ecosystems
 - 3.9 Soil Management
 - 3.10 Pesticide and fertiliser use
 - 3.11 Water use
 - 3.12 Community engagement
4. Certification and Accreditation
5. Principles of Implementation

1. Context

Whitbread recognises it has a responsibility to source with integrity and ensure sound social, ethical and environmental practices within its own operations, supply chain and in every market in which it operates. We are committed to ensuring that all our procurement practices are carried out in the most sustainable and responsible way possible and this includes the responsible procurement of all raw materials sourced to produce any product involved in the Whitbread business.

Whitbread understands the huge environmental and social impact the cotton industry has, globally. We also understand the responsibility we, as a consumer of cotton have, to ensure that the sourcing process is carried out with minimal negative impact on the environment and community at every stage of the supply chain. We also recognise the scale and scope of this challenge.

All Whitbread procurement is subject to compliance with the Whitbread Responsible Sourcing Policy which outlines that 'suppliers may in addition be required to comply with additional sub-policies or standards relevant to the products that we source from that supplier and specific risks or issues associated.' Whitbread considers the procurement of cotton to be an area of such risk and has therefore created this policy document to sit alongside the Responsible Sourcing Policy.

2. Scope

Throughout this document, the term 'cotton' refers to all products sourced within the Whitbread supply chain containing cotton. This includes suppliers of services involving the sourcing of cotton, such as laundry.

3. Policy Requirements

The Whitbread policy ensures that all products and materials stated above are sourced in compliance with the following principles:

3.1 Uzbekistan

Whitbread will not knowingly accept any cotton or material that includes cotton that has been sourced from Uzbekistan. We will work to meet this commitment through mapping our directly procured supply chains and will work to support our service providers to undertake the same.

3.2 Traditional, civil & human rights and labour standards

Whitbread will not accept violations of traditional, civil and / or human rights or non-compliance with labour standards as set out in the Responsible Sourcing Policy and in line with the UN Guiding Principles for Business and Human Rights.

3.3 Transparency

Whitbread requires honesty and transparency from all suppliers. We recognise the complex nature of global cotton supply chains and the subsequent challenge associated with assuring 100% traceability from primary production level to finished product. In order to ensure sustainable sourcing throughout the supply chain, we require our cotton to be traceable back to mill level and encourage our suppliers to continue mapping down to the primary production level, wherever possible. All available information relating to the supply chain and the environmental and social impacts pertinent to Whitbread sourcing must be available for Whitbread's review upon request.

3.4 Legal compliance

Sourcing methods will operate in compliance with all applicable local, national and ratified international laws and regulations, including ILO conventions and suppliers must have the legal right to conduct activities on the area of land, water or coastal environment. Whitbread also encourages its suppliers to ensure that no party in the cotton supply chain appears on the ICA internationally recognised unfulfilled awards list.¹

3.5 Chemical use

Whitbread understand that the nature and severity of impact caused by chemical use will vary depending on the geographical location and nature of production and processing sites. Whitbread requires suppliers to communicate which chemicals are used during the production process down to mill level and where relevant, will work with suppliers to ensure that carcinogenic dyes and chemicals are not used. All agrochemicals used in the production process will be used responsibly, will be target-focused and will not harm or endanger the environment or surrounding communities. The storage, handling and disposal of all hazardous materials and waste will be done responsibly and legally, minimising respective potential environmental impacts. Whitbread encourages the use of biological or mechanical alternatives to pesticides where possible. Pesticides listed under WHO 1A and 1B, the Stockholm and Rotterdam Conventions, Montreal Protocol and paraquat will not be used in the production of cotton.

3.6 Water management

Whitbread recognises the considerable water demand made by its cotton products. All suppliers are encouraged to conduct a water resource requirement and consumption assessment. This should consider the impact of water use and discharge. The aim of such an assessment should be to identify opportunities to reduce water consumption and mitigate the risk of any negative impact on water quantity or quality, ensuring no impact on biodiversity in the local area.

¹ <http://www.ica-ltd.org/safe-trading/loua-part-one/>

3.7 Greenhouse gas emissions

Suppliers are encouraged to report to Whitbread and set time bound targets with the aim of continually working towards reducing greenhouse gas emissions from their primary production, manufacturing or processing plant.

The following policy requirements are relevant for suppliers at primary production level.

Through local NGO partnership, Whitbread is committed to working to achieve the following standards with the primary production sites for our procured cotton. For service supply chains, they define Whitbread's ambition in this area and Whitbread encourages its direct suppliers to work towards ensuring compliance throughout their own supply chains.

3.8 Protection and conservation of natural biodiversity and ecosystems

- Sourcing operations or production will not take place in areas deemed to be, to include, or be responsible for the maintenance of, high conservation value areas.
- Sourcing operations or production will not take place in areas where clearance of primary forest has taken place.
- The potential impact of sourcing operations on the existence and conservation of any threatened or endangered species will be identified and where relevant, the risk of negative impact will be mitigated.
- Sourcing operations will ensure that the local biodiversity, natural habitat and ecosystem functions in the local environment are protected at all times.
- Pollution will be minimised throughout the production process and production waste must be managed responsibly. Organic waste should be reintroduced to the farm wherever possible and feasible.
- Production will respect ecologically sensitive areas by keeping sufficient buffers which are actively managed and restored. Buffers to public areas like roads and human settlements will be maintained.
- Production sites will diversify their systems to increase environmental and economic sustainability

3.9 Soil Management

As a matter of best practice production, suppliers will develop a Soil Management plan in order to protect soil from erosion and degradation as much as possible, maintaining the productivity and long-term viability of soil used in the production of cotton. This may involve the soil structure (e.g. availability of surface and ground water), organic matter content, nutrient status and microbiological health.

3.10 Pesticide and fertiliser use

Producer will adopt measures to improve the crop's resilience against pests and its economic viability. Fertiliser application will be based on evaluation of needs by taking soil-borne nutrients, soil conditions and input from non-mineral sources into account. Fertiliser and pesticide will be stored, handled and disposed of safely and in a manner that does

not pose a risk to water pollution or health risk to those who apply it. Primary producers will strive to reduce the amounts of pesticides used over time and records of use are kept up to date.

3.11 Water use

Water used for irrigation of cotton fields stems from sustainable sources, will be recharged wherever possible and will be deemed safe for crop, soil and human health. Measures to optimise water use for irrigation will have been scoped and adopted.

3.12 Community Engagement

Whitbread encourages suppliers to ensure there are open and effective lines of communication with key stakeholders in the local communities in which sourcing takes place. This communication should be known to the local community and used to inform the supplier on pertinent local issues relating to cotton production and also as a means for workers and farmers to report any issues or grievances to the Whitbread supplier. Community engagement will also be used to identify opportunities to provide local employment where possible.

4. Certification and Accreditation

Whitbread recognises Cotton Connect's REEL standard for directly procured cotton and is committed to supporting the farmers in its cotton supply chain achieve this.

We also recognise the Better Cotton standard, as a sustainable source of cotton. We understand the complexity of cotton supply chains and the challenge that exists in ensuring 100% responsible and sustainable supply. Whitbread will actively encourage its suppliers to support Better Cotton within our supply base, wherever possible.

More information on Better Cotton is available on the following link:

<http://bettercotton.org/better-cotton/>

5. Principles of Implementation

As a form of good practice Whitbread keeps a record of all cotton and cotton product suppliers and systematically monitors the performance of all suppliers of products covered by this policy through direct communication, desk based review and, where relevant, third party verification. We are committed to periodically reviewing this policy to ensure it is up to date, relevant and conducive to driving continuous improvement throughout our supply chain.

In order for suppliers to effectively implement this policy, Whitbread encourages them to:

- Communicate this policy throughout their own supply chain, to mill level at a minimum.

- Confirm in writing a willingness to comply with this policy, by signing the box below.
- Demonstrate traceability and legality of all cotton sources down to mill level at a minimum.
- Provide evidence of efforts to ensure that cotton and / or processed cotton goods are not procured from Uzbekistan.
- Provide documentary evidence confirming REEL or Better Cotton, has been sourced where possible and relevant for Whitbread product.
- Ensure Whitbread representatives, including third party auditors are given uninhibited access to sites used to produce Whitbread goods and that all documentation is accurate and complete.
- Accurately and transparently communicate when these standards are not being met or are unlikely to be met and when support is required to meet these standards.
- Ensure transparency of performance against Whitbread's 2020 target to sustainably source critical commodities and demonstrate a proactive commitment to support Whitbread in achieving its targets through conformance with this policy.

Signed:

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Title:

Date:

I declare that I have received and acknowledge in full Whitbread Plc's Cotton Policy and agree to work with Whitbread towards full compliance abiding by the Principles of Implementation.

On behalf of: *(Company name)*

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