

7 Operating Responsibly

How we strive to be a responsible business

SuperGroup as a conscientious and forward looking company, is committed to pursuing the highest standards of Corporate Responsibility and Sustainability. It is part of our Group strategy.

We recognise the commercial value, as well as the moral duty, of consistently operating with integrity, honesty and a commitment to responsible and ethical business practices. We take responsibility not only for ethical standards within our supply chain but also the natural environment, the communities we operate in, and the health and well-being of our employees.

We recognise that to embed these philosophies deep within the Group is a challenge and that we cannot do it alone. Collaborations and partnerships, both locally and globally, play a vital role.

Across all areas of our Group we continue to make progress in applying such standards and in communicating our values to employees and business partners alike.

How we do this

During the year of reporting, Corporate Responsibility matters were led at Board level by Diane Savory, who departed from the Group on 6 May 2011. These have now been taken up by Julian Dunkerton, CEO.

The Group support functions deliver the wider corporate responsibility framework. In addition to health and safety, public relations (PR) and communications, human resources (HR) and customer services, this group includes a dedicated Sustainability team committed to delivering environmental and ethical progress. Its philosophy is to engage all departments in the drive to become a more responsible business.

We use newsletters, roadshows and training programmes to communicate this message to our employees and we encourage active feedback through surveys and dedicated contact points. For example, at this year's HR Roadshow store managers joined in lively discussions on ethical trading within our supply chain.

This year we have:

All references in this section exclude SuperGroup Europe BVBA.

- redefined our ethical trading terms of engagement to ensure that all product suppliers understand the social and environmental conditions under which our products should be produced;
- implemented an ongoing programme to visit our suppliers and met with key personnel to discuss the opportunities and barriers for performance improvement against our Ethical Trading Code of Practice;
- identified measures for retrofitting existing stores with technologies to reduce energy consumption;
- designed a new lighting system at our distribution centre with energy efficiency in mind, providing a greater level of light for warehouse operatives, with a 39% carbon footprint reduction (saving 47 tonnes of CO₂ each year) which has paid back the initial investment in less than six months; and
- assisted the local community in which we operate. We now sponsor a scheme to educate young people to get them back into work and have committed to developing community areas in Gloucestershire, the location of our head office and main source of employment.

Ethical trading

We recognise that we have a responsibility to everybody involved in bringing our products to market. Our aim is to promote fair and safe working conditions, in line with our own values, throughout the supply chain.

SuperGroup has adopted the Ethical Trade Initiative base code, founded on the principles and conventions of the International Labour Organisation (ILO), as our Ethical Trading Code of Practice ("Code of Practice").

We use this Code of Practice and the SuperGroup Ethical Trading Policy, signed and endorsed by the Board of Directors, to clarify with our suppliers which working conditions are acceptable.

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Our fundamental principle is to work collaboratively with suppliers who acknowledge the need for and continuously improve, standards in line with these policies. However, there are immediate minimum requirements we expect to be met on key issues such as child labour, forced labour and inhumane treatment.

To support development within this area we have joined the Ethical Trading Initiative (ETI) – a ground-breaking alliance of companies, trade unions and voluntary organisations committed to improving the lives of workers across the globe. Since the year end, we have been approved as a ‘Foundation Stage’ member of the ETI, allowing us to benefit from the wealth of experience and providing the opportunity to collaborate with other members.

So far we have:

- communicated and discussed our Code of Practice and ethical requirements with all first tier suppliers;
- requested that all suppliers register on SEDEX (the Supplier and Ethical Data Exchange), an online data sharing portal, and complete the inbuilt self assessment on ethical trading conditions. This will help us to achieve visibility of ethical conditions in our supply chain;
- used an independent company to audit suppliers for conformity to our Code of Practice; and
- prioritised an ongoing schedule of audits. At the date of this report audits completed covered the majority of our product supply base.

Environmental sustainability

We accept that as a retailer and wholesaler of clothing, footwear and accessories we impact on the local and global natural environment in a number of ways.

We acknowledge that managing our resources carefully provides an opportunity to reduce costs, and the environmental impact and climate change and other global environmental incidents are a risk to our raw material supplies that should be properly considered.

Because of this, we will integrate environmental considerations into all aspects of the Group, so that environmental impact reduction becomes part of our core business decision making and evaluation procedures. Our complete Environmental Policy Statement is available and communicated to internal and external stakeholders.

Climate change impacts

Along with those already identified in this report we have achieved the following:

- established a carbon footprint for 2010/11 to identify where savings are being made and where there are opportunities for further reductions;
- committed to purchasing 100% of the Group’s UK electricity from renewable energy sources;
- established new lower carbon stores, such as Meadowhall, which now uses up to half the lighting energy than comparable stores in the Group; and
- a drive for better recycling has seen landfill emissions from waste decrease by 30% despite business growth.

We have partnered with organisations on a number of interesting and valuable carbon reduction projects including:

- engaging the Carbon Trust to identify further energy saving opportunities in our stores;



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- being an active member of Cheltenham Borough Council's Low Carbon Partnership, tasked with reducing carbon dioxide emissions in local businesses; and
- assisting the University of Gloucestershire on a research project to understand the link between employee psychology and commitment to energy saving.

Waste and recycling

2011 saw the roll-out of a recycling system in partnership with two local waste management businesses, across all UK operations of SuperGroup. In our drive for reducing waste to landfill sites we have:

- set up systems at our distribution centres to recycle 100% of all packaging waste from inbound stock;
- introduced comprehensive recycling schemes in all office buildings leading to waste management cost savings and environmental benefits;
- implemented systems to shred and recycle unwanted or faulty products enabling the raw materials to be used for other purposes such as insulation; and
- identified key recycling opportunities for stores.

People

We firmly believe that the success of our Group is a direct result of the knowledge, skills, drive, passion and enthusiasm of our people.

From its earliest days, the culture of the Group has been to create and maintain an environment where individuals are involved, have a sense of belonging and can flourish and fulfil their potential. Timely and appropriate communication is a key factor and the Group strives at all times to keep employees informed on matters affecting them and the Group, including financial and economic factors. This is achieved both formally and informally.

During the financial year a number of senior appointments have been made and some of these are set out on page 13 of the Chief Executive Officer's Report.

At the year end our headcount stands at 1,899, compared with 1,095 at the 2010 year-end. This shows the significant investment that the Group has made during the year, building up a team of people across all areas of our Group to support growth.

To encourage wider share ownership it is proposed that a Save As You Earn scheme will be introduced, subject to approval by shareholders at the AGM in September 2011.

To assist with ensuring that employees have the opportunity to grow within the Group we have introduced specific training courses to develop leadership and management skills.

Health and safety

As a key priority, SuperGroup continues to work towards creating a healthy and safe environment for employees, customers and all business partners. SuperGroup is committed to meeting all relevant health and safety legislation, and approved Codes of Practice provided by the Health and Safety Executive. To give the Board the necessary assurance that this is the case there is a formal health and safety audit and assessment process, conducted by trained staff, that ensures all our premises are assessed on a regular and frequent basis.

Additionally, during the year, there have been a number of visits by regional enforcement bodies, with no recommendations for improvements to systems or processes, and minimal suggestions for improvement to operational practices.

To further strengthen this area, a Health and Safety Manager was appointed in June 2010 who continues to develop the control systems with a supporting training programme.

Employees are provided with the health and safety policy and given comprehensive training where relevant.

During the year we have trained 200 members of staff in health and safety, to a standard accredited by the British Safety Council.

We will enhance our effectiveness by the development of a health and well-being policy for all employees. We have recently implemented an employee assistance programme that offers a 24 hour helpline and web portal giving access to counselling, health and well-being programmes and legal advice.

Whistleblowing

During the financial year we introduced a confidential whistleblowing policy so that employees are able to raise concerns about inappropriate behaviour or actions should they arise in the workplace.

Charitable donations

We have made the following commitments to charitable causes:

- a donation of £25,000 to a local charity that helps young people develop their skills so that they can find employment. It does this by using a combination of sports and presentation skills training to improve their confidence and skill set. This was made during the financial year;
- since the end of the financial year the Company has donated £25,000 to the Japanese Earthquake Disaster Fund; and
- committed to the 'Cheltenham in Bloom' project by supporting a plan for providing sustainable planting in local parks.