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## Farla Medical Code of Business Conduct

### 1. Introduction

At Farla, we believe that business should be conducted honestly, fairly and with respect for people, their dignity and their rights. This Code is intended to make clear what this means in terms of practical behavior. It spells out the standards of behavior by which we try to manage the organisation. We expect and require that all managers and employees of Farla apply the same standards in their dealings with other people and organisations.

#### **What are we in Business for?**

We are in business to create shareholder value by developing and marketing products of quality, reputation, performance, style and value and by selling them on fair terms to our customers.

To build long term sustainable shareholder value, we need to implement our vision to develop a category leading brand. We will do this honestly, fairly and with respect for people and the natural environment. We are committed to continual improvement in all areas of our business and business practices, and set ourselves measurable targets which we monitor via our Quality Management System meetings.

To continue to grow and prosper we will need, increasingly, to build partnerships with our customers and suppliers. Such partnerships must be based on mutual trust and we will earn our partners' trust by operating according to the principles laid out in this document.

### Stakeholders

There are a number of categories of people and organisations who are affected by our actions and to whom we have responsibilities. These include our employees, our customers, our suppliers, other business partners (such as licensees, distributors and joint venture partners) and the wider community. These are, of course, in addition to our shareholders, the owners of the business, to whom we have the responsibility to protect their investment and to make sure that they receive an appropriate return.

### Status of this Code

This Code has over-riding status in governing the standards of our business behavior. All contracts entered into by Farla should be consistent with it. If there are any inconsistencies, we are required to act in accordance with this Code's standards rather than any lower standards set out in such contracts.

**In running our business, Farla is required to observe the standards of conduct set out below.**

### 2. Standards of Behavior Towards Employees

Our employees are our greatest asset. Our continued success depends entirely on harnessing their



talents and enthusiasm.

We will:

- Respect the human rights of all employees (see our Employment Standards Policy document).
- Provide good, safe and healthy conditions in which to work (a separate and more detailed Health and Safety Policy has been issued).
- Provide competitive earnings and other employment benefits
- Offer fair terms of employment through contracts of employment that even handedly confer mutual Benefits and responsibilities on employer and employee.
- Promote the development and best use of people's talents.
- Select, train and promote employees fairly, on merit, giving equal opportunities to all.
- Not discriminate among employees or potential employees on the grounds of race, colour, religion, nationality, ethnic origin, political opinion, sexual orientation, marital status, gender, age, disability or part time or fixed term status.
- Ensure a working environment that is free from harassment and bullying.
- Manage people with consideration and respect, providing feedback on their performance.
- Ensure that disciplinary procedures are documented, fair and open.
- Keep all employees informed about changes, trends and developments within the company.
- Not ask any employee to do anything that is illegal or immoral or that fails to comply with the standards of any recognized professional body of which he or she is a member.
- Encourage employees to speak up about any instances of wrongdoing or breaches of this Code that they become aware of with the guarantee of complete confidentiality and anonymity. They may speak to either of the Farla Directors or the Chief Operating and Marketing Officer.
- Respect employees' rights to join whatever lawful representative organisations they wish or to choose not to join any such organisations.
- Respect employees' rights to take part in civic activity (such as charitable work, acting as a school governor and standing for election to public office) and to practice the irreligions in accordance with their own beliefs, subject to their compliance with their contracts of employment.
- Not seek to employ people on casual, fixed term, or other bases in order to avoid giving them Employment protection, social security or other normal employee benefits.

### 3. Standards of Behaviour Towards Customers

To continue to succeed, we need to win and retain customers by building partnerships with them.

We will:

- Supply products and services that offer consumers good value in terms of price, quality, performance, style, safety and environmental impact.
- Establish mutually beneficial business relationships and strive to meet or exceed the spirit as well as the letter of our contractual commitments.
- Seek clarity in all our agreements, trying to avoid any ambiguity about what we undertake to do and what we expect of our customers.
- Ensure that any quality or performance problems that occur in our products are dealt with expeditiously with the minimum inconvenience to our customers.
- Not seek to obtain sales or other business advantages by giving bribes or other dubious inducements. We will not make any payments to any employees of customers or government departments or agencies in order to obtain commercial advantage.

#### 4. Standards of Behaviour Towards Suppliers

An efficient and reliable supply chain is an increasingly key factor in business success. This requires close interdependent partnerships with our suppliers.

We will:

- Seek to develop mutually beneficial partnerships with suppliers.
- Comply with the spirit as well as the letter of contracts with suppliers, not taking advantage of unintended errors.
- Seek clarity in all our agreements, trying to avoid any ambiguity about what we undertake to do and what we expect our suppliers to do.
- Develop business with suppliers on the basis of their embracing and complying with our Code of Business Conduct, especially our Employment Standards, Health and Safety and Environmental policies.
- Agree clear payment terms with our suppliers and make sure we pay them on time in accordance with those terms, not avoiding payment on technical pretexts.
- Insist on honesty and integrity in all aspects of our business with suppliers and not tolerate any attempts to obtain business from us by payments or gifts to our employees or agents or members of their families.
- Not establish business relationships with people or organisations that we have any reason to believe may be involved in unlawful or unethical business practices.

#### 5. Standards of Behaviour Towards the Wider Community

We believe that business organisations have an obligation to be good corporate citizens.

We will:

- Comply fully with the requirements of all laws and regulations of each country in which we operate.
- Try to minimize any adverse effects of our activities on the environment and the earth's natural resources.
- Do not discourage our employees to become involved in community activities.
- Support worthwhile relevant charity and community organisations and activities.

#### 6. Other Matters

##### Competition

We believe in a free and fair market economy as the most appropriate environment for business. Therefore we will:

- Compete vigorously but fairly in the markets in which we operate.
- Not try to restrict competition by price fixing or participation in cartels.
- Not seek to obtain confidential information about competitors by underhand means.
- Respect other people's intellectual property rights.

##### Financial Matters

All transactions by Farlaw will be open and be fully documented and accurately reflected in the accounts of the company in accordance with established accounting procedures and will be subject to internal and external audit.

##### Confidentiality

We will take care to safeguard the confidentiality of information that we hold about employees and our business partners. Such information will only be made available to those by whom it is needed to undertake their work.

## **Farla Medical Employment Standards Policy**

Farla Medical believes that business should be conducted honestly, fairly and with respect for people, their dignity and their rights.

It is the company's policy to ensure that the selection, recruitment and employment of all staff employed by the company is fully in accordance with all international labour standards and is in full compliance with all applicable UK legislation and guidance. In addition, it is the company's policy to assess its own suppliers and subcontractors to ensure that, as far as is applicable, similar standards are achieved by them.

Procedures and responsibilities to ensure compliance with the policy are incorporated into the company's accredited quality management system and are subject to internal and external audit in accordance with that system.

This policy, and compliance with this policy, will be reviewed every twelve months as part of the annual management review in accordance with the quality management system, or more frequently on a basis, where required by a Partner. Current copies of the policy are displayed in the offices and are issued to all employees.

### **1. Principle**

The company's policy is built around the following principles:

- 1 All employment contracts and contracts for services are entered into on a voluntary basis. The company's legal advisors regularly review contract terms to ensure that they remain in full compliance with UK employment legislation.
- 2 All employees and placed consultants are assured of the company's acknowledgement of their rights to freedom of association and collective bargaining.
- 3 This Code confirms the company's policies and procedures to ensure equal opportunities for all and prohibition of abuse, harassment and bullying.
- 4 The company's disciplinary procedures are defined in full in the contracts of employment and contracts for services issued to employees/placed consultants and are fully in accordance with UK employment legislation.
- 5 The company has procedures in place to ensure compliance with the Working Time Regulations and has procedures to monitor hours worked and to respond to any potentially excessive working.
- 6 Wages/salary levels are discussed and agreed in advance with all employees/placed consultants and documented in offer letters prior to any appointment. These wage levels always exceed the UK minimum wage.
- 7 Children (defined as those under the age of 16) are not employed by the company unless this is part of a temporary work experience type activities which have been agreed with the parents/carers of the child and the education provider. Under these circumstances the health, safety and moral well-being of the child is assured in accordance with the company's health and safety policy. Recruitment procedures for consultants, when placing employees with clients, ensure that it is not possible for placements to be given to anyone of school age.
- 8 The Company has business continuity/recovery plan in place to cover all forms of potential disasters
- 9 The Company complies with all national environmental laws and has a system to eliminate potential hazards to the environment.

## 2. Policy

### Our Employees

It is Farla's policy that the people who work for the company and their health, safety and rights at work, should be respected and protected. We strive to comply with all relevant employment laws and regulations in each country in which we operate. Beyond that, we follow our own Code of Business Conduct and we aspire to match the best employment practices in the country concerned.

### People Who Make Our Products

Our products which bear our brand name, are manufactured by many different supplier organisations employing probably hundreds of people in many countries, mostly in Europe and Asia. Our policy is only to do business with suppliers that adopt and implement our standards or have their own policies that reflect the same standards.

Our suppliers all have suppliers of their own and they in turn are supplied by others. It would be impossible for us to control the working conditions of the vast number of people who contribute in some way to what finally become some of our products. We therefore add our policy primarily to our direct suppliers and encourage them, in turn, to apply it to their own supply chains.

For our business to be and remain competitive in the market place, they need to have their goods made where they can be produced at the lowest overall cost, consistent with our required quality and technical specifications. This means that many products are made in countries where wages are relatively low. Nevertheless, suppliers should treat their workers properly, in accordance with our, and internationally recognized standards.

We have developed a Code of Employment Standards for Suppliers

It spells out how our suppliers should treat their employees and its requirements are that:

- Living wages are paid,
- Working hours must comply with national laws
- Working conditions are safe and hygienic,
- Child labour is not used,
- Employment is freely chosen by employees,
- No discrimination is practised,
- There is no harsh or inhumane treatment,
- Freedom of association is respected, and
- Regular employment is provided.

The full Code reflects the Base Code of the Ethical Trading Initiative (ETI) and is consistent with the relevant conventions and recommendations of the International Labour Organisation (ILO).

## 3. Implementation

In many of the countries in which our products are made, the history, traditions, culture and, in some cases, even the law, make full compliance with our policy difficult for our suppliers in the short term.

In such circumstances, our approach is to work with suppliers to improve the conditions of their workers progressively, rather than to walk away from the issue. Normally, only if a supplier fails to co-operate with us in implementing an improvement programme, will we sever our relationship with him.

## **Farla Medical Code of Employment Standards for Suppliers**

This Code provides minimum standards that should be exceeded where possible. In applying it, suppliers must comply with national and other applicable laws and, where the provisions of the law and this Code address the same subject, apply the provision that gives workers the greater protection.

### **1. Living wages are paid**

The wages and benefits paid for a standard working week are at or above national minimum legal levels or industry benchmark levels, whichever are higher. In any event, wages are always sufficient to meet basic needs and to provide some discretionary income.

All workers, before entering employment, are provided with written and understandable information about the basis and calculation of their wages and any deductions to be made from them. Then, each time they are paid, workers are given written particulars of their wages for the pay period concerned.

No deductions are made from wages as a disciplinary measure, nor are any other deductions made without the express written permission of the worker concerned, unless required by law.

### **2. Working hours are not excessive**

Working hours comply with national laws or benchmark industry standards, whichever afford greater protection. Workers are not, in any event, required to work more than forty-eight hours per week on a regular basis. Working hours are being progressively reduced to forty hours per week with no reduction in workers' wages.

Overtime is voluntary, does not exceed twelve hours per week. Workers are allowed at least one day off in every 7 day period or where allowed by national law, 2 days in every 14 day period.

### **3. Working conditions are safe and hygienic**

A fair and hygienic working environment is provided, subject to any specific hazards intrinsic to the job. Adequate steps are taken to prevent accidents and damage to health arising out of, associated with, or occurring in the course of, work, by minimising, so far as is reasonably practicable, the causes of hazards in the working environment.

Workers receive health and safety training on recruitment and, subsequently, at regular intervals. Additional training is given to workers who change to jobs that are exposed to different risks.

Workers are provided with access to clean toilet facilities and potable water. Hygienic facilities for food storage are provided, if appropriate.

If accommodation is provided, it is clean and safe and meets the basic needs of the workers.

Responsibility for health and safety is assigned to a senior manager.

4. Child labour is not used

There is no recruitment of child labour abiding by the law of the country involved.  
No one under eighteen years old is employed at night or in hazardous work or conditions.

In this Code, "child labour" means any work by a child or young person, unless it is considered acceptable under the ILO Minimum Age Convention 1973 (C138).

5. Employment is freely chosen

There is no use of forced, bonded or involuntary prison labour.

Workers are not required to lodge deposits, identity papers or any other security with their employer and are free to leave their employment after reasonable notice.

6. No discrimination is practiced

There is no discrimination in recruitment, wages, access to training, promotion, termination or retirement, based on race, caste, national origin, religion, age, disability, gender, sexual orientation, marital status, union membership, political affiliation or on any other basis unrelated to the ability to do the job.

7. There is no harsh or inhumane treatment

Physical abuse or discipline, verbal abuse, the threat of physical abuse, sexual or other harassment and other forms of intimidation are not permitted and not practiced.

8. Freedom of association and the right to collective bargaining are respected

All workers have the right to join or form trade unions of their own choosing and to bargain collectively. They also have the right to choose not to join a trade union. The supplier adopts an open attitude towards the activities of trade unions and their recruitment of members.

Workers' representatives are not discriminated against and are allowed access to the workplace to carry out their representative functions.

If rights to freedom of association and collective bargaining are restricted by law, the employer supports the development of parallel means for workers' free and independent association and bargaining.

9. Regular employment is provided

As far as possible, work is performed on the basis of the regular employment relationship established through national law and practice.

The supplier does not attempt to avoid the normal obligations of employer to employees under labour or social security laws and regulations by replacing the regular employment relationship with arrangements such as labour only contracting, sub-contracting, home working, apprenticeship schemes with no real intent to impart skills or provide regular employment, or excessive use of fixed-term contracts of employment.

10. Business Continuity/ Disaster Planning

The Supplier has a business continuity/ recovery plan in place to cover all forms of potential disaster and will supply proving data of this to Farla Medical Ltd when requested.

11. Environmental Issues

The Supplier complies with all the national environmental laws and have an effective system to identify and eliminate potential hazards of their manufacture to the environment and some clear goals to work to. The Supplier agrees to supply us with some evidence of this when requested (such as set goals and achievements for the past year.)

12. Evidence relating to the Ethical risks

The Supplier agrees to provide some evidence against the information supplied to ethical risk, (such as worker contract/employment agreement template, copy of recent collective bargaining agreement, health and safety record book, copy of employee time sheets, rates of pay and overtime sheet, etc. ) to prove that the Supplier does what he says.

13. Bribery/Inducements and Improper Payments

The Supplier may not offer services, gifts or benefits to anyone employed by Farla Medical Ltd in order to gain influence.

14. Sub-contractors & third party supplier of goods & services

The Supplier shall communicate the principles stated in the Supplier Code of Conduct and detailed above to its subcontractors and other business partners who are involved in supplying the product and services described in the main contract. The Supplier shall motivate such parties to adhere to the same standards.

**Signed**



**On behalf of Farla Medical**