



# Working Practices Report

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Prepared for the Board of Sports Direct International plc

Reynolds Porter Chamberlain LLP

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## **EXECUTIVE SUMMARY**

### **Key highlights:**

- Serious shortcomings identified in working practices in warehouse which the Board deeply regrets and apologises for
- Request that warehouse 'six strikes' policy be suspended by the Agencies with immediate effect
- Casual retail staff to be offered guaranteed hours instead of 'zero hours'
- Policy is in place to ensure all warehouse staff are paid above National Minimum Wage ("NMW"). Previous breach of NMW in warehouse was unacceptable but unintentional
- HR function to be strengthened and given greater profile
- This Report to act as a benchmark for a further 360-degree 12-month Comprehensive Review to be put before shareholders in 2017.

Reynolds Porter Chamberlain LLP ("RPC") has compiled this Working Practices Report (the "Report") at the request and with the support of the Board of Sports Direct International plc ("SDI" or the "company") in response to issues and allegations raised during Mike Ashley's ("Mr Ashley's") attendance at the Business, Innovation and Skills ("BIS") Committee at the House of Commons in Westminster on 7 June 2016. These issues mainly relate to the operations of SportsDirect.com Retail Limited ("SD") – a wholly owned subsidiary of SDI.

### **Principal allegations made on 7 June:**

- It was alleged that the way that SDI was operating had led to a very poor working environment.
- It was alleged that the workers were being treated unfairly due to factors that included a six-strikes disciplinary policy and 'zero hours' contracts.
- It was stated that there had been a breach of NMW regulations in the company's warehouse in Shirebrook.
- The BIS Committee invited Mr Ashley to review the number of ambulance call-outs to Shirebrook and also to investigate unconfirmed allegations of sexual harassment and bullying.

### **Principal findings of the Review:**

- SDI has acknowledged that the six strikes policy operated in the warehouse was a blunt instrument that left too much subjectivity in the hands of a few.
- This seems to have contributed at times to a hierarchical model that placed workers in an uncertain and difficult position.
- Notwithstanding that 'zero hours' arrangements may be popular with many workers due to the flexibility they provide, for others they are not attractive. So the company will now offer its directly engaged casual (retail) workers the option to elect between

a 'zero hours' term of engagement or permanent contract with a guaranteed number of minimum hours.

- The breach of NMW regulations in the warehouse (which was acknowledged by Mr Ashley at the BIS Committee hearing on 7 June 2016) was the unintentional consequence of unpaid time that workers in SDI's Shirebrook warehouse spent in queues at security bottlenecks. These queues were the result of the business expanding, in particular because of on-line sales growth. In fact, the company had a long-term plan in place to improve access by building a new purpose built security suite (which is now fully operational). Nonetheless the deployment of that plan was too slow for events unfolding and the bottlenecks were unacceptable.
- It is apparent that there were serious shortcomings in the way in which the company handled HR issues and working practices arising from the warehouse (as opposed to its own permanent employees) during this period of extreme growth. There was an unhelpful demarcation between the SDI HR team and those looking after HR in relation to the Agency staff in the warehouse leading to too little communication.
- There were communications issues as between (i) the Agencies and SDI, (ii) within the management of SDI, and (iii) within the warehouse itself often owing to language issues.
- Ironically these failings occurred against a backdrop of a genuine intention on behalf of SDI to ensure that its permanently employed staff were well remunerated against performance as evidenced by the fact that around £250m in bonuses has been paid to eligible permanent employees (excluding the executive management (the "executive")) who could participate in the company's bonus scheme.
- The BIS Committee has acknowledged that the action already taken by the company represents a positive step forward stating: *"There has obviously been some progress, both in terms of consultation and a willingness to tackle working practices, and we welcome the positive approach of Mr Ashley..."*. The Board hopes that this Report will demonstrate its commitment to addressing the problems and start to restore confidence in SDI's working practices.
- The company's management looks forward to a continued dialogue with the BIS Committee and other interested parties. The Board has pledged that in future it must strive to treat all staff with dignity and respect.

#### **Principal actions & recommendations:**

- Recommend to the Agencies that they suspend the six strikes policy completely as soon as possible following the publication of this Report. The immediate replacement to be identical to the grievance and disciplinary procedure as is already used for SD's permanent employees.
- Alternative systems to be considered in close consultation with staff to create a fit for purpose system that balances treating staff with dignity, respect and fairness and ensuring the business can deliver for its customers.
- Use of 'zero hours' arrangements will continue to be kept under review to ensure balance and fairness. Those SD (not Agency) directly engaged casual retail workers who wish to migrate towards fixed hours will be offered the option to elect between a 'zero hours' term of engagement or a permanent contract which will guarantee them at least 12 hours work a week.

- The Board is considering running a test scheme aiming to transfer ten picking staff a month from the Agencies to SD (currently on average a total of around 2 people per month across all areas are transferring from the Agencies).
- Keep under ongoing review (and update where necessary) contracts with staff and applicable third parties.
- The SDI HR team in Shirebrook will be significantly strengthened and will include a full time nurse and a Welfare Officer. These appointments will complement the existing HR team and the external occupational health arrangements that are already in place.
- The nurse and the Welfare Officer will be available as points of contact for people who wish to raise potentially delicate issues about their health and wellbeing on a confidential basis. The nurse may also hopefully be in a position to offer professional advice as and when required about when an ambulance is or is not required.
- A Welfare Budget will be formally created and recorded in the annual accounts in order to provide contingency funds without red tape if an urgent need arises to provide discretionary help and assistance to an individual.
- Additional help and training will be provided/offered for supervisors in the warehouse to ensure there should be no culture of fear.
- There will be strict enforcement of SDI's zero tolerance policy of sexual harassment, with a confidential reporting system for victims of sexual harassment and staff to be provided with external training where required in order to ensure good practice.

Some of these steps are dependent on the Agencies' cooperation which will be sought following the publication of this Report.

Further improvements are listed elsewhere in this document.

#### **Additional matters:**

Whilst the primary purpose of this Report was to examine working practices and not corporate governance, clearly some of these findings do touch upon issues of corporate governance.

It is also apparent that only so much can be achieved in the short space of time that has been available over the last 3 summer months – and it will take far longer to improve the general culture within the warehouse and some other parts of the business.

For this reason, RPC has been requested by the Board to lead a further comprehensive review that will use this Report as a benchmark to identify what further action is required and to monitor steps already undertaken. The comprehensive review will be conducted over the course of the next year on a 360 degree basis that will include examining corporate governance. As part of this process, the Board will be engaging with shareholders to get their views. The comprehensive review will then be presented to shareholders.

It should be noted in the meantime that three significant developments have already taken place:-

Firstly, Mr Ashley accepted that as founder and majority shareholder he takes ultimate responsibility for any aspects of the working practices that were unsatisfactory, even where

he is not in day-to-day control of these matters or had no knowledge of them. He has been publically held to account in a robust manner by MPs and he will no doubt continue to be scrutinised by the BIS Committee.

Secondly, it was announced on 6 June 2016 – the night before the BIS Committee hearing – that the company's Chief Executive Dave Forsey would forfeit his share bonus under the Executive Share Scheme granted in 2011<sup>1</sup>, which would have been worth circa £3.6m based on the share price at the time of that announcement.

Thirdly, the company has cooperated fully with HMRC in order to agree back-payments to directly employed warehouse staff in order to reimburse losses that occurred as a result of the breach of National Minimum Wage regulations.

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<sup>1</sup> SDI Annual Report 2016, page 56

## 1. Introduction

### 1.1 Terms of reference

This Report is addressed exclusively to the Board of SDI. It has been prepared by RPC, at the request of, and for the benefit of, the Board.

Its purpose is to capture the progress made by the business, with Mike Ashley's ("Mr Ashley") personal input and RPC's support, to investigate, review and where appropriate start to address any shortcomings in employment practices at SDI. These practices mainly relate to the operations of SD.

Where possible the Board sought to make changes that could make a difference now, regardless of whether the allegations had been fully investigated or proven at this early stage.

We have sought at this stage to address primarily the findings contained within the BIS Committee's (the "Committee") report "Employment Practices at Sports Direct" published on 22 July 2016 (the "Committee Report"). Accordingly, this Report should be read in conjunction with the Committee Report. It focusses, as the media commentary has, on the main warehouse in Shirebrook, Mansfield, but also covers where pertinent SDI's Head Office in Shirebrook and SD's retail stores across the UK.

The position in premises outside of the UK will be reviewed during preparation of a future 360 degree report referred to at paragraph 1.5 below, adopting the same principles.

The current report covers corporate governance issues only to the extent that they are incidental to the working practices issues that are covered.<sup>2</sup> Despite requests from some quarters to undertake that review immediately, the Board was concerned that it would distract focus from the current review and an initial report would take longer than the 90 days available. However the Board has decided that following publication of this Report a review of corporate governance will be included in a separate report alongside the 360 degree report referred to above.

In accordance with our general terms of engagement, RPC accepts no responsibility or liability, or owes any duty, to third parties in relation to the matters contained in this Report.

### 1.2 Format of Report

The body of this Report is comprised as follows:-

- Context around the business of the SDI group
- Contractual terms and conditions used by SD and the Agencies
- Working practices
- Staff feedback
- The Gangmasters and Labour Abuse Authority

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<sup>2</sup> Letter from Mr Ashley to the Committee, 12 July 2016

- Health and Safety
- Community interaction
- Engagement with trade unions
- Corporate governance

The detailed Conclusions appear at the back of the report with an Executive Summary for convenience at the front, capturing the major criticisms, findings and steps taken so far to resolve them.

The primary public documentary sources of information used in the preparation of this Report are listed in Appendix 1.

### 1.3 History leading up to this Report

It is possible to trace a chain of events over the course of under two years that culminated in this Report. This started with some negative commentary about SD using 'zero hours contracts' from Ed Miliband in the autumn of 2014,<sup>3</sup> through several television programmes and a series of articles published by the Guardian in September 2015 and then again in December 2015. The Committee then requested that Mr Ashley give oral evidence which happened on 7 June 2016. (A more detailed chronology appears at Appendix 2.)

SDI had already voluntarily announced a review of various practices in its RNS announcement on 18 December 2015, before Mr Ashley's attendance at the Committee. In addition Mr Ashley readily volunteered during the course of his oral evidence to the Committee that he would instigate an independent review.

In the limited time available to meet the demanding deadline of 90 days, the business asked RPC to assist. RPC is one of SDI's existing panel law firms that has not been involved in giving day to day employment advice to SDI. Using a panel firm had the advantage that the firm knew enough about the business to progress swiftly. This choice was explained to the Committee on 15 July 2016.

### 1.4 Scale of review

RPC was given free and extensive access to Mr Ashley and other relevant parts of the business. Meetings/discussions took place with:

- all members of the executive;
- the Board;
- the legal advisers;
- the Unite Union (the "Union" or "Unite");
- representatives of the two agencies supplying staff to the warehouse – Transline Group (QualityCourse Limited) ("Transline") and The Best

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<sup>3</sup> Article on the BBC News website, "[Miliband attacks Sports Direct over zero-hours contracts](#)", 15 November 2014

Connection Group Limited ("Best Connection") (both those agencies being together referred to as the "Agencies" and individually an "Agency"); and

- multiple staff/ ex-staff who work/ had worked in the warehouse at Shirebrook.

A substantial amount of internal and public documentation was also reviewed.

In producing the Report we have relied on information provided to us by the business and by those persons/bodies listed above, as well as information in the public domain. In the short time available we have not been able to cross verify all information provided to us by witnesses or as set out in the documents reviewed. However it was apparent throughout that there was and remains a commitment from the business and Mr Ashley personally, to be transparent and properly investigate and then address any issues. It is only fair to add that there was also a recognition from staff we spoke to that whilst there were serious issues they wanted addressed there were positives too. There clearly were certain issues arising that the business wanted and needed to address immediately, as will be evident from this Report.

It is to be hoped that this Report will demonstrate that considerable progress has already been made - not just in reviewing, but then in taking steps to remedy issues over the last 8 months since Mr Ashley's personal review was announced. The approach that was taken was to take immediate steps where possible to start to address the issues rather than simply present a list of recommendations - recognising the urgency. It is encouraging that in preparing this report we have received comments already from some staff and ex staff that conditions in the warehouse have improved, in addition to the tentative positive comments about progress made by the Committee.<sup>4</sup>

This is against the difficult backdrop of on-going media coverage and scrutiny from some regulators. Some of that coverage has been inaccurate but rather than responding to every allegation it was considered preferable to focus on conducting this investigation and for the business to start making the necessary changes.

## 1.5 Follow up

The Committee has stated that it wants to follow up on SDI's progress and has requested interim updates. The Committee has not yet visited the warehouse but SDI's offer for the members to do so without prior warning remains open.

We understand that this follow up is welcomed by SDI. Mr Ashley acknowledged at the Committee hearing that the work could not be completed overnight. So whilst there is an urgency to act which has now been heard - there is also a need to accept the reality that organisational change can take some time and once affected needs to be monitored. In light of this, the Board have decided to institute a 360 degree review by RPC of all the employment practices issues including the employment model, to follow on from the completion of this Report. That second review will be completed before the next AGM and will have the benefit of allowing more time to consider and decide upon additional steps including how to change certain aspects of the culture.

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<sup>4</sup> The Committee Report, 'Employment Practices at Sports Direct', 22 July 2016, paragraph 13.

## 2. Context: the business of SDI

The business of the group now headed up by SDI was founded in 1982<sup>5</sup> with one shop run by Mr Ashley himself and rapidly grew within just over three decades to be a global retailer. A few figures can give a sense of the scale of the business which is relevant when considering how the issues could arise and the effort required to resolve them.

It has around 27,000 staff (if one includes employees, casual workers and agency provided workers) subject to seasonal variation.

The current UK staff break down is approximately as follows:-

- Directly employed or engaged by the SD group
  - Casual retail workers (sometimes referred to as 'zero hours contracts' by third parties) in stores – 18,250
  - Permanent full or part time employees in retail stores, head office and warehouse – 5,037
- Agencies
  - Warehouse workers on 336 contracts (arguably a form of 'zero hours contracts') – 4,059
  - Warehouse employees on permanent contracts – 40

From an estate perspective it has over 733 shops<sup>6</sup> and a vast warehouse complex based in Shirebrook comprising circa 2m square feet – or around the size of 27 football pitches. The sheer size of that complex presents challenges.

The total number of units of merchandise sold per annum is in the region of 200m.

The business launched its web site for selling goods in around 2007 and online sales grew from circa £15m in the financial year 2009 to circa £384m in the financial year 2015.<sup>7</sup> This was an extra burden on the capacity of the business to perform - especially as the warehouse had been set up to operate as an efficient warehouse for the core retail business at that time - not a web business that had then grown in volume and importance.

The consequence of all this growth has included the payment of around one billion pounds in tax to the UK Exchequer for the period following the flotation on the London Stock Exchange in 2007<sup>8</sup>. Since 2007 it has paid out a sum of around £250m in bonuses to its staff (excluding the Executive Scheme) calculated in accordance with Paragraph 3.2.3 below. This scheme appears to be unique in its sector.

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<sup>5</sup> SDI Annual Report 2016, page 16

<sup>6</sup> SDI Annual Report 2016, page 8, this figure represents the number of Sports Retail stores (as opposed to Premium Lifestyle stores) as at April 2016

<sup>7</sup> SDI Annual Report 2015, page 22

<sup>8</sup> RNS announcement, 18 December 2015

### 3. Terms and Conditions at SD

#### 3.1 Introduction

Mr Ashley gave evidence to the Committee that the culture at SD was one of hard work and reward for performance (see bonus section at paragraph 3.2.3 below) and that people were at the heart of that. It is the nature of many retail operations and even more so those that operate in the discount space that they are often run in a lean way, because price competition is intense to give customers the best value proposition. Clearly though it is very important that those positions do not become unbalanced.

Where there is rapid growth in lean structures and fast moving markets there is a greater strain placed on the business when it is trying to comply with its moral and legal obligations to its staff and the community. Growth businesses need to work harder to ensure that their working environment is and remains a healthy and productive one and even more so if it aspires to be one of the best places to work in retail, as stated by Mr Ashley.<sup>9</sup>

Various questions were raised by the Committee, and indeed others, that can be summarised as relating to the following forms of contract that are addressed in turn below:-

- The two forms of contracts used by the SD group (principally SD) – so called 'zero hours' by third parties and permanent employment contracts (see Paragraph 3.2 below);
- The two forms of contracts used by the Agencies with their employees – permanent employment contracts and so called "336" contracts (see Paragraph 3.3 below); and
- The contracts between the Agencies and SD (see Paragraph 3.4 below).

We ought to address as a preliminary point the big picture question as to the ideal workforce balance as between having permanent employees and agency workers. The Committee raised the question of whether SD's model of predominantly using agency workers in the warehouse is appropriate in the modern age, the advantages to workers and to the business of employing staff directly rather than through agencies and the additional costs of doing so.

Mr Ashley said in his 12 July 2016 letter to the Committee that this would take longer to review than 90 days because the question fell into the area of SD's wider business strategy (and so would be included in the next review report to be completed in 2017).

This remains the view of the Board. Changing the business model in such a short space of time might well lead to additional issues and obviously has a considerable interface with the Agencies who would need to be consulted carefully. However the Board was keen to start addressing the challenges and certain steps have been considered.

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<sup>9</sup> Article in Daily Mail, "[Sports Direct tries to be the new John Lewis: Mike Ashley makes New Year's resolution to hike employees pay to above minimum wage](http://www.dailymail.co.uk/money/markets/article-3380673/Sports-Direct-tries-new-John-Lewis-Mike-Ashley-makes-New-Year-s-resolution-hike-employees-pay-minimum-wage.html)", 31 December 2015  
<http://www.dailymail.co.uk/money/markets/article-3380673/Sports-Direct-tries-new-John-Lewis-Mike-Ashley-makes-New-Year-s-resolution-hike-employees-pay-minimum-wage.html>

## Future action

**The Board will provide SD's (not Agency) directly engaged casual (retail) staff with the option to elect between a 'zero hours' term of engagement or a permanent contract which will guarantee them at least 12 hours work a week.**

**The Board is considering running a test scheme aiming to transfer ten picking staff a month from the Agencies to SD (currently on average a total of around 2 people per month across all areas are transferring from the Agencies).**

### 3.2 Contractual – SD (Shirebrook warehouse and retail shop staff - directly engaged by SD)

#### 3.2.1 Warehouse

Whilst the majority of staff in the warehouse are employed by the Agencies there are about 400 staff directly employed by SD.

They are on a separate form of contract. Clearly the contracts change over time and existing ones are changed when there is the need for an update – so at any one point in time there may be slight variations of the forms in existence. A copy of the current version is attached at Appendix 3.

None of those SD warehouse staff are on 'zero hours' terms of engagement. They are full and part time permanent employees only.

The Board is not aware of any specific criticism of this contractual arrangement that needs to be addressed.

#### 3.2.2 Retail

##### First category - casual retail staff (or sometimes called 'zero hours' staff)

###### (a) Nature of contracts

These workers are on what is sometimes known as 'zero hours' terms of engagement - although it can be a bit of a misnomer in practice. It doesn't contractually guarantee hours but in practice there can be regular hours where it is working well for the staff and the business.

This is not to say that there cannot be problems for these staff to get car loans, mobile phone contracts or mortgages<sup>10</sup> or the possibility of an inequality of bargaining power arising from the use of such 'zero hours' terms of engagement – but the issue is more nuanced than sometimes suggested.

In context it is worth pointing out that the use of agency workers and so called (by third parties) 'zero hours contracts' to allow 'zero hours' flexibility are not in fact uncommon. A significant number of retailers use 'zero hours contracts' in their shops as well as other companies and public bodies. They provide flexibility but of course do not guarantee any contractual certainty of hours.

It is notable for example that McDonalds UK which is reported to be one of the biggest users of the contracts in the country with an estimated 80,000 staff on

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<sup>10</sup> Article in the Guardian <https://www.theguardian.com/business/2016/apr/05/zero-hours-contracts-harder-save-fca> "Zero-hours contracts make it harder for workers to save, says FCA", 5 April 2016

'zero hours' has started offering staff the option of moving to contracts with a guaranteed minimum of 4, 16 or 30 hours a week. About 80% (204 of the sample of 246 people) in their initial trial apparently elected to remain on the 'zero hours contracts'.

The Institute of Directors has acknowledged that

*"While zero-hours contracts offer flexibility for many staff, like students or those with caring responsibilities, other workers would prefer to have the certainty of fixed hours."*

*"Zero-hour contracts will continue to be a useful part of a flexible labour market, but we would encourage firms to engage with staff, and look at offering permanent contracts where appropriate."<sup>11</sup>*

(b) Contents of contracts

Once again clearly the contracts change over time and existing ones are changed when there is the need for an update – so at any one point in time there may be slight variations of the forms in existence. A copy of the current version is attached at Appendix 4.

The SD 'zero hours' terms of engagement include provision for holiday pay and sick pay where relevant.

They do not prohibit a casual worker seeking work from another company – indeed they acknowledge the opposite within the letter under a heading "Working Elsewhere". Historically the wording was more restrictive but we are advised in practice that a refusal to give consent to working for other businesses was uncommon.

There are no specific changes that the Board considers are advisable immediately given the broader review of employment models that has already been committed to in the 360 degree report.

(c) Mobility

The Committee asked Mr Ashley to confirm how many staff had moved from temporary agency work to permanent contracts with SD<sup>12</sup> which is answered below at Paragraph 3.3.1.

The other side of the picture is how many staff on casual 'zero hours' terms of engagement with SD moved on to be permanent employees.

A significant number of casual staff have moved from such terms of engagement into permanent employment when the circumstances allowed. Examples of these include senior head office management, regional managers, area managers and store managers.

We understand that 1,536 staff have been taken on by SD as permanent salaried staff since 2004 - which would represent around 30% of the current permanent SD group staff totalling 5,037. If you add the leavers back into

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<sup>11</sup> Article in the Guardian, "[McDonald's offer staff the chance to get off zero-hours contracts](#)", 15 April 2016

<sup>12</sup> The Committee hearing oral evidence, 7 June 2016, Q248 and Q249

those figures it would be a total of 2,196 staff. In the last five years the number that changed is 1,183 staff – showing that the rate of mobility is increasing.

In summary there is some mobility between the two categories.

#### **Future action**

**The Board will provide SD's (not Agency) directly engaged casual workers with the option to elect between 'zero hours' terms of engagement or a permanent contract for at least 12 hours a week.**

**The Board has committed to review the mobility figures for staff moving from casual to permanent annually.**

#### Second category - full and part time permanent (commonly the Store Managers)

This second category of staff has a separate form of contract of employment.

The contract recognises under the section headed "Hours of Work" that the employee may work elsewhere – but that they need to notify their employer of the hours done for Working Time Regulations purposes. It does also provide that if they work elsewhere they may not work for a business which competes with that of SD or conflicts with their duties unless they have the company's written permission. In practice it is understood that the issue rarely arises and such a provision would not be uncommon in permanent employment contracts.

For completeness, the Head Office has a further form of contract of employment for junior and senior staff which is similar to that for permanent retail employees but with some additional provisions relevant to their duties. The contracts for warehouse and transport staff are in a similar form.

Once again clearly the contracts change over time and existing ones are only changed when there is the need for an update – so at any one point in time there may be slight variations of the forms in existence. A copy of the current version of the permanent retail store contract is attached at Appendix 5. A copy of the current grievance and disciplinary procedure is attached at Appendix 6.

The Board is not aware of any specific criticism of these contractual arrangements that needs to be addressed.

#### 3.2.3 SD Bonus schemes generally

The SD bonus schemes are not directly relevant to the question of whether a permanent employment or casual worker's terms are fair or not - but the schemes are so generous that it does give a context for the business' approach to rewarding staff.

The two schemes are set out below:-

##### (a) Retail Commission Scheme

Virtually all casual retail staff on 'zero hours' terms of engagement are eligible for bonus payments in addition to rates of pay. In November 2015 for example

over 80% of the retail casual workers achieved a performance related commission.<sup>13</sup>

To give a sense of the value - over the last three years around £17.7m has been paid out to staff via the Retail Commission Scheme – around £12.2m of which has gone to casual workers. Permanent employees earned 31% of the commission fund. Casual workers earned 69% of the commission fund.

(b) Share schemes

In addition the business operates one of the most successful and lucrative share based employee incentive schemes in the UK – open to around 2,500 participating employees.

Share allocations (excluding Executive Schemes) at the time of grant were worth:-

- 2007 IPO Bonus Scheme – circa £25m
- 2012 Bonus Scheme 1 – first vesting (started 2009) circa £23m
- 2013 Bonus Scheme 1 – second vesting (started 2009) circa £129m
- 2015 Bonus Scheme 2 – first vesting (started 2011) circa £32m
- 2017 Bonus Scheme 2 – second vesting (started 2011) circa £45m (not yet paid but calculated on a notional share price of £3/share)

The total allocations of shares, (if sold at the time they vested) were worth a total of around £250m.

Within the above figures - the warehouse and drivers share bonus allocations were as follows:-

- 2012 – circa £4m
- 2013 – circa £22m
- 2015 – circa £6m
- 2017 – circa £7m (not yet paid but calculated on a notional share price of £3/share)

### 3.3 Contractual – Agencies

#### 3.3.1 The Agencies' contracts with their Shirebrook warehouse staff

The Agencies only provide staff for the Shirebrook warehouse.

We have been advised by the Agencies that none of their workers in the SD warehouse are engaged on a 'zero hours contract'. Instead they are on an agreed contracted hours basis.

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<sup>13</sup> RNS announcement, 18 December 2015

These are either so called:-

- Permanent contracts; or
- 336 'contracts for services' and 'contracts of employment'. These have been characterised by the Committee as a form of 'zero hours contract' because once the 336 hours have been undertaken in any year there is no guarantee at all of additional work after that. SD does not use 336 contracts itself.

Both forms of these 336 agreements were previously being used by Best Connection (we are told they are used by others in the market place) - but all new contracts issued will be contracts of employment. Transline is using 336 contracts of employment too.

Clearly the contracts change from time to time and existing ones are only changed when there is the need for an update – so at any one point in time there may be slight variations of the forms in existence.

It is not for SD to dictate the terms and conditions of the Agencies that are used across their large workforce with many other customers but it will engage with the Agencies during the 360 degree review on the models used for SD premises.

Separately, the Committee asked Mr Ashley to confirm how many staff had moved from temporary agency work to permanent contracts with SD.<sup>14</sup>

We understand that 111 staff have been taken onto SD permanent contracts from the Agencies in the warehouse in the last 4 years (59 staff came from Best Connection in the last 4 years and 52 staff from Transline since February 2012). This means that more than 2 people per month have transferred on average. This number will increase if the trial in relation to picking staff referred to above is deployed.

### **Future action**

**The Board is considering running a test scheme aiming to transfer ten picking staff a month from the Agencies to SD (currently an average total of around 2 people per month across all areas are transferring from the Agencies).**

**The Board has decided that it wants the nature of the contracts used by the Agencies to be reviewed with the Agencies in the course of the 360 degree report which will allow time to have proper discussions about them.**

#### 3.3.2 Six strikes policy

The Committee focussed in the Committee Report on what it termed the "*six strikes and you are out*" policy. Regarding it as a "*punitive measure, which denigrates the workers at Sports Direct and gives the management unreasonable and excessive powers to discipline or dismiss at will, reinforced by their power to control the hours offered to each worker*".<sup>15</sup>

There has also been extensive media coverage about the policy.

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<sup>14</sup> The Committee hearing oral evidence, 7 June 2016, Q248 and Q249

<sup>15</sup> The Committee Report, 'Employment Practices at Sports Direct', 22 July 2016, paragraph 23

If an affected agency worker gets more than six strikes in any six month period then they will no longer be engaged at the SD warehouse.

The system is apparently based on the principles of the Bradford Factor which is used by the NHS on a 12 month rolling period. This period is longer than that applied by the Agencies which use a six month rolling period (so halving the amount of time a strike survives). Setting up systems to give clear rules over what large bodies of staff should or should not do and pragmatic sanctions for failures to meet them in a warehouse context are not uncommon.

In the case of Shirebrook the system is operated in relation to the Agencies staff only. SD has never applied it to its directly employed staff – although SD staff in the warehouse can recommend the giving of strikes to the Agencies. In SD's previous much smaller main warehouse there was no strikes system and the recollection of those we spoke to was that it operated adequately without such a system.

We have not yet uncovered evidence of there being any quotas for strikes being applied. Whilst there has been and remains an appeal process,<sup>16</sup> we are not yet aware as to how often that is used and perhaps more importantly how often staff may be intimidated from using it.

We understand that only a third of the strikes recommended by SD staff are actually given because of a lack of evidence – so there is clearly some kind of evidence filter in that situation contrary to the impression given by the Committee Report that there is no evidence review at all.

However the balance of the evidence from the staff we interviewed was that the system was one of the major negatives for the warehouse staff. It was perceived as being unfair in design and deployment. A number of the grounds for obtaining a strike were seen as manifestly arbitrary and it was suggested that they were given out on occasion without good cause.

Following the current review the business readily acknowledged that the policy in place as operated has serious shortcomings. It is a blunt instrument that can leave too much subjectivity in the hands of a few – contributing at times to a hierarchical and potentially oppressive model. Taken together with a 336 contract it is possible to see that it could leave staff feeling like they cannot complain. Given the Board and Mr Ashley's commitment to removing the cause of any culture of fear it was clear that action was required.

Consequently SD and the Agencies made a number of ongoing changes to try to reduce the impact as quickly as possible - as referred to by Mr Ashley in his letter to the Committee dated 12 July 2016.<sup>17</sup>

### **Action taken**

**The grounds justifying strikes were amended by the Agencies to remove:-**

- **Sickness with a sick note (changed February 2016)**
- **Early out (changed early July 2016)**

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<sup>16</sup> Contrary to the impression given by the Union in its evidence to the Committee and quoted in the Committee Report, 'Employment Practices at Sports Direct', 22 July 2016, paragraph 20

<sup>17</sup> Letter from Mr Ashley to the Committee, 12 July 2016, answer to Q4

- **Poor attitude (which included excessive/long toilet breaks) (changed early July 2016)**
- **No policy notifications to be given in respect of any compassionate leave i.e. bereavement, child care needs, other serious family issues (changed early July 2016)**

**In light of the Union's representations at the first meeting with Mr Ashley and others following the Committee hearing, an amendment was proposed by SD to the Agencies to make sure that the strike notices made it crystal clear that there is a right to appeal any notice being issued. This was a short term measure to immediately increase transparency. The recommendation was made in June 2016, agreed to by the Agencies and issued on around 18 July 2016. A copy of the current revised form of notices which had been due to be released appears at Appendix 7.**

**In addition a review of Staff Development and Training on managing performance was instigated.**

**These changes appeared to be having an effect already, but as the interviewing of staff continued it became apparent that the policy had had so many flaws in its design and appeared to have been so badly administered at times, that it had lost credibility. Consequently the executive was concerned that there was a serious risk that amendments to the existing policy could never restore faith in that system and it was necessary to seek to suspend it.**

#### **Future action**

- **Recommend to the Agencies that they suspend the six strikes policy completely as soon as possible following the publication of this Report.**
- **The immediate replacement to be identical to the grievance and disciplinary procedure as is already used for SD permanent employees.**
- **Alternatives to be considered in close consultation with staff to create a fair system that balances treating staff with dignity, respect and fairness and ensuring the business can deliver for its customers.**

#### **3.3.3 Bonus scheme for Agencies' staff**

**We understand that Best Connection have a bonus scheme for their more senior coordinator staff.**

**We understand that Transline do not have a bonus scheme.**

**This is not something that SDI can dictate, but the Board has noted that a disparity between the approach of the Agencies on any topics is unlikely to be helpful in creating a unified workforce and was raised with us in interviews.**

### 3.4 SD's contracts with the Agencies

During the oral evidence of Mr Ashley before the Committee he was asked about whether he should know more about the contracts between SD and the Agencies.<sup>18</sup>

He observed that he couldn't know everything about every contract.<sup>19</sup> These agreements were ultimately the responsibility of Dave Forsey ("Mr Forsey") as Chief Executive and others in the Retail Team who dealt with the Agencies on a day to day basis.

In fact on investigation there appears to be no formal signed contract in place for either Agency. Effectively the terms and conditions are based on custom and practice and/or unsigned terms.

The business accepts that this is a serious failing given the importance of these agreements in relation to employment practices and their financial value.

#### **Future action**

**The Board has determined that the business will commence a negotiation with the Agencies to seek to enter into formal signed contracts as soon as practicable.**

### 3.5 Working practices

#### 3.5.1 National Minimum Wage – SD/ Agencies

One issue that has exercised the media and the Committee extensively is the allegation that staff at the warehouse were effectively being paid below the NMW. Mr Ashley accepted in his evidence to the Committee that there had been instances of underpayment in specific ways at specific times.<sup>20</sup>

This was alleged to be in particular because:-

- the Kronos IT system at the warehouse (for recording entry and exit times) applied some deduction rules that could lead to 15 minutes being deducted for being 1 minute late on entry;<sup>21</sup> and
- security checks at the warehouse as staff exited after clocking out took so long that staff were effectively being underpaid when that additional unpaid time was taken into account. The allegation was not that the business was intentionally paying an hourly figure that was below the minimum hourly figure.

It should be noted that because of continued theft levels it is not realistic to simply stop having any security checks at all. The system is not discriminatory - all of senior management are searched too.

There has now been a resolution of an HMRC investigation into this subject matter referred to below.

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<sup>18</sup> The Committee hearing oral evidence, 7 June 2016, Q260

<sup>19</sup> The Committee hearing oral evidence, 7 June 2016, Q260

<sup>20</sup> The Committee hearing oral evidence, 7 June 2016, Q168

<sup>21</sup> The system scans the staff fingerprint, converts it to a code which then recognises the staff member when the finger is placed on the scanner on arriving and exiting. All SDI staff are required to use the Kronos system, not only those who are paid an hourly rate

Potential or actual problems that have been identified by the business are as follows:-

- (a) At Shirebrook warehouse
- (i) Deduction of pay of staff for late clocking on

**Action taken**

**Increasing salaries of staff on NMW by at least 15 pence per hour to remove the possibility that relatively minor issues could take the pay below the NMW. This was announced on 31 December 2015,<sup>22</sup> and was effective from the following day as part of Mr Ashley's personal review.<sup>23</sup>**

**Changing how Kronos calculations work. As a result of the above, the system has been changed so that if staff are late on arrival then rather than 15 minutes being deducted for being 1 minute late it is now only 5 minutes that are deducted for being 1 minute late. This was changed on 4 January 2016 as part of Mr Ashley's personal review.**

**In addition if they leave one minute early that is ignored – so that it effectively allows staff to balance up one deduction in a week by leaving a minute early every day. This was changed on 9 May 2016.**

**Future action**

**The Board has committed to reviewing whether the 1 minute leeway referred to above should be increased to 2 minutes in the 360 degree review, to allow a greater tolerance.**

- (ii) Security checks on exit - leading to staff being held in the building longer than their contracted hours

It was ascertained that there was a problem with the time taken for security checks during some peak periods (excluding the night shift which has lower levels of staffing).

It should be noted that this issue was inadvertent arising as a consequence of the increased size of the workforce and did not provide any direct financial benefit to the business as such. In fact, the company had a long-term plan in place to improve access by building a new purpose built security suite (which is now fully operational). Nonetheless the deployment of that plan was too slow for events unfolding and the bottlenecks were unacceptable.

Owing to the steps set out below this issue has now been improved and feedback since from the staff and the Union appears to have recognised this.

**Action taken**

**The steps which have been undertaken, all subject to on-going monitoring/feedback are:-**

- **An announcement that salaries will be at least 15 pence per hour above NMW to remove any possibility that the comparatively**

<sup>22</sup> RNS announcement, 31 December 2015

<sup>23</sup> RNS announcement, 31 December 2015

minor differences being debated could take the pay below the NMW. Currently pay for all warehouse staff at all levels should be around 20p above NMW. This was announced on 31 December 2015 effective from the following day as part of Mr Ashley's personal review.

- Another change to how Kronos calculations work. As a result of the above the system has been changed so that all workers can clock off one minute early without experiencing any wage impact. Mr Ashley confirmed this had been adopted in his oral evidence to the Committee.<sup>24</sup> It had been changed on 9 May 2016 as part of his personal review.
- Not searching all staff. Since 1 May 2016 again as part of Mr Ashley's personal review the policy is that: (i) 10 staff are now searched per shift at random by their Agency managers; and (ii) 6 staff are searched by security and a manager from the relevant Agency. (The searcher is always the same gender as the individual being searched).
- Changing the position of certain Kronos machines within the warehouse before the security checks.
- Allowing new joiners who are not used to the procedure yet to finish earlier without any pay reduction to have more time to pass through.

#### Future action

Consideration has also been given – but changes have not been made, or not yet made, to:-

- staggering the shifts more than they already are - so that there are greater gaps between them to spread out the traffic levels; and/or
- moving clocking in/out stations or creating a new one.

This had been looked at during Mr Ashley's personal review prior to his letter to the Committee dated 12 July 2016. It has been considered again since - as he assured the Committee he would. It has been decided that whilst changing the position of certain Kronos machines within the warehouse before the security checks would be beneficial - moving the Kronos machines after the search will not work because it would only be likely to create another bottleneck when staff want to leave.

#### (iii) HMRC investigation into a failure to pay NMW to warehouse staff

At the time of the Committee hearing Mr Ashley confirmed the existence of an HMRC NMW investigation.<sup>25</sup> The business had previously been reluctant to

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<sup>24</sup> The Committee hearing oral evidence, 7 June 2016, Q189 and also confirmed by Mr Ashley in his letter to the Committee, 12 July 2016, answer to Q2

<sup>25</sup> The Committee hearing oral evidence, 7 June 2016, Q225

comment on the progress of the HMRC investigation owing to confidentiality concerns.

In his letter of 12 July 2016 he said that there would be an update included in this report. The reason was that the team anticipated that discussions on that investigation would have drawn to a close by then – which the business is able to confirm they have, drawing a line under this particular issue.

As will have been seen in the media - SD has now paid the back pay to current directly employed warehouse staff. The figures cited in the media vary widely and are at odds with the size of the SD payment. The problem only related to those who were being paid the NMW (ignoring any unpaid periods).

For those eligible staff who are no longer with the business they are being written to in September 2016 at their last known home address on file to try to make payment to them.

The Agencies are also in discussion regarding paying back pay for their staff. That is a matter for them, but SDI is obviously staying close to the situation.

(b) Stores

There have been some allegations that:-

- There can be training and cleaning up on an unpaid basis which could lead to underpayment of NMW.<sup>26</sup>

From the limited investigations possible to date we have not found evidence of any systematic abuse in terms of unpaid retail working in relation to training or cleaning up. Further work will be undertaken as part of the 360 degree review.

Despite this, preventative measures that have been deployed, are:-

**Action taken**

- **Changing any such demands made of staff in relation to unpaid training and cleaning.**

**Training has already been and continues to be given to address where these allegations may have occurred.**

- **Changing how Kronos calculations work - the system has now been changed so that all staff can now clock off one minute early without any wage impact (and if late on arrival only 5 minutes would be deducted for being one minute late). Mr Ashley confirmed this had been adopted in his oral evidence to the Committee.<sup>27</sup> It had been changed on 9 May 2016 as part of his personal review.**

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<sup>26</sup> The Committee hearing oral evidence, 7 June 2016, Q213

<sup>27</sup> The Committee hearing oral evidence, 7 June 2016, Q189 and also confirmed by Mr Ashley in his letter to the Committee, 12 July 2016, answer to Q2

### 3.5.2 Deductions from pay by the Agencies: Transline issuing Pre-paid Debit Cards and Best Connection's Insurance Services deductions.

The Committee commented quite strongly in the Committee Report about concerns over the issue of pre-paid debit cards and Insurance Services for which deductions were being made from staff.<sup>28</sup>

SD has not made any such deductions and cannot comment on the facts that are best known to The Best Connection and Transline. The Agencies have already supplied additional written evidence to the Committee since the hearing.<sup>29</sup>

### 3.5.3 SD/ Agencies' use of the tannoy system at the warehouse in Shirebrook, notice boards and brand lists

#### (a) Tannoy

The alleged use of the tannoy within the warehouse to criticise staff for not working hard enough was raised by the Committee.<sup>30</sup>

Tannoys are of course used at other warehouses and many public sports grounds and airports for example to address the need to communicate quickly with one or more of a large group of people spread out across a large area.

We have not seen any compelling evidence of this<sup>31</sup> systematic use but this is not perhaps surprising given that the announcements are not recorded. Mainly it seems to be used for example to redeploy staff to other areas of the building or to let staff know that a truck is waiting for stock to be removed/ filled. However anecdotally it was acknowledged by some that they had heard it being used to point out performance shortcomings in named staff. To the extent that this may have caused anxiety or embarrassment to staff then the Board will not tolerate that behaviour.

The business has decided that going forward the tannoy must only be used for logistical purposes such as locating or directing staff members and to cover health and safety issues.

#### **Action taken**

**A tannoy policy reflecting this has been written in English and will be translated into other languages<sup>32</sup>. A copy of the English version is attached at Appendix 8. This will be deployed imminently at the warehouse and sited near to the tannoy apparatus.**

#### **Future action**

**Compliance with the policy will be monitored on an on-going basis with spot checks (possibly by recording the output if practicable).**

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<sup>28</sup> The Committee Report, 'Employment Practices at Sports Direct', 22 July 2016, paragraphs 39 to 44

<sup>29</sup> Transline written evidence, published by the Committee on 28 June 2016, and Best Connection written evidence, published by the Committee on 12 July 2016

<sup>30</sup> The Committee hearing oral evidence, 7 June 2016, Q195

<sup>31</sup> RNS announcement, 18 December 2015

<sup>32</sup> As predicted in Mr Ashley's letter to the Committee dated 12 July 2016, answer to Q1

(b) Notice boards

The use of league tables that allegedly embarrassed staff was criticised by the Committee.

The league table notice boards previously used prior to Mr Ashley's review (started in January 2016) benchmarked the performance of all pickers in the warehouse against the anonymised data of their peers. It used an identification number (known to the individual staff, SD and the relevant Agencies only) and not their name.<sup>33</sup>

**Action taken**

**To avoid the risk of staff potentially being embarrassed by this the table has been changed to six weekly tables that commend the top 500 performers for their product picking rates (launched in around June 2016) and the top 500 performers for their web processing rates (launched in around July 2016) - and both still by payroll number rather than staff name. Prizes of a certain amount of SD vouchers (£10, £15 and £25 respectively) are awarded to the top 3 performers each week.**

**A sample copy of one of the new tables is attached at Appendix 9.**

(c) Brand lists

The Committee raised but did not pursue the question of rules around not wearing certain branded clothing.

There was a rule that was apparently briefed to staff before joining the business that a long list of branded clothing and footwear was not to be worn because of the risk that it could contribute to thefts from the warehouse (which continues to be more of a problem than the business would like given that the nature of the products sold by SD makes them highly desirable (such as replica football shirts)). This could also slow down security checks. The rule is not believed to be an uncommon one in similar warehouses.

The rule has been reviewed by the business and seems heavy handed.

**Future action**

**The rule will be changed to simplify it dramatically so as to provide that the business would prefer the staff to wear:-**

- **unbranded clothing and footwear; or**
- **subsidised clothing and footwear; and**
- **must not wear a core list of 30 brands of clothing or footwear (instead of the old list of some 800 brands).**

**Briefings will be given to properly explain this.**

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<sup>33</sup> RNS announcement, 18 December 2015

#### 3.5.4 Other bullying/ sexual harassment

The Committee put to Mr Ashley that there had been specific allegations of instances of sexual exploitation and bullying.<sup>34</sup>

The Board is categorical that there should be zero tolerance to sexual harassment and bullying in the workplace and any culture of fear.

This is obviously a very sensitive area that is difficult to address in public. We assume that it was for the same reason the Committee itself did not disclose the identity of the complainants or sufficient details to allow the company to investigate certain alleged incidents.<sup>35</sup> Freedom of Information requests made by third parties relating to alleged incidents of child birth at the warehouse have understandably been declined on the same grounds.

However a number of interviews and investigations have been carried out that are expected to reinforce the message and to directly improve the position. We cannot comment further while respecting individual privacy and confidentiality requirements of legal cases and investigations.

We should add that certain matters appear to have been, no doubt inadvertently, inaccurately reported because of a lack of information.

#### **Future action**

**Our investigations will continue and if possible will be reported on in the 360 degree review.**

**There will be strict enforcement of SD's Anti Harassment & Bullying Policy (Appendix 10).**

**A bespoke confidential hotline to be implemented.**

**Training is being and will continue to be given.**

**The HR team as addressed below is being expanded to help support these roles.**

#### 3.5.5 Staff welfare/training etc.

The Board is very conscious that whilst there is a need to remove issues that are contributing to poor working practices in the warehouse there is an equal driver to improve the conditions generally.

#### **Action taken**

**Ongoing rolling improvement to the condition of old/new stores – improving working conditions.**

**The welfare fund that currently operates informally will now be formalised.**

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<sup>34</sup> The Committee Report, 'Employment Practices at Sports Direct', 22 July 2016, paragraph 31

<sup>35</sup> The Committee Report, 'Employment Practices at Sports Direct', 22 July 2016, paragraph 6 and footnote 23

## **Future action**

### **Matters that will be considered as part of the 360 degree review:-**

- **Given the very uncomfortable conclusions of this review the business has decided to carry out a detailed review of the HR function within the business and its profile with the Board and to establish clear lines as to where responsibilities lie for the welfare of SD employees/engaged workers and Agency workers.**
- **Appointment of a full time nurse from 8am to 4pm.**
- **Appointment of a Welfare Officer.**
- **Training Centre – extending the use of this modern facility, for example to allow English lessons for Agency workers (which is being discussed in conjunction with Unite). Language barriers have been cited by staff regularly as causing and magnifying some problems in the warehouse.**

**For example when people like Mr Ashley visit the warehouse it is more difficult to get feedback unless a translator is present, it is more difficult to ensure that staff appreciate they have rights and not to feel potentially intimidated.**

- **There is a plan to build a gym on the Shirebrook site.**

## **Summary**

In summary it is apparent from the findings above that there were serious shortcomings in the way in which the HR function was handled during periods of the last few years especially while the business was growing so quickly.

The Board had delegated management of the HR function to Mr Forsey in conjunction with the HR team and their day to day employment advisers. The Board recognises that this function had not been performed as effectively as was necessary.

The demarcation of the responsibility for directly employed staff and the agency staff has been unhelpful. The SDI HR team could have made more of a difference to the working conditions if mandated and resourced to do so. Communication has not been as quick or as effective as it needs to be with such a large work force and the challenge of the media comment.

At the management level Mr Forsey had failed to inform the Board (or Mr Ashley) of some of the issues namely the progress of the NMW issue in a timely or effective manner over the course of a year or so. Warning signs that had been given off by the media and to a lesser extent the Unions regarding NMW issues had not been heeded properly or adequately and so some points were not escalated.

As CEO Mr Forsey openly acknowledges that he is ultimately responsible for the day to day running of the company and should have insisted on a stronger warehouse management structure, clearer responsibilities between SDI and the Agency management teams and better direct communication between HR and the Board.

Consequently Mr Forsey was requested to forego his share bonus entitlement worth in the region of £3.6m (at that time) in recognition of the shortcomings.<sup>36</sup>

In future the Board will have a focussed review of press coverage at Board meetings.

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<sup>36</sup> SDI Annual Report 2016, page 15

#### **4. Staff feedback at SD**

The Committee questioned Mr Ashley during the oral evidence on how effective staff feedback was at SD. The concern seemed to be that there was not a robust regular process of taking staff feedback and that the mechanisms present might not prevent staff being coy about the truth. Mr Ashley accepted those observations while pointing out that staff surveys were often less effective than desired.<sup>37</sup> The Chair seemed to acknowledge the counter observation that you could cast doubt over the worth of staff surveys.<sup>38</sup> Mr Ashley accepted in his evidence to the Committee that there were shortcomings in him trying to get direct feedback because staff might not tell him the truth, quite apart from any language barriers.<sup>39</sup>

It was apparent during the course of the current review that there were already a number of mechanisms used to obtain feedback, including personal impromptu meetings (sometimes hampered by language difficulties), various surveys and line management structures. The Agencies do undertake some surveys,<sup>40</sup> however these seem to be fairly impromptu. It is not obvious that there is yet a holistic model for feedback.

#### **Action taken**

**As a consequence the business had taken the following steps to try to improve the feedback process:-**

- **Regular feedback from managers**
  - **Regular weekly meetings with the Agencies and senior management of the SD business to get feedback from them at a senior level. This has already achieved a significant increase in the flow of information about day to day matters.**
- **A developing dialogue with Unite to obtain their feedback.**
- **Regular feedback from the staff**
  - **There is a staff surgery in the Shirebrook canteen on a regular basis for people to drop in with questions. This has been in place since 18 July 2016.**
  - **A Staff Forum for SDI staff (the "Forum") has been running since 2008 backed by a formal agreement. The Forum has a representative for each shift that is elected by the staff. They usually meet monthly. The Forum allows an open discussion about problems, ideas and suggestions. Attendees include for example a Health and Safety representative and a Polish translator.**
  - **Unite said in oral evidence to the Committee that the Forum had only met once since its inception.<sup>41</sup> That is incorrect. Whilst there was a considerable period when it didn't meet it had done so before, and since, the beginning of 2016 it has already now met on multiple**

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<sup>37</sup> The Committee hearing oral evidence, 7 June 2016, Q186

<sup>38</sup> The Committee hearing oral evidence, 7 June 2016, Q185

<sup>39</sup> The Committee hearing oral evidence, 7 June 2016, Q187

<sup>40</sup> The Committee hearing oral evidence, 7 June 2016, Q128 to Q146

<sup>41</sup> The Committee hearing oral evidence, 7 June 2016, Q5

occasions this year.

- Clearer approach to grievance process e.g. the line manager name is now stated on notice boards and raised in staff inductions.

#### **Future action**

The business wants to consider as part of the 360 degree process (on which it will consult with all parts of the business), reviewing the current options and how best to improve the feedback process, including:-

- **Annual feedback**
  - Staff surveys.
- **Ongoing day to day and confidential feedback**
  - Implement an anonymous hotline to enable staff to report concerns and/ or make complaints confidentially.
  - New whistleblowing scheme.

The above steps would be supported by an internal communications plan that emphasises the company's goals and vision and to encourage transparency.

## **5. Gangmasters Licensing Authority – now called the Gangmasters and Labour Abuse Authority (the "GLAA")**

The Committee made a number of comments in the Committee Report about the position of the Agency Transline in relation to an historic licence (around 2013) from the then Gangmasters Licensing Authority and whether it was revoked or lapsed and whether there were any transitional issues.

The point only appears to have arisen because Mr Turner of Unite was making observations about the standing of Transline.<sup>42</sup>

The Board understands that Transline have subsequently responded to those allegations regarding the underlying facts of the matter.

These are matters that were not put to Mr Ashley during his oral testimony or in writing or to SDI separately – no doubt because it was appreciated that they would have no reason to have any particular knowledge of them. The Board is unable to comment on these facts.

The Board understands that the GLAA currently has no remit in relation to the SDI premises as it is limited to the Food and Agricultural sectors.<sup>43</sup>

The Board has already noted however the anticipated extension in the remit of the GLAA. The organisation cannot operate its new powers until secondary legislation has also been passed. When we spoke to a GLAA representative on an informal basis they were unclear when this would happen. They speculated that it could be October 2016 or January 2017.

The Board is monitoring the position and has confirmed to us that it is committed to ensuring that SDI complies with any relevant obligations arising from any new or extended powers. It has also noted and accepts the need to undertake more detailed due diligence into suppliers of employment services in future.

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<sup>42</sup> See: (1) Written Evidence from Unite Union (undated) published by the Committee on 7 June 2016, paragraphs 6.4 and 6.5; and (2) the Committee hearing oral evidence, 7 June 2016, Q24 and Q41

<sup>43</sup> See: (1) Written Evidence from Unite Union (undated) published by the Committee on 7 June 2016, paragraph 7.1; and (2) the Committee Report, 'Employment Practices at Sports Direct', 22 July 2016, paragraph 49

## 6. Health and safety at SDI Shirebrook warehouse premises and retail shops

### 6.1 Background

SDI and the Agencies are ultimately responsible for health and safety matters at the Shirebrook site. SDI is responsible for health and safety in the SDI stores that it operates.

The Committee heard evidence that it described as "*disturbing*" regarding health and safety conditions at the Shirebrook warehouse and at the SDI shops.

### 6.2 Issues raised

#### 6.2.1 Conditions

In Unite's written evidence it alleged:-

*"Unite has major concerns over health and safety at Shirebrook and would urge the Health and Safety Executive to support the local authority in investigating as a matter of urgency. Workers have raised concerns about crowded aisles (sic), defective warehouse equipment and products stacked dangerously high."*<sup>44</sup> It exhibited photographs that we subsequently obtained directly from the Union as the appendices had not been published.

Those photographs which were described by Unite as "*showing some of the H & S problems*" turned out to have date stamps within the meta data stating that the majority of the photographs were taken in 2012. Whilst there were aspects of those photographs that looked unsatisfactory from a health and safety perspective they appear to be in the large part historic.

#### 6.2.2 Ambulance call out/reported incidents

A Freedom of Information request by the Union to the East Midlands Ambulance Service apparently stated that "*a total of 110 ambulances or paramedic cars were dispatched to the Shirebrook warehouse's post code between 1 January 2013 and 19 April 2016 with 50 cases classified as "life-threatening", including chest pain, breathing problems, convulsions, fitting and strokes, and five calls from women suffering pregnancy difficulties, including one woman who gave birth in the toilet in the warehouse*".

We should point out that:-

(i) we have not seen the full request itself so it is difficult to assess the reliability of the answer.

(ii) the Shirebrook post code "NG20 8RY" is understood to cover the SD store, training area and other third party properties and would cover an event taking place within that geographic area of the SD premises - so the figures are indicative of the highest possible number.

(iii) there are approximately 2m shifts per year performed at the warehouse to give the numbers some context. Clearly any call outs are a concern.

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<sup>44</sup>Written Evidence from Unite Union (undated) published by the Committee on 7 June 2016

(iv) from the period since January 2015 to June 2016 (18 months) there were 27 callouts with 17 recorded as going to hospital. That is an average of 1.5 callouts a month. It appears to be an average of 1 per month that were known to have attended hospital. In the period of the data supplied by Unite the average for callouts a month was 2.75.

So encouragingly there appears to have been a dramatic improvement before even considering how many of those visits ended up being most serious or even conceivably linked to presenteeism which has been the speculation.

We understand that the business had taken a "no risks" policy regarding call outs which would naturally lead to a higher number of calls than a modified "wait and see" model.

Similarly a Freedom of Information request by the Union to Bolsover District Council stated that there were 115 incidents from 1 January 2010 to 19 April 2016. Twelve of the incidents were listed as "major" injuries, with 79 injuries leading to absences from work of over seven days.

In the Union's oral evidence to the Committee<sup>45</sup> Mr Primarolo said that they would submit details of "*some comparisons [to the Shirebrook health and safety record] with similar types of businesses compared with similar types of businesses where we have recognition and good union set ups there so you could see the difference*". He added that "*there is a significant difference.*"

So far the only evidence that seems to have been disclosed is the answer to an apparent chaser question from the Committee dated July 2016<sup>46</sup> saying:-

*"The comparator is B&Q Wincanton (until recently B&Q DHL) like Sports Direct it is a warehouse/logistics site. This site has around 900 workers and it is based in Worksop. They used to have a high density of Agency staff but working with Unite the vast majority are now on permanent fixed hours contracts and there is an agreement to move any agency staff to these contracts after a 12 month period. As of yet we haven't received the FOI back on Ambulance call outs, but the company have provided through our reps the RIDDOR reporting which is:*

*2011 – 2*

*2012 – 6*

*2013 - 3*

*2014 – 1*

*2015 – 1*

*2016 (so far) – 0 [sic]"*

It seems fair to make the observation that the Wincanton site is far smaller than Shirebrook as we understand it (comparing around 900 staff to around 4,500).

In the round what the Union seemed to be alleging in oral evidence to the Committee<sup>47</sup> was that there was a level of presenteeism that would lead to a higher

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<sup>45</sup> The Committee hearing oral evidence, 7 June 2016, Q31

<sup>46</sup> The request letter has apparently not been published

level of accidents and was evidenced by the ambulance call-outs. There are some logical jumps included in that conclusion. However, as referred to earlier, the business wants to eradicate bullying or pressure for presenteeism that goes beyond what any employer needs to do to ensure that it has an effective work force.

#### **Action taken**

- **The business has been closely reviewing its policies and procedures in relation to health and safety in light of the various concerns. It wants to ensure a safe place of work for all its staff.**
- **There has been an on-going dialogue with the Environmental Health Officer ("EHO") since moving to the premises.**

***A visit took place by the Senior Environmental Health Officer on 11 July 2016 with no major issues. The meeting was described as "very informative and productive. It was most interesting to be able to hear how Sports Direct's Health and Safety team proposed to develop and review the systems within the company over the next six to nine months". They also stated that "we believe there have been significant changes over the last year".***

**An indication of the businesses attitude is that a footbridge across the access road was constructed at a cost of circa £250,000 to ensure that fewer staff would need to leave by the busy roads to enter the new car park from the new section of the warehouse.**

- **Induction/training**
- **A policy has been written detailing the checklist and best practice to be followed e.g. calling 111 before the ambulance service. This will be used in all retail stores, the warehouse and head office. This has been passed to the East Midlands Ambulance Service for comment. SDI gratefully acknowledges their help with this. A copy is attached at Appendix 11.**
- **Reviewed the existing two first aid rooms in Unit A and created a new one in the new section of the warehouse (opened around 3 months ago)**
- **Reviewed the number of first aiders/fire wardens**
- **Boards on the wall in each section of the warehouse and stores to identify the first aiders and fire wardens**
- **26 new water cooling machines have been fitted in the warehouse on various dates since the Committee hearing.**

#### **Future action**

**The business has decided to appoint a full time nurse from 8am to 4pm. This should help to filter any health and wellbeing issues. This will also provide a central point of communication to monitor progress/any issues and reduce the**

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<sup>47</sup> The Committee hearing oral evidence, 7 June 2016, Q25, Q26 and Q38

**risk of unnecessary ambulance callouts being made. This will be affected as soon as possible following this Report being published.**

## 7. Community and Public Space Protection Order

The Committee raised some concerns around the need for a Public Space Protection Order that was put in place in Shirebrook on 1 November 2015.

The effect of the order is stated by the Derbyshire Constabulary on its web site to be that it:-

*"places the following restrictions on people in public open spaces within the restricted area:*

- *No person shall consume of alcohol;*
- *No person shall have an unsealed vessels containing alcohol in their possession;*
- *No person shall urinate other than in a public toilet;*
- *No person shall dispose of any litter other than in the bins provided;*
- *No persons shall congregate in groups of two or more persons within the alleyways which lead to Shirebrook Market Place [sic]."<sup>48</sup>*

It should be clarified that this is of generic application and is not addressed to "workers from Sports Direct"<sup>49</sup>.

Mr Ashley noted the reality that it was difficult for any employer to control what its staff do when they are out of the workplace.<sup>50</sup>

### Action taken

However steps that were taken prior to the Committee's comments, and have continued to be taken, include the following:-

- **NG20 committee meetings - since September 2015. Attendees now include the Union (invited at SDI's request since July 2016) as well as the CEO and Leader of Derbyshire Council, CEO and Leader of Bolsover Council, Councillors of Shirebrook Council, Derbyshire police, Derbyshire Fire & Rescue, local church leaders, the two Agencies and senior management at SDI (including more recently Mr Ashley).**
- **Bolsover Community Safety Partnership Community Cohesion Group meetings quarterly since 2014.<sup>51</sup> Attendees include a representative from the Transline Agency on behalf of SDI.**
- **Regular liaison with police.**
- **Supporting charities like the Lighthouse Homes charity run by a Rotherham church providing accommodation at meagre rents to vulnerable tenants, often young men battling addiction and alcoholism.**

### Future action

Further steps that will be implemented include:-

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<sup>48</sup> Article on Derbyshire Constabulary website, "[Public Spaces Protection Order in place in Shirebrook and Langwith Junction to tackle anti-social behaviour](#)", 5 November 2015

<sup>49</sup> The Committee hearing oral evidence, 7 June 2016, Q202

<sup>50</sup> The Committee hearing oral evidence, 7 June 2016, Q202

<sup>51</sup> Article published on Bolsover District Council website, "[Multi-agency employee engagement event at Sports Direct](#)", 19 February 2015

- **Appointment of a full time nurse.**
- **A focus on helping prevent the use of drugs and alcohol in the warehouse - including by way of an information campaign.**

## 8. Engagement with trade unions

In 2008 the Union acquired statutory recognition rights to represent directly employed staff at the Shirebrook warehouse from the Central Arbitration Committee. This followed a Declaration of Recognition dated 10 September 2008 whereby the Union was partially recognised by SDI as entitled to conduct collective bargaining on behalf of the bargaining unit comprising all warehouse operatives, including loaders, distribution operatives engaged in distribution within the warehouse, FLT drivers, tappers, pickers, scanners, pricers, placing operatives and tunnelling operatives. It excluded managerial, supervisory and administration roles, catering and cleaning staff and also drivers who deliver from the site.

It does seem to be correct that the Union had requested meetings with management on a number of occasions over 12 to 24 months. The management have accepted to us that those requests were not received enthusiastically because it was not perceived that the problems that have since been identified actually existed. That reluctance was only heightened in the last year with the manner in which the Union was conducting demonstrations and press campaigns in relation to SDI. A sort of siege mentality had crept in.

In fact as Mr Ashley acknowledged in his evidence to the Committee the Union can have a useful function to perform if they are engaged for the benefit of the staff rather than what he characterised as being engaged in a media circus.<sup>52</sup> As a consequence there have been meetings with the Union on multiple occasions since<sup>53</sup> which are listed at Appendix 12 and an on-going correspondence. It is only right to acknowledge that the insights of the Union in those meetings have been constructive and hopefully they would recognise that the business has reciprocated that.

Equally the company appreciates that it has an obligation to go onto the front foot and resolve the issues it is aware of. There is a desire from management and the Board not to simply pass that over to the Union or anyone else - SDI considers it must embrace and resolve these issues. That message has clearly been received and the steps set out in this report show that it is now being acted upon.

Greater engagement again will be possible in relation to the 360 degree report because there will be more time to do so and the business has had a brief opportunity to be able to get up to speed on the issues itself (as well as resolving some).

The Board's view is that a direct timely conversation with the Union about a potential issue is more useful to all the staff than an internal leaflet running down the business or an external press campaign that can damage all staff and shareholders. The executive will continue to communicate with Unite although the Board does have a concern as to whether they will be able to sustain a constructive stance in the face of the company's improvements given their historic stance in the media and on-going campaigns despite that progress.

The Union's proposed resolution for the forthcoming AGM to require an independent review in place of the present review was disappointing to the Board given that the Union had not yet had sight of this report which was going to be completed within a very short period. They have been invited to discuss matters at SDI's AGM on 7 September 2016 which has been made entirely open.<sup>54</sup>

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<sup>52</sup> The Committee hearing oral evidence, 7 June 2016, Q273

<sup>53</sup> The Committee Report, 'Employment Practices at Sports Direct', 22 July 2016, paragraph 63

<sup>54</sup> RNS announcement, 24 August 2016

The Board has confirmed that it unreservedly welcomes the more constructive and open dialogue that has been developing going forward to allow all parties to focus on SD becoming an exemplary employer.

## 9. Corporate governance

In the Committee Report the Committee referred to its view that "*corporate governance goes to the heart of the issues that have been raised in our inquiry*".<sup>55</sup> Other organisations and shareholders have expressed concerns.

Mr Ashley candidly acknowledged in his oral evidence that the organisation had grown very swiftly as a result of its success<sup>56</sup> and that he had not been as aware as he should have been about some of the issues that had emerged. However, and importantly, he readily accepted his responsibility as the founder and majority shareholder.

In his letter to the Committee of 12 July 2016 - responding to theirs of 25 June 2016 he explained that "*we will, of course, continue to consider corporate governance on an on-going basis. However it is a subject outside of working practices and will therefore not be included in the report.*"<sup>57</sup> Mr Ashley's point was that the business could only address so much at one time. If it addressed too much then they might only make matters worse no matter how desirable it was to put everything right overnight.

In fact it will be seen that a number of the points considered and recommendations implemented that are referred to in this report are addressing points that are aspects of corporate governance.

In the interim, SDI announced that it would be instigating an external report evaluating the Board later this financial year<sup>58</sup>. Separately, RPC will be instructed to conduct a review of wider corporate governance prior to next year's AGM.

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<sup>55</sup> The Committee Report, 'Employment Practices at Sports Direct', 22 July 2016, paragraph 72

<sup>56</sup> See paragraph 2 of this Report

<sup>57</sup> Letter from Mr Ashley to the Committee, 12 July 2016, answer to Q12

<sup>58</sup> RNS announcement, 18 August 2016

## 10. Conclusions

The key findings and actions identified are summarised below.

### 10.1 Workforce balance

The Board's view remains that a review of whether SD's model of predominantly using Agency workers in the warehouse, as opposed to employing staff directly, falls into the area of SD's wider business strategy and would be included in the next review report to be completed in 2017. In the meantime, the Board will provide SD's (not Agency) directly engaged casual (retail) staff with the option to elect between a 'zero hours' term of engagement or a permanent contract which will guarantee them at least 12 hours work a week and is considering running a test scheme aiming to transfer ten picking staff a month from the Agencies to SD (currently on average a total of around 2 people per month across all areas are transferring from the Agencies).

#### 10.1.1 SD engaged casual retail staff

Despite some obvious benefits for both casual hours staff and the business, it is recognised that there can be problems for staff engaged on these terms and so the Board will provide SD's (not Agency) directly engaged casual workers with the option to elect between that 'zero hours' engagement or a permanent contract for at least 12 hours a week. The Board has committed to review the mobility figures for staff moving from casual to permanent annually.

#### 10.1.2 Agency contracted workers

We have been advised by the Agencies that none of their workers in the SD warehouse are engaged on a 'zero hours contract'. Instead they are on an agreed contracted hours basis in the form of 336 contracts or permanent contracts.

In any event, the Board has decided that it wants the nature of the contracts used by the Agencies to be reviewed with the Agencies in the course of the 360 degree report which will allow time to have proper discussions about them.

In addition, the Board is considering running a test scheme aiming to transfer ten picking staff a month from the Agencies to SD (currently an average total of around 2 people per month across all areas are transferring from the Agencies).

### 10.2 Six strikes policy

The business acknowledges that the six strikes policy in place as operated has serious shortcomings. It is a blunt instrument that can leave too much subjectivity in the hands of a few – contributing to a hierarchical and potentially oppressive model.

Action has already been taken by the agencies to remove certain strikes from the policy but the business is concerned that there was a serious risk that amendments to the existing policy could never restore faith in that system. Consequently, the board will recommend to the Agencies that: they suspend the six strikes policy completely as soon as possible following the publication of this Report; that the immediate replacement to be identical to the grievance and disciplinary procedure as is already used for SD permanent employees; and that the alternatives to be considered in close consultation with staff to create a fair system that balances

treating staff with dignity, respect and fairness and ensuring the business can deliver for its customers.

### 10.3 National Minimum Wage

#### 10.3.1 Clocking on

To avoid deduction of pay to staff for late clocking on the Board increased salaries of staff on NMW by at least 15 pence per hour to remove the possibility that relatively minor issues could take the pay below the NMW.

The Kronos system has been changed so that if staff are late on arrival then rather than 15 minutes being deducted for being 1 minute late it is now only 5 minutes that are deducted for being 1 minute late. This was changed on 4 January 2016.

In addition if staff leave one minute early that is ignored – so that it effectively allows staff to balance up one deduction in a week by leaving a minute early every day. This was changed on 9 May 2016.

The Board has committed to reviewing whether the 1 minute leeway referred to above should be increased to 2 minutes in the 360 degree review, to allow a greater tolerance.

#### 10.3.2 Warehouse

It was ascertained that the breach of NMW regulations was the unintentional consequence of unpaid time that staff spent in queues at security bottlenecks.

The business has already taken the following steps to address this, all subject to on-going monitoring/feedback:-

- An announcement that salaries will be at least 15 pence per hour above NMW to remove any possibility that the comparatively minor differences being debated could take the pay below the NMW. Currently pay for all warehouse staff at all levels should be around 20p above NMW.
- Another change to how Kronos calculations work. As a result of the above the system has been changed so that all workers can clock off one minute early without experiencing any wage impact.
- Not searching all staff: (i) 10 staff are now searched per shift at random by their Agency managers; and (ii) 6 staff are searched by security and a manager from the relevant Agency.
- Changing the position of certain Kronos machines within the warehouse before the security checks.
- Allowing new joiners who are not used to the procedure yet to finish earlier without any pay reduction to have more time to pass through.

Consideration has also been given – but changes have not been made, or not yet made, to:-

- staggering the shifts more than they already are - so that there are greater gaps between them to spread out the traffic levels; and/or

- moving clocking in/out stations or creating a new one.

### 10.3.3 Stores

No evidence found to date of any systematic abuse in terms of unpaid retail working in relation to training or cleaning up. Further work will be undertaken as part of the 360 degree review.

Despite this, preventative measures that have been deployed, are: changing any such demands made of staff in relation to unpaid training and cleaning; training has already been and continues to be given to address where these allegations may have occurred; and changing how Kronos calculations work - the system has now been changed so that all staff can now clock off one minute early without any wage impact (and if late on arrival only 5 minutes would be deducted for being one minute late) – this was changed on 9 May 2016.

### 10.4 Use of tannoy

No evidence was found of abuse of the tannoy system, however anecdotally it was acknowledged by some that they had heard it being used to point out performance shortcomings in named staff.

A tannoy policy reflecting this has been written in English and will be translated into other languages . This will be deployed imminently at the warehouse and sited near to the tannoy apparatus. Compliance with the policy will be monitored on an on-going basis with spot checks (possibly by recording the output if practicable).

### 10.5 Use of notice boards

The league table notice boards previously used prior to Mr Ashley's review (started in January 2016) benchmarked the performance of all pickers in the warehouse against the anonymised data of their peers. It used an identification number (known to the individual staff, SD and the relevant Agencies only) and not their name.

To avoid the risk of staff potentially being embarrassed by this the table has been changed to six weekly tables that commend the top 500 performers for their product picking rates (launched in around June 2016) and the top 500 performers for their web processing rates (launched in around July 2016) - and both still by payroll number rather than staff name. Prizes of a certain amount of SD vouchers (£10, £15 and £25 respectively) are awarded to the top 3 performers each week.

### 10.6 Brand lists

The business considered that a rule apparently briefed to staff before joining the business that a long list of branded clothing and footwear was not to be worn because of the risk that it could contribute to thefts from the warehouse seems heavy handed.

The rule will be changed to simplify it dramatically so as to provide that the business would prefer the staff to wear:-

- unbranded clothing and footwear; or
- subsidised clothing and footwear; and

- must not wear a core list of 30 brands of clothing or footwear (instead of the old list of some 800 brands).

Briefings will be given to properly explain this.

#### 10.7 Bullying and sexual harassment

The Board is categoric that there should be zero tolerance to sexual harassment and bullying in the workplace and any culture of fear. It has been agreed that the following action will be taken:

- Our investigations will continue and if possible will be reported on in the 360 degree review.
- There will be strict enforcement of SD's Anti Harassment & Bullying Policy.
- A bespoke confidential hotline to be implemented.
- Training is being and will continue to be given.
- The HR team as addressed below is being expanded to help support these roles.

#### 10.8 Staff welfare generally

The Board is very conscious that while there is a need to remove issues that are contributing to poor working practices in the warehouse there is an equal driver to improve the conditions generally.

The Board is continuing with the ongoing rolling improvement to the condition of old/new stores (improving working conditions) and has decided that the welfare fund that currently operates informally will now be formalised.

The following matters will be considered as part of the 360 degree review: a detailed review of the HR function within the business; appointment of a full time nurse from 8am to 4pm; appointment of a Welfare Officer; extending the use of the training centre.

There is a plan to build a gym on the Shirebrook site.

#### 10.9 Staff feedback

It was apparent during the course of the current review that review processes in place could be improved.

As a consequence the business had taken the following steps: regular feedback from managers and regular weekly meetings with the Agencies and senior management of the SD business to get feedback from them at a senior level; a developing dialogue with Unite to obtain their feedback; regular feedback from the staff by way of a staff surgery in the Shirebrook canteen; a Staff Forum for SDI staff which allows an open discussion about problems, ideas and suggestions; and a clearer approach to grievance process e.g. the line manager name is now stated on notice boards and raised in staff inductions.

The business wants to consider as part of the 360 degree process (on which it will consult with all parts of the business), reviewing the current options and how best to improve the feedback process, including:-

- Annual feedback
- Staff surveys.
- Ongoing day to day and confidential feedback
- Implement an anonymous hotline to enable staff to report concerns and/ or make complaints confidentially.
- New whistleblowing scheme.

The above steps would be supported by an internal communications plan that emphasises the company's goals and vision and to encourage transparency.

#### 10.10 Health and safety

The business has been closely reviewing its policies and procedures in relation to health and safety in light of the various concerns. It wants to ensure a safe place of work for all of its staff.

Amongst other things:

- A policy has been written detailing the checklist and best practice to be followed e.g. calling 111 before the ambulance service. This will be used in all retail stores, the warehouse and head office.
- The business has: reviewed the existing two first aid rooms in Unit A and created a new one in the new section of the warehouse (opened around 3 months ago); reviewed the number of first aiders/fire wardens; and put up boards on the wall in each section of the warehouse and stores to identify the first aiders and fire wardens.
- The business has also decided to appoint a full time nurse from 8am to 4pm. This should help to filter any health and wellbeing issues. This will also provide a central point of communication to monitor progress/any issues and reduce the risk of unnecessary ambulance callouts being made. This will be affected as soon as possible following this Report being published.

#### 10.11 Community and Public Space Protection Order

Although the order is of general application, SD has taken, and has continued to be take, steps including:-

- NG20 committee meetings - since September 2015. Attendees now include the Union (invited at SDI's request since July 2016) as well as the CEO and Leader of Derbyshire Council, CEO and Leader of Bolsover Council, Councillors of Shirebrook Council, Derbyshire police, Derbyshire Fire & Rescue, local church leaders, the two Agencies and senior management at SDI (including more recently Mr Ashley).

- Bolsover Community Safety Partnership Community Cohesion Group meetings quarterly since 2014. Attendees include a representative from the Transline Agency on behalf of SDI.
- Regular liaison with police.
- Supporting charities like the Lighthouse Homes charity run by a Rotherham church providing accommodation at meagre rents to vulnerable tenants, often young men battling addiction and alcoholism.

Further steps that will be implemented include:-

- Appointment of a full time nurse.
- A focus on helping prevent the use of drugs and alcohol in the warehouse - including by way of an information campaign.

#### 10.12 Engagement with trade unions

The Board has confirmed that it unreservedly welcomes the more constructive and open dialogue that has been developing going forward to allow all parties to focus on SD becoming an exemplary employer.

#### 10.13 Corporate governance

SDI announced that it would be instigating an external report evaluating the Board later this financial year. Separately, RPC will be instructed to conduct a review of wider corporate governance prior to next year's AGM.

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# APPENDIX 1

## APPENDIX 1

### Primary public document sources reviewed

#### 1. Committee publications

##### 1.1 The Committee hearing dated 7 June 2016:

- Oral evidence given at the BIS Committee hearing on 7 June 2016 by:
  - Steve Turner, Assistant General Secretary, Unite
  - Luke Primarolo, Regional Officer, Unite
  - Chris Birkby, Managing Director, Transline
  - Jennifer Hardy, Finance Director, Transline
  - Andy Sweeney, CEO, Best Connection
  - Mr Ashley, SDI

##### 1.2 Correspondence:

- Letters from Mike Ashley to the Committee dated: 22 April; 16 May; 21 May; 5 June; and 12 July 2016
- Letters from the Committee to Mike Ashley dated: 15 March; 28 April; and 26 May 2016
- Unite's written evidence published 7 June 2016
- Transline's written evidence published 28 June 2016
- Unite's further written evidence published 12 July 2016
- Gangmasters Licensing Authority's written evidence published 12 July 2016
- Best Connection's written evidence published 12 July 2016
- Bolsover District Council's written evidence published 12 July 2016

##### 1.3 Reports:

- The Committee Report dated 22 July 2016

#### 2. SDI reports, accounts and publications

- SDI Annual Reports from 2009 to 2016
- RNS dated 18 December 2015
- RNS dated 31 December 2015

- RNS dated 18 August 2016
- RNS dated 24 August 2016

3. **Media articles**

- Various online and print media articles relating to Sports Direct.

4. **Information provided by various public bodies online including by:**

- Bolsover Council; Derbyshire Police; Gangmasters & Labour Abuse Authority; Unite the Union; and East Midlands Ambulance Service NHS Trust (EMAS).

# APPENDIX 2

## APPENDIX 2

### Chronology

Date	Event
1982	Business of Sports Direct is founded.
27 February 2007	Sports Direct International plc ("SDI") IPO with an offer price of 300p per ordinary share and 43% of the company's share capital being offered to the public.
2008	A Staff Forum is launched backed by a formal agreement. This has been running ever since.
10 September 2008	The Central Arbitration Committee grants Unite statutory recognition rights to represent certain staff at the Shirebrook warehouse.
15 November 2014	Ed Miliband criticises SportsDirect.com Retail Limited ("SD") over zero hours contracts.
September 2015	Series of articles about SD's working practices are published in the Guardian.
September 2015	NG20 committee meetings commence.
December 2015	Further articles about SD's working practices are published in the Guardian.
18 December 2015	RNS announcement - SDI states that it will be conducting a review into the terms and conditions of agency workers' contracts.
31 December 2015	RNS announcement stating that, as of 1 January 2016, all directly employed UK employees and directly engaged casual workers will be paid above the National Minimum Wage.
4 January 2016	A change is made to how the Kronos IT system calculations work such that 5 minutes (as opposed to 15 minutes) are now deducted when warehouse staff are 1 minute late to work.
February 2016	In relation to the "six strikes" policy, the Agencies remove 'sickness with a sick note' as a ground for a warning notice.
5 April 2016	Guardian article published: "Zero-hour contracts make it harder for workers to save, says FCA".
15 April 2016	Guardian article published: "McDonald's offer staff the chance to get off zero-hours contracts".
1 May 2016	Changes are made to the searches carried out at the end of each shift to reduce queues.
9 May 2016	A change is made to how the Kronos IT system calculations work such that all workers can now clock off one minute early without experiencing any wage impact.
June 2016	Product picking rates - league table notice boards are changed to six weekly tables that commend the top 500 performers. The tables are based on payroll number rather than staff name.
6 June 2016	It is announced that Dave Forsey will forgo his share award of around £3.6 million.

7 June 2016	Mr Ashley gives evidence to the BIS Committee.
7 June 2016	The Committee publishes written evidence from Unite.
25 June 2016	The Committee writes to Mr Ashley with follow up questions resulting from the Committee hearing on 7 June 2016.
28 June 2016	Transline's written evidence is published by the Committee.
July 2016	In relation to the "six strikes" policy, the Agencies remove the following as grounds for a warning: <ul style="list-style-type: none"> <li>• early out;</li> <li>• poor attitude (which included excessive/long toilet breaks); and</li> <li>• no policy notifications to be given in respect of any compassionate leave i.e. bereavement, child care needs, other serious family issues.</li> </ul>
July 2016	Web processing rates - league table notice boards are changed to six weekly tables that commend the top 500 performers. The tables are based on payroll number rather than staff name.
11 July 2016	Senior Environmental Health Officer visits Shirebrook and reports no major issues.
12 July 2016	Best Connection's written evidence is published by the Committee.
12 July 2016	NG20 meeting – Luke Primarolo (Unite's Regional Officer) is invited for first time and attends. Mr Ashley also attends.
12 July 2016	Mike Ashley writes to the BIS Committee answering a number of questions.
18 July 2016	Launch of a daily staff surgery in the Shirebrook canteen.
22 July 2016	The Committee Report is published.
18 August 2016	RNS announcement stating that an external evaluation of the Board is planned for later this financial year.
24 August 2016	RNS announcement in relation to SDI's Annual General Meeting ("AGM") and Open Day on 7 September 2016.
7 September 2016	SDI's AGM and Open Day to take place.

# APPENDIX 3

**WAREHOUSE DEPARTMENT CONTRACT**

**TERMS AND CONDITIONS OF EMPLOYMENT**

**Name of Employer:** Sports Direct.com Retail Limited ("the Company")

**Name of Employee:**

**Job Title:** Warehouse Operative

Your main duties are as set out in the job description for your role. Additionally, you may be required to carry out other duties for the Company or for any other Company in the Sports Direct International Group.

**1 DATE EMPLOYMENT COMMENCED**

Your start date for the purposes of continuous employment with the Company is .....

Your employment under the terms of this agreement commenced with effect from .....

**PLACE OF WORK**

Your usual place of work will be the Warehouse at the Company's Head Office and Distribution Facility. However, the Company shall be entitled to require you to work at other location in the UK according to the needs of the business. The Company will give you as much notice as possible should it require you to work from another location and will seek to agree any changes which radically alter your travel arrangements to and from work.

**2 PAY**

2.1 You will be paid at the rate of £ ..... per annum, one twelfth of which will be paid to you monthly in arrears by credit transfer on the last day of each month.

2.2 The Company will review your salary annually on or around 1 October. Any increase to your salary is entirely at the Company's discretion and you will have no contractual entitlement to receive an annual increase.

**3 PROBATIONARY PERIOD AND NOTICE OF TERMINATION OF EMPLOYMENT**

3.1 You are on probation for the first six months of service. This probationary period may be extended for a further period at the Company's discretion and following discussion with you.

3.2 During the first four weeks, your employment may be terminated without notice. You must give the Company one week's notice.

3.3 Upon completion of four weeks employment, the period of notice will be one week on either side.

3.4 Upon completion of two years service, this period of notice will increase to two weeks, and will thereafter increase by one additional week for each completed year of service up to a maximum of twelve weeks after twelve years of service.

3.5 The Company reserves the right to terminate your employment with immediate effect and pay you in lieu of notice. Any payment in lieu of notice will comprise basic salary only.

3.6 In the event of gross misconduct on your part including if you are absent without leave, the Company reserves the right to terminate your employment summarily and the above periods of notice will not apply, nor will any payment in lieu be made. Any accrued but unused holiday shall be paid in lieu. Examples of gross misconduct are set out in the Company's disciplinary procedure, contained in the Warehouse Staff Handbook, although the list of examples is not exhaustive. If you fail to give the Company the required period of notice in whole or part this will also be considered by the Company as a fundamental breach of contract by you and the Company reserves the right to seek damages for breach of contract. Any accrued but unused holiday shall be paid in lieu.

3.7 Provided you continue to enjoy your full contractual benefits and receive your pay in accordance with this contract, the Company may in its absolute discretion, during the notice period or any part of the notice period exclude you from the premises of the Company or require you to carry out specified duties only.

**4 HOURS OF WORK**

4.1 You will be contracted to work ..... hours per week , any 5 out of 7 . You will be informed of your shift pattern and hours of work by your shift manager. These will be regular and are unlikely to be subject to regular change. However, the Company reserves the right to vary your hours of work and your shift pattern in line with the demands of the business. You will be informed of any changes in advance by your manager.

4.2 Opportunities to work overtime may arise from time to time. No expectation should be placed on the availability of overtime. Unless you are advised otherwise by your manager, any overtime hours worked will be paid at your standard rate. Further information can be found in the Overtime Policy, which is available from Human Resources.

4.3 Your average working time including overtime should not exceed forty eight hours for each seven day period in any reference period unless you have agreed, in a separate agreement, to opt out of this limit. For the avoidance of doubt, time spent travelling to work does not count towards working time. If you do wish to be able to work in excess of forty eight hours per week, it is essential that you signed the 'Opt-Out Agreement'; if you do not, we legally cannot allow you to work these additional hours. A copy of the agreement is available from Human Resources.

## 5 HOLIDAYS

5.1 You are currently entitled to 28 days' holiday with pay every calendar year inclusive of bank and other public holidays. The Company's holiday year runs from mid April to the following mid April. The Company cannot confirm exact dates due to a slight variation in payroll cut off dates each year. The Company will confirm precise dates as soon as possible before the end of the holiday year. For the avoidance of doubt any variation in the dates of the holiday year will not affect your holiday entitlement. If you work part-time your holiday entitlement will be pro-rata of the above.

5.2 When calculating your statutory entitlement bank and public holidays are taken into account. The statutory entitlement cannot be carried over from one holiday year to the next and no payment in lieu can be made to you.

5.3 During the first year of employment your statutory holiday entitlement will accrue pro rata monthly in advance. Where this calculation results in fractions of days the amount of leave which may be taken is rounded up to the next half day. Any rounded up element is deducted from the leave remaining.

5.4 Save as provided for in 6.3 above, your entitlement to holiday accrues pro rata throughout each holiday year (disregarding fractions of days). You will be deemed to have taken statutory holiday first.

5.5 There is no statutory right to take time off on any public/bank holiday and you may be required to work some public/bank holidays in which case you will be permitted to take the holiday on a different day (booked in accordance with clause 6.9.1 below).

5.6 Any entitlement to holiday remaining at the end of any holiday year excluding your statutory entitlement shall lapse and no payment in lieu will be made for accrued untaken holiday.

5.7 If you have taken holiday in excess of your entitlement on termination of employment you will be required to give account for it and the Company will make a deduction from your final salary payment accordingly. If you have accrued holiday owing to you, the Company may at its discretion, require you to take the outstanding holiday during any notice period or make a payment in lieu thereof. For the purposes of this clause, a day's pay will be calculated on the basis of 1/260<sup>th</sup> of your basic salary (pro-rated for part-time employees).

5.8 If your employment is terminated without notice, you will not be entitled to holiday pay for holiday which would have accrued during the notice period, had you continued to be employed throughout that time.

5.9.1 If you wish to book holiday then this should be done through your line manager. The Company requires you to give at least four weeks notice where you wish to take five days' holiday or more and at least two weeks notice for holidays of four days and less. Your manager may at his or her discretion agree to reduce these notice periods.

5.9.2 The Company is entitled to require you to take holiday at its request and if it does so it will give you a minimum of two weeks notice for holiday of four days or less or four weeks notice for holidays of five days or more.

5.9.3 The Company may also refuse to allow you to take holiday in circumstances where it would be inconvenient to the business. The Company reserves the right to refuse holiday up to and including the day before the holiday is due to be taken. The Company will only exercise this right in urgent situations due to business needs and will give you as much notice as possible. The Company will also provide you with reasonable compensation for any alterations to arrangements which you have made, provided you provide appropriate evidence of any losses arising from this.

## 6 SICKNESS OR INJURY

6.1 During periods of absence from work due to sickness or injury you will be entitled to receive Statutory Sick Pay ("SSP") at the appropriate rate, subject to any statutory exceptions which may apply to you.

6.2 You will cease to accrue holiday, subject to any entitlement under the Working Time Regulations 1998, if you have been absent from work due to sickness for four consecutive weeks or more.

6.3 Any payment of sick pay over and above SSP is entirely at the discretion of the Company.

- 6.4 The Company reserves the right at its expense to refer you to an Occupational Health Adviser or other medical practitioner of its choosing if required.

## **7 NOTIFICATION OF ABSENCE**

- 7.1 Payment of SSP (or any other payment during sickness) is conditional upon your notifying the Company of your incapacity for work on the first day of your absence and upon certifying your absence as follows:

7.1.1 for absences of up to seven consecutive calendar days inclusive you must on your return to work complete and sign the Sickness Declaration form, copies of which you may obtain from the HR Department;

7.1.2 for absences of eight successive calendar days or more you must supply a Statement of Fitness for Work signed by a doctor that complies with the Sickness Absence Policy. You must also keep the Company regularly informed about your expected date of return to work.

- 7.2 If you fail to notify the Company of the reason for your absence, or if you fail to comply with the notification requirements set out in the Sickness Absence Policy, the Company may take disciplinary action against you.

## **8 PENSION AND RETIREMENT**

- 8.1 The Company has designated a stakeholder pension scheme, further details of which may be obtained from the HR Department.

- 8.2 There is no contracting-out certificate in force in respect of your employment with the Company.

## **9 DRUGS AND ALCOHOL TESTING**

In the interests of health and safety, the Company will carry out a programme of random testing of staff for drugs and alcohol and you will be required to co-operate with the Company in this respect. Failure to do so may lead to disciplinary action being taken against you up to and including dismissal for an unjustified refusal to consent to a test.

## **10 OTHER WORK**

You shall not during your employment with the Company be directly or indirectly involved in any other work without the prior written approval of the Company. If you do carry out other work, you are required to notify the Human Resources Department of the number of hours per week which you work in that outside employment. Any other work in which you are involved must not affect your ability to carry out your duties with the Company.

## **11 CONFIDENTIALITY**

You shall not during your employment or at any time after its termination disclose to any person any confidential information, (please see Staff Handbook for further information) concerning the organisation business or affairs of the Company or any associated company which comes to your knowledge during your employment and you shall keep with complete secrecy all confidential information entrusted to you and shall not use or attempt to use any such information.

## **12 POLICIES AND PROCEDURES**

The policies appearing in the Warehouse Staff Handbook are available from the Human Resources Department and include the disciplinary and grievance procedures applicable to your employment. Please note that these policies and procedures do not form part of your terms and conditions of employment.

## **13 SUSPENSION**

The Company may suspend you from your duties on full pay to allow the Company to investigate any complaint made against you in relation to your employment with the Company.

## **14 COLLECTIVE AGREEMENTS/WORKFORCE AGREEMENTS**

There are no collective agreements or workforce agreements applicable to you or which affect your terms of employment.

## **15 GENERAL**

- 15.1 These terms must be read in conjunction with the Warehouse Staff Handbook, receipt of which you will be asked to acknowledge separately, and other policies available from HR, which are listed in the Staff Handbook.

15.2 You hereby authorise the Company to deduct from any salary payable to you any sums owing by you to the Company. Examples of such deductions are overpayments that may have been made in error, the cost of replacing damaged Company property and any salary or wages paid during unauthorised absences from work.

I agree to the Terms and Conditions set out in the above Statement and acknowledge that I have received this Statement of the particulars of my employment as required by the Employment Rights Act 1996.

Signed: .....

Dated: .....

# APPENDIX 4

# **SPORTSDIRECT.com**

Retail

Unit A, Brook Park East, Shirebrook, Mansfield, Nottinghamshire, NG20 8RY

Tel: 0870 838 7204

Fax: 0870 838 7151

VAT: GB 898 4397 43

## **Private and Confidential**

Our ref. B/ / A

17 August 2016

Dear ,

## **Appointment of Casual Retail Assistant**

### **Appointment & Arrangements for Work**

I am delighted to confirm our offer of the position of Casual Retail Assistant with Sportsdirect.com Retail Ltd at our store. Your hourly rate of pay will be £ and you will receive payment, subject to payroll cut off dates, on the last working day of each month. A copy of the cut off dates is displayed on the staff notice board at the store.

This offer is subject to you providing evidence of your eligibility to work in the UK. If you have not already done so, please take your passport and any other related documents, such as visas, into store as soon as possible. We cannot allow you to commence work until you have provided the necessary evidence.

Your work with us will be on a casual, hourly paid basis. As such, there are no guaranteed hours of work, your hours of work can vary from week to week, and, as a result, there may be weeks when no hours of work are offered.

### **Dress code & Expectations**

When you start work for us, you will be provided with a staff uniform which must be worn at all times whilst you are at work. Please arrive for work each time with a clean, tidy and presentable appearance with the highest standards of personal hygiene.

We have basic standards that you are expected to follow whenever you are working so that our business can operate as efficiently and successfully as possible. If you do not meet these standards then this has an impact on the rest of the team in the store. We expect all our staff to support one another because teamwork is an essential ingredient of our success. These basic standards are:-

- Arrive at work on time
- Carry out your duties with due care to the required Company standards
- Provide prompt, courteous and helpful service to our customers at all times
- Help other members of your team as and when necessary
- Be polite to all colleagues, suppliers and visitors at all times
- Observe and adhere to all applicable Company rules, policies and procedures
- Treat all Company property with care and avoid wasting resources where possible
- No food or drink, including the chewing of gum is permitted to be consumed on the shop floor at any time

- Mobile phone devices, music devices and any accessories must be turned off and locked away during working hours. These items are not permitted on the shop floor.
- Smoking is not permitted anywhere inside the store or immediately outside the front door.

### **Sickness/Lateness**

If you are unable to come to work you must call (not text) the store at least one hour prior to the start of your shift time. If you satisfy the qualifying conditions laid down by law, you will be entitled to receive statutory sick pay at the prevailing rate for sickness absence during the applicable period. Further information regarding entitlement to SSP is contained within the current policy which is displayed on the staff notice board.

If you are going to be late, you must call as soon as possible to let the Store Manager or Duty Manager know that you are on your way.

### **Attendance**

You are required to register on the Kronos time and attendance system which we currently use. This involves scanning your fingerprint, which is converted to a code which recognises you when you use the scanners. No images are stored on the system and it is not possible to reconstruct an image of your fingerprint from the code.

You are required to scan in and out of work to record start and finish times. You must not undertake any work without being scanned in. The system will automatically calculate the hours that you have worked, which will then be used by our Payroll Department to determine your pay each month. Failure to scan in and out correctly may result in your pay being incorrect which we wish to avoid.

### **Staff Discount**

You will be entitled to a discount of 20% on all items of stock. Please note that any discount is for you only and not for family or friends. All staff purchases must be made in your store, whether discounted or not, and can only be made on a Thursday. Please speak to your Store Manager for further information regarding our current policy.

### **Deductions from Pay**

The Company may recover from you any sum which you may, from time to time, owe to the Company, or which might have been paid to you in error.

### **Security**

The nature of our business means that staff in our stores come into constant contact with stock and money. We also want to ensure that you are completely safe whilst you are at work. You will therefore be subjected to a security check by a manager, supervisor, security officer or other duly authorised person when you leave the premises.

**Holiday Entitlement**

Your holiday entitlement will depend on the number of hours you actually work and be pro-rated on the basis of a full-time entitlement of 28 days' holiday. You will be paid in respect of any accrued but unused holiday entitlement. Further information in relation to holiday, including how holiday pay is calculated and when payments are made, is available in the current policy which is displayed on the staff notice board.

**Safety**

Whilst working you must take reasonable care of your own health and safety and those who might be affected by what you do. Please co-operate by following all work instructions and procedures which will be outlined to you during your first day.

Any accident or near miss must be reported to your Store Manager immediately. An Accident Report must be completed for any accident, no matter how small. A first aid representative will be on duty who will assist.

In the case of a fire or emergency evacuation, please leave the building by the nearest safe exit and go to your fire assembly point as identified on your first day.

**Confidential Information**

You shall not use or disclose to any person either during, or at any time after, your time working for us, any confidential information about our business or affairs or about any other matters which may come to your knowledge as a result of working for us.

Please could you sign and date the enclosed copy of this letter and return it to the HR Department, Unit A, Brook Park East, Meadow Lane, Shirebrook, Mansfield, Notts NG20 8RY.

We look forward to working with you.

Yours sincerely

**Sharon Goodman**  
**Group HR & Safety Manager**

**Name** :  
**Store Location** :

I confirm my acceptance of this offer.

SIGNED .....

DATED .....

## **CASUAL RETAIL ASSISTANTS – SICKNESS POLICY**

This policy outlines what you should do if you are unable to attend a shift due to illness or injury and what pay you will be entitled to in these circumstances.

### **Absence Reporting**

If you are unable to come to work, you must telephone your manager at least one hour before the scheduled start of your shift. You must always call rather than text and, unless there are exceptional circumstances, you must make contact directly, rather than asking a friend or family member to call.

Please therefore ensure you have an up to date contact list at home or save appropriate contact numbers into your mobile phone.

Unless you have agreed otherwise with your manager, you should continue to telephone them each time you will miss a shift due to illness.

If you need to leave your shift early due to illness or injury, you should also inform your manager.

Your manager will record your absence in the Company's records and/or notify the Human Resources Department for monitoring and recording purposes. Where appropriate, Statements of Fitness for Work should be posted to the Human Resources Department during your absence or submitted immediately on your return to work.

### **Statements of Fitness for Work ("Fit Notes")**

If you miss more than 7 days of work, you must provide a Fit Note which has been issued by your doctor.

If you are unable to see a UK doctor, for example if you are abroad, we can only accept a medical note which contains all of the information contained in a Fit Note. This means that if we are required to translate the note, we will have all of the necessary information. This information is:

- Your name;
- The date of your medical assessment;
- The medical condition(s) that affect your fitness to work;
- The option for the medical professional to say that:
  1. you are not fit for work; or
  2. you may be fit for work taking account of one or more of the following:
    - a. a phased return to work;
    - b. altered hours;
    - c. amended duties;
    - d. workplace adaptations.
- If option 2 has been selected, there should be the ability on the note for the medical professional to give further information about your medical condition.
- The period of time that you are signed off work for, or need additional help from the Company.
- The medical professional should have the option to state whether or not they will re-examine you at the end of the relevant period.
- The medical professional should date the statement and provide their name and address.

If the medical note does not contain all of the above, we may not be able to accept it, meaning that you may not receive any applicable sick pay.

**PLEASE KEEP THIS PAGE FOR YOUR OWN RECORD**

## Sick Pay

If you are eligible, sickness absence is paid at the state of statutory sick pay (SSP) applicable at the time of absence and in accordance with the prevailing regulations. You can find out the current rate here: <https://www.gov.uk/statutory-sick-pay/what-youll-get> or you can ask a member of the Human Resources Department.

SSP is payable on the fourth consecutive day of absence if you have been absent from work for more than 3 consecutive days. You must also earn at least the lower earnings limit per week (before tax) to qualify (the current amount is available at

the above link or from the Human Resources Department); notify us of your absence in accordance with this policy; and produce a Fit Note if applicable.

You will not qualify for SSP if you have received the maximum amount (28 weeks) or if you have taken 3 years or more 'linked periods' of sickness - where 4 or more days of sickness happen within 8 weeks of each other.

## Working Elsewhere

If you work for another company and are absent for 4 consecutive days of work for us due to illness, please contact a member of the Human Resources Department to discuss whether you are eligible for SSP from us.

## CASUAL RETAIL ASSISTANTS – HOLIDAY POLICY

Our holiday year runs from 1 May to 30 April.

Your holiday entitlement will depend on the number of hours that you actually work and be pro-rated on the basis of a full-time entitlement of 28 days holiday during each full holiday year (including the usual 8 public holidays in England and Wales).

Your holiday entitlement accrues at the rate of 12.07% for each hour worked (your **Holiday Entitlement**). For example, once you have worked for 8.3 hours, you will have accrued 1 hour paid holiday, paid at your usual hourly rate.

If you work for us regularly, we will make payments in lieu of any accrued but untaken holiday on a quarterly basis in the January, April, July and October payrolls. This will be paid at your usual hourly rate and subject to applicable statutory deductions.

At the end of your time working for us, we will pay you in lieu of any accrued but untaken Holiday Entitlement for the holiday year you stopped working.

Holiday pay is set out separately on your payslips as 'Cash Holiday'.

Please let your manager know if at any time you wish to take holiday, and we will calculate your Holiday Entitlement at that point. The timing of any holiday must be agreed with you in writing in advance.

You will not generally be entitled to take more paid holiday than your accrued Holiday Entitlement at any point. If for any reason you have done so at the date that you stop working for us, we shall be entitled to deduct from any payment due to you a sum based on the number of hours holiday you have been paid for in excess of your Holiday Entitlement, with each excess hour being deducted at your usual hourly rate.

**PLEASE KEEP THIS PAGE FOR YOUR OWN RECORD**

# APPENDIX 5

## **TERMS AND CONDITIONS OF EMPLOYMENT**

**Name of Employer:** Sports Direct.com Retail Limited ("the Company")

**Name of Employee:** [INSERT EMPLOYEE NAME]

**Job Title:** [INSERT JOB TITLE]

Your main duties are as set out in the job description for your role. Additionally, you may be required to carry out other duties for the Company or for any other Company in the Sports Direct International Group.

### **1 DATE EMPLOYMENT COMMENCED**

Your start date for the purposes of continuous employment with the Company is [INSERT DATE COMMENCED].

### **2 PLACE OF WORK**

Your usual place of work will be the [INSERT STORE NAME] store. However, the Company shall be entitled to require you to work at other locations according to the needs of the business. The Company will give you as much notice as possible should it require you to work from another location and will seek to agree any changes which radically alter your travel arrangements to and from work.

### **3 PAY**

3.1 You will be paid at the rate of [AMOUNT#] pounds (£[AMOUNT#]) per annum which will be paid to you in equal monthly instalments in arrears by credit transfer on the last working day of each month.

3.2 The Company will review your salary annually on or around 1 October. Any increase to your salary is entirely at the Company's discretion and you will have no contractual entitlement to receive an annual increase.

### **4 PROBATIONARY PERIOD AND NOTICE OF TERMINATION OF EMPLOYMENT**

4.1 You are on probation for the first six months of service. This probationary period may be extended for a further period at the Company's discretion and following discussion with you.

4.2 During the first four weeks, your employment may be terminated without notice. You must give the Company one week's notice.

4.3 Upon completion of four weeks employment, the Company shall be required to give one week's written notice to terminate your employment. The period of notice required from you shall continue to be one week.

4.4 Following the conclusion of the probationary period, the period of notice on both sides shall increase to four weeks.

4.5 Upon completion of five years' service, this period of notice will increase to five weeks and by one additional week for each completed year of service up to a maximum of twelve weeks after twelve years of service.

4.6 The Company reserves the right to terminate your employment with immediate effect and pay you in lieu of notice. Any payment in lieu of notice will comprise basic salary only.

4.7 In the event of gross misconduct on your part the Company reserves the right to terminate your employment summarily and the above periods of notice will not apply, nor will any payment in lieu be made. Examples of gross misconduct are set out in the Company's disciplinary procedure, contained in the staff handbook, although the list of examples is not exhaustive. If you fail to give the Company the required period of notice in whole or part this will also be considered by the Company as a fundamental breach of contract by you and the Company reserves the right to seek damages for breach of contract.

4.8 Provided you continue to enjoy your full contractual benefits and receive your pay in accordance with this contract, the Company may in its absolute discretion, during the notice period or any part of the notice period exclude you from the premises of the Company or require you to carry out specified duties only.

### **5 HOURS OF WORK**

5.1 Your normal working hours will be [INSERT NUMBER] per week excluding rest breaks. You will normally be informed of your hours and shift pattern for the week ahead before the start of the relevant week. The Company reserves the right to vary your hours of work and your shift pattern to suit the demands of the business. The Company will take account of your individual needs when arranging your shifts. You will be expected to be available during normal store opening hours and as required for store openings, closings, stock-takes and any other store functions, but will in any event be expected to work such hours as are required to fulfil your duties, subject to Clause 5.2 below. There is no entitlement to receive payment for any additional hours worked.

5.2 Your average working time including overtime should not exceed forty eight hours for each seven day period in any reference period unless you have agreed, in a separate agreement, to opt out of this limit. If you do work

elsewhere outside of your employment with the company, you must tell us how many hours you work each week so we can ensure we comply with our Working Time obligations. If you do work elsewhere you may not work for a business which competes with that of the Company or conflicts with your duties unless you have our written permission.

- 5.3 In addition to time in which you are working at the Company's disposal and carrying out its activities or duties, travelling time whilst in work e.g. to visit clients/suppliers or to attend events or meetings will be included as working time. For the avoidance of doubt this does not include travel to and from work.

## 6 HOLIDAYS

- 6.1 You are entitled to 28 days' holiday with pay every calendar year inclusive of bank and other public holidays. The Company's holiday year runs from May to April each year. If you work part-time your holiday entitlement will be pro-rata of the above.
- 6.2 When calculating your statutory entitlement bank and public holidays are taken into account. The statutory entitlement cannot be carried over from one holiday year to the next and no payment in lieu can be made to you.
- 6.3 During the first year of employment your statutory holiday entitlement will accrue pro rata monthly in advance. Where this calculation results in fractions of days the amount of leave which may be taken is rounded up to the next half day. Any rounded up element is deducted from the leave remaining.
- 6.4 Save as provided for in 6.3 above, your entitlement to holiday accrues pro rata throughout each holiday year (disregarding fractions of days). You will be deemed to have taken statutory holiday first.
- 6.5 There is no statutory right to take time off on any public/bank holiday and you may be required to work some public/bank holidays in which case you will be permitted to take the holiday on a different day (booked in accordance with clause 6.9.1 below).
- 6.6 Any entitlement to holiday remaining at the end of any holiday year excluding your statutory entitlement shall lapse and no payment in lieu will be made for accrued untaken holiday.
- 6.7 If you have taken holiday in excess of your entitlement on termination of employment you will be required to give account for it and the Company will make a deduction from your final salary payment accordingly. If you have accrued holiday owing to you, the Company may at its discretion, require you to take the outstanding holiday during any notice period or make a payment in lieu thereof. For the purposes of this clause, a day's pay will be calculated on the basis of 1/260<sup>th</sup> of your basic salary (pro-rated for part-time employees).
- 6.8 If your employment is terminated without notice, you will not be entitled to holiday pay for holiday which would have accrued during the notice period, had you continued to be employed throughout that time.
- 6.9
- 6.9.1 If you wish to book holiday then this should be done through your Store Manager. The Company requires you to give at least four weeks' notice where you wish to take five days' holiday or more and at least two weeks' notice for holidays of four days' holiday and less. Your manager may at his or her discretion agree to reduce these notice periods.
- 6.9.2 The Company is entitled to require you to take holiday at its request and if it does so it will give you a minimum of two weeks' notice for holiday of four days or less or four weeks' notice for holidays of five days or more.
- 6.9.3 The Company may also refuse to allow you to take holiday in circumstances where it would be inconvenient to the business. The Company reserves the right to refuse holiday up to and including the day before the holiday is due to be taken. The Company will only exercise this right in urgent situations due to business needs and will give you as much notice as possible. The Company will also provide you with reasonable compensation for any alterations to arrangements which you have made, provided you provide appropriate evidence of any losses arising from this.

## 7 SICKNESS OR INJURY

- 7.1 During periods of absence from work due to sickness or injury you will be entitled to receive Statutory Sick Pay ("SSP") at the appropriate rate, subject to any statutory exceptions which may apply to you.
- 7.2 You will cease to accrue holiday, subject to any entitlement under the Working Time Regulations 1998, if you have been absent from work due to sickness for four consecutive weeks or more.
- 7.3 Any payment of sick pay over and above SSP is entirely at the discretion of the Company.
- 7.4 The Company reserves the right at its expense to refer you to an Occupational Health Adviser or other medical practitioner of its choosing if required.

**8 NOTIFICATION OF ABSENCE**

- 8.1 Payment of SSP (or any other payment during sickness) is conditional upon your notifying the Company of your incapacity for work on the first day of your absence and upon certifying your absence as follows:
- 8.1.1 for absences of up to seven consecutive calendar days inclusive you must on your return to work complete and sign the Sickness Declaration form, copies of which you may obtain from the HR Department;
  - 8.1.2 for absences of eight successive calendar days or more you must supply a Statement of Fitness for Work signed by a doctor that complies with the Sickness Absence Policy. You must also keep the Company regularly informed about your expected date of return to work.
- 8.2 If you fail to notify the Company of the reason for your absence, or if you fail to comply with the notification requirements set out in the Sickness Absence Policy, the Company may take disciplinary action against you.

**9 PENSION AND RETIREMENT**

- 9.1 We have chosen The People's Pension as our pension scheme for you, which is provided by B&CE, an experienced provider of workplace pensions in the UK. The People's Pension is an occupational pension scheme that provides a way to save now towards an income for retirement. Further details regarding automatic enrolment will be provided to you.
- 9.2 There is no contracting-out certificate in force in respect of your employment with the Company.

**10 DRUGS AND ALCOHOL TESTING**

In the interests of health and safety, the Company will carry out a programme of random testing of staff for drugs and alcohol and you will be required to co-operate with the Company in this respect. Failure to do so may lead to disciplinary action being taken against you up to and including dismissal for an unjustified refusal to consent to a test.

**11 CONFIDENTIALITY**

- You shall not during your employment or at any time after its termination disclose to any person any confidential information (please see the Staff Handbook for further information) concerning the organisation business or affairs of the Company or any associated company which comes to your knowledge during your employment and you shall keep with complete secrecy all confidential information entrusted to you and shall not use or attempt to use any such information.
- 11.1 You agree during and after your employment not to use or disclose to any person (and shall use your best endeavours to prevent the use, publication or disclosure of) any confidential information:
- 11.1.1 concerning our business which comes to your knowledge during the course of or in connection with your employment or your holding office; or
  - 11.1.2 concerning the business of any client or person having dealings with us and which is obtained directly or indirectly in circumstances where we are subject to a duty of confidentiality.
- 11.2 This clause shall not apply to information which:
- 11.2.1 is used or disclosed in the proper performance of your duties or with our consent.
  - 11.2.2 is ordered to be disclosed by a court of competent jurisdiction or otherwise required to be disclosed by law.
  - 11.2.3 comes into the public domain (otherwise than due to a default by you).

**12 POLICIES AND PROCEDURES**

The policies appearing in the Staff Handbook and available from the Human Resources Department include the disciplinary and grievance procedures applicable to your employment. Please note that these policies and procedures do not form part of your terms and conditions of employment.

**13 SUSPENSION**

The Company may suspend you from your duties on full pay to allow the Company to investigate any complaint made against you in relation to your employment with the Company. You will continue to be bound by all obligations owed to the Company under this contract.

**14 COLLECTIVE AGREEMENTS/WORKFORCE AGREEMENTS**

There are no collective agreements or workforce agreements applicable to you or which affect your terms of employment.

**15 GENERAL**

15.1 These terms must be read in conjunction with the Staff Handbook, receipt of which you will be asked to acknowledge separately, and other policies available from HR.

15.2 You hereby authorise the Company to deduct from any salary payable to you any sums owing by you to the Company. Examples of such deductions are overpayments that may have been made in error, the cost of replacing damaged Company property and any salary or wages paid during unauthorised absences from work.

I agree to the Terms and Conditions set out in the above Statement and acknowledge that I have received this Statement of the particulars of my employment as required by the Employment Rights Act 1996.

Signed: .....

Dated: .....

# APPENDIX 6

## 1.1 GRIEVANCE PROCEDURES

### 1.1.1 Purpose and Status

This grievance procedure is applicable to all employees and workers and is a framework for resolving any grievances which you have.

The basic aim of the procedure is to arrive at a mutually satisfactory solution of the grievance as quickly as possible. In this context, you are encouraged to deal with problems informally in the first instance.

The procedure is for guidance only and does not form part of your employment contract or terms of engagement. We may amend it at any time or depart from it depending on the circumstances of the case. If you have any difficulty at any stage of the procedure because of a disability or because English is not your first language, you should ask your immediate supervisor for assistance.

### 1.1.2 Stages of the Standard Procedure

#### (a) Informal Procedure

Where possible, any issue or concern you have should be raised promptly and informally with your manager in the first instance, who is usually in the best position to help. If this is not possible, the matter should be referred to another person in the next level of management who will act to resolve the issue or alternatively advice should be sought from the Human Resources Department.

#### (b) Formal Procedure

If the informal procedure does not resolve your concerns or you wish to invoke the formal procedure, you can raise a formal grievance.

##### (i) Written Statement of Grievance

You should set out in writing to your Manager what your grievance is and the basis for it. If the grievance concerns your Manager, then the letter should be addressed to the next appropriate level of management. You must also provide the Company with any documentation and evidence that you intend to rely on with regards to the grievance. You should also state how you think your grievance should be resolved.

##### (ii) Investigation

An investigation into your grievance will be carried out. The amount of any investigation required will depend on the nature of the allegations and will vary from case to case. It may involve interviewing and taking statements from you and any witnesses and/or reviewing relevant documents.

You must co-operate fully and promptly in any investigation. This may include informing us of the names of any relevant witnesses, disclosing any relevant documents to us and attending investigative interviews if required.

The Company may hold an investigative meeting with you before a grievance meeting if we consider it appropriate.

##### (iii) Right to be Accompanied

You may be accompanied at grievance meetings and any appeal meetings by a fellow worker or accredited trade union official. If you are under 18, you may be accompanied by a parent or legal guardian. Your companion may not be a legal representative. The role of the accompanying person is to provide support to you if you feel uncomfortable with the situation. They may also help you to make all the necessary points and will act as a witness. They cannot answer questions on your behalf.

##### (iv) The Meeting

The Company will arrange a meeting to hear your grievance as soon as possible and usually within 10 working days of receipt of your grievance letter. If the Company is not able to arrange the grievance meeting within 10 working days, we will let you know. If you or your companion cannot attend the meeting at the time specified, you should inform the Company immediately and we will arrange an alternative time. This meeting will be conducted by a member of management and another individual may also be present to take notes of the meeting and provide advice to both parties as appropriate. You are not allowed to tape or record the meeting, although you will receive a copy of the meeting notes..

At this meeting, you will be given the right to state your grievance clearly and to refer to any supporting evidence. The grievance meeting should be a two-way discussion with the aim of seeking a solution. The meeting will be adjourned once

all facts have been discussed and the person chairing the meeting will make a decision based on the information available. He or she may request a follow-up meeting if further information is needed and/or undertake additional investigations. You will be advised in writing, where possible within 10 working days of the outcome of your grievance, and what action (if any) will be taken to resolve the grievance. You will also be advised of your right to appeal.

(v) **Appeal**

You have the right to appeal against the outcome of your grievance. Any request to appeal must be put in writing within 7 days of having received the initial grievance outcome. You will be informed in the grievance outcome to whom to direct any appeal. An appeal meeting will then be organised to discuss the reasons for appeal, usually within 10 working days of receipt of the appeal letter where reasonably practicable. You must set out the full grounds of your appeal. Where possible, the appeal will be heard by the next level of management to the one previously involved in the process and will be heard by someone not previously involved. Again, another individual may also be present to take notes of the meeting and provide advice to both parties as appropriate.

Following the grievance appeal meeting, the person who conducted the appeal will notify you of the outcome in writing within 10 working days of the meeting, if practicable. You will be advised that this decision is final and that there is no further stage of the grievance procedure.

1.1.3 **Grievance Outcome**

The outcome of the grievance or appeal will depend upon a number of factors, i.e. the nature and gravity of the complaint, the facts and evidence available, your version of events, the response of the other employee(s) (if allegations are made against a fellow colleague), any risk to the Company, employees or workers, mitigating factors and previous similar cases.

The overall aim is to resolve the situation that led to the grievance through reaching a mutually satisfactory outcome and agreeing action points. We will always take care to protect employees and workers against potentially dangerous or stressful situations and the following are examples of the types of action points that may be considered in deciding the outcome of a grievance (this list is not exhaustive):-

- (a) Separating individuals involved in conflict, where reasonably practicable;
- (b) Implementing measures to protect employees and workers against harassment or bullying and/or suspending alleged offenders, if appropriate, during investigations (see disciplinary policy);
- (c) Discussing the grievance with relevant parties in order to resolve and instigating the disciplinary procedure if appropriate;
- (d) Implementing a policy or procedure to address a situation;
- (e) Adapting working methods and procedures.

If, during any stage of the grievance procedure, it is proven or that the Company has reasonable belief that a grievance has been raised purely out of malicious intent or for personal gain or the grievance was knowingly unfounded, then the individual themselves may be subject to the Company's disciplinary procedure.

1.1.4 **Grievance raised after Employment has Ended**

If you wish to raise a grievance after your employment has ended, you should put it in writing indicating it is a formal grievance and send it to the Human Resources department. The written grievance should contain a brief description of the nature of your complaint, including any relevant facts, dates and names of individuals involved. You should also state how you think your grievance should be resolved. We will decide how best to proceed and you will usually be informed of this within 10 working days of us receiving the grievance.

## 1.1 DISCIPLINARY AND DISMISSAL PROCEDURES

### 1.1.1 Purpose and Status

This disciplinary procedure applies to all employees. It is designed to ensure that all employees are dealt with fairly and consistently in disciplinary and other related matters affecting their work with us.

This procedure is for guidance only and does not form part of your employment contract. We may amend it at any time or depart from it depending on the circumstances of the case.

If you have any difficulty at any stage of the procedure because of a disability or because English is not your first language, you should ask your immediate supervisor for assistance.

### 1.1.2 Informal Procedure

- (a) Minor incidents of misconduct can often be resolved informally between you and your manager. Where appropriate, a note of such informal discussions may be placed on your personnel file, but will be ignored for the purposes of any future hearings.
- (b) If the matter is not resolved, or if informal discussion is not appropriate because of the nature of the allegations, formal steps will be taken under this procedure.

### 1.1.3 Investigation

- (a) We will aim to promptly investigate the facts relating to any disciplinary allegations against you before deciding whether to proceed with a disciplinary hearing. The level of investigation will depend on the nature of the allegations and will vary from case to case but may involve interviewing and taking statements from you and any witnesses and/or reviewing relevant documents.
- (b) Investigative interviews are purely fact finding and are not disciplinary.
- (c) Where practicable, this investigation will be carried out by a manager who will not be involved in any decision taken at any subsequent disciplinary hearing.

### 1.1.4 Suspension

- (a) In cases where your continued presence at work may hinder an investigation, we may need to suspend you from work. Whilst suspended, you should follow our lawful instructions which may include not visiting our premises or contacting any of our customers, suppliers, contractors or employees unless you are authorised in writing to do so.
- (b) Suspension of this kind is not a disciplinary penalty and in no way implies that any decision has been made about the allegations. You will continue to receive your full basic salary and benefits during the period of suspension.

### 1.1.5 Right To Be Accompanied

- (a) You may bring a companion to any disciplinary hearing or appeal hearing under this procedure, if your request for a particular companion is reasonable. The companion may be either a trade union official or a fellow worker. For the avoidance of doubt, you may not bring a legal representative. You must tell the person conducting the disciplinary appeal or appeal hearing who your chosen companion is in good time before the hearing. If you are under 18, you may be accompanied by a parent or legal guardian.

### 1.1.6 Hearing

- (a) Following any investigation, if we consider there are grounds for disciplinary action, you will be asked to attend a disciplinary hearing. Prior to this hearing, we will let you know in writing the allegations against you and the basis for those allegations. We will also, where appropriate, provide copies of any relevant documents and witness statements (unless a witness's identity is to be kept confidential, in which case we will give you as much information as possible whilst maintaining confidentiality). We will also let you know what the range of outcomes may be if we decide at the hearing that the allegations are true.
- (b) You will be given at least 48 hours notice of any disciplinary hearing to enable you to prepare your case. For more complex cases, for example involving significant numbers of documents, additional notice will be given.

- (c) If you or your companion cannot attend the hearing, you should inform us as soon as possible and we will arrange an alternative time. You must make every effort to attend the hearing and failure to attend without good reason may be treated as misconduct in itself. If you fail to attend without good reason, or are persistently unable to do so (for example, for health reasons) we may have to make a decision based on the evidence before us.
- (d) You should provide us with copies of any relevant documents and/or witnesses statements you wish to refer to at the hearing at least 24 hours before the hearing.
- (e) At the disciplinary hearing, we will go through the allegations against you and the evidence that has been gathered. You will be able to respond and present any evidence of your own. Your companion may make representations to us, but should not answer questions on your behalf.
- (f) Where reasonable and necessary you may ask relevant witnesses to appear at the hearing, provided you give sufficient advanced notice to arrange their attendance. You will be given the opportunity to respond to any information given by a witness. However, you would not normally be permitted to cross-examine witnesses unless, in exceptional circumstances, we decide that a fair hearing could not be held otherwise.
- (g) We may adjourn the disciplinary hearing if we need to carry out any further investigations such as re-interviewing witnesses in the light of any new points you have raised at the hearing. You will be given a reasonable opportunity to consider new information obtained before the hearing is reconvened.
- (h) We will inform you in writing of our decision and our reasons for it (and right of appeal where appropriate), usually within 10 working days of the disciplinary hearing. If we are unable to respond within this timeframe for whatever reason, we will let you know in writing when we will be able to inform you of our decision.

#### 1.1.7 Possible Sanctions

- (a) Minor incidents of misconduct or irregularities in performance will be dealt with informally but where the matter is more serious, more formal procedures will normally be followed.
- (b) There are four stages to the formal procedure. The Company reserves the right to initiate the procedure at any stage (including dismissal) or to jump stages, depending on the circumstances of the case. Disciplinary action under the procedure will normally be taken by your manager.

##### (i) Verbal Warning

In cases of minor infringements, you may be given a formal verbal warning. You will be advised of the reason for the warning, the improvements required and the timescale. You will also be informed that the verbal warning constitutes the first stage of the disciplinary procedure. The consequences of failure to improve conduct or performance to acceptable standards will be outlined. Written confirmation will be sent to you and a copy retained on your personnel file. A note of a verbal warning will remain on your personnel file for 12 months (unless otherwise stated) after which time it will be disregarded for disciplinary purposes. Repetition or failure to improve conduct or performance could lead to a higher level of disciplinary action being taken against you or, if appropriate, demotion or dismissal.

##### (ii) Written Warning

In more serious cases or repetition of earlier infringements, you may be given a formal written warning. This will give details of the complaint, the improvements required and the timescale. It will also inform you that repetition or failure to improve conduct or performance could lead to a higher level of disciplinary action being taken or, if appropriate, demotion or dismissal. The written warning will be disregarded for disciplinary purposes after 12 months (or such longer period as may be stipulated), subject to satisfactory conduct and performance. Repetition or failure to improve conduct or performance could result in a final written warning being issued or, if appropriate, demotion or dismissal.

##### (iii) Final Written Warning

In the event of more serious/further misconduct or failure to improve standards of work performance, or if the misconduct or poor performance is sufficiently serious to warrant only one written warning, a final written

warning will be given to you. This will give details of the complaint and will specify that it constitutes the final stage of the disciplinary procedure prior to dismissal. It will also warn you that any further misconduct or continued failure to improve to acceptable standards will render you liable to dismissal. The final written warning will be disregarded for disciplinary purposes after 12 months (or such longer period as may be stipulated), subject to satisfactory conduct and performance. Repetition or failure to improve conduct or performance could result in demotion or dismissal.

**(iv) Dismissal**

If conduct or performance has failed to improve, despite previous warning(s) and you still fail to reach the prescribed standards, or your conduct is sufficiently serious, dismissal may result. If your conduct remains unsatisfactory, dismissal will normally result. It will also be appropriate in cases of gross misconduct, even if there are no active warnings on your file. Examples of gross misconduct include, but are not limited to:

- (a) Theft or fraud.
- (b) Physical violence or bullying.
- (c) Deliberate and serious damage to property.
- (d) Serious misuse of the Company's property or name.
- (e) Deliberately accessing pornographic, offensive or obscene material on internet sites.
- (f) Serious insubordination.
- (g) Unlawful discrimination or harassment.
- (h) Bringing the Company into disrepute.
- (i) Serious incapability at work brought on by alcohol or illegal drugs.
- (j) Causing loss, damage or injury through serious negligence.
- (k) A serious breach of health and safety rules.
- (l) A serious breach of confidence.

We may, however, consider other possible disciplinary sanctions, at our discretion, as an alternative to dismissal. For example: demotion, transfer, loss of seniority, salary reduction, loss of future pay increment or bonus, suspension with or without pay.

If you are dismissed, you will be provided, as soon as reasonably practicable with written confirmation of the dismissal and the date on which your employment terminated or will terminate and you will be notified of your right of appeal.

**1.1.8 Appeals**

- (a) If you feel that disciplinary action taken against you is wrong or unjust, you should appeal in writing, stating your full grounds of appeal within 7 days of the date on which you are informed of the decision.
- (b) If you are appealing against dismissal, the date on which dismissal takes effect will not be delayed pending the outcome of the appeal. However, if your appeal is successful, you will be reinstated with no loss of continuity of service or pay.
- (c) If you raise any new matters in your appeal, we may need to carry out further investigation. If any new information comes to light, then we will provide you with a summary including, where appropriate, copies of additional relevant documents and witness statements. You will have a reasonable opportunity to consider this information before the hearing.
- (d) We will give you written notice of the date, time and place of the appeal hearing.
- (e) Where possible, the appeal hearing will be conducted by a manager who was not previously involved in the case.

- (f) We may adjourn the appeal hearing if we need to carry out any further investigations in the light of new issues raised at the hearing. You will be given a reasonable opportunity to consider any new information obtained before the hearing is reconvened.
- (g) Following the appeal hearing we may confirm the original decision, revoke the original decision or substitute a different penalty.
- (h) We will inform you in writing of our final decision as soon as possible, usually within 10 working days of the appeal hearing. There will be no further right of appeal.

# APPENDIX 7

Name:

Date:

Dear Colleague

As you are aware, The Best Connection has an obligation to monitor and manage the performance, conduct and attendance of its temporary workforce over a rolling 6-month period. We review your file on a weekly basis, though not necessarily always in the week you have worked.

**As part of this monitoring process we have identified concerns as detailed below and you are therefore being issued with a stage. An immediate improvement is required.**

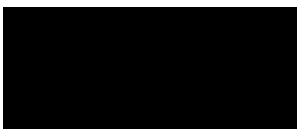
Concern relating to Performance/Conduct:

<input type="checkbox"/>	Absence without leave
<input type="checkbox"/>	Lateness
<input type="checkbox"/>	Dereliction of Duty
<input type="checkbox"/>	Misconduct
<input type="checkbox"/>	Not Following Process
<input type="checkbox"/>	Breach of Health & Safety
<input type="checkbox"/>	Brief of Site Security
<input type="checkbox"/>	Poor performance
<input type="checkbox"/>	Timewasting
<input type="checkbox"/>	Period of Sickness without a UK Certified Doctors note

**If you feel that this stage is wrong or unjust, then you have a right to appeal. If you decide to appeal, then please email us within 14 days directly to [shirebrookappeals@thebestconnection.co.uk](mailto:shirebrookappeals@thebestconnection.co.uk) setting out the full grounds of the appeal. We will then make arrangements to contact you regarding the rest of the appeal process.**

Finally, we are committed to support you in order for you to achieve the required targets, e.g. if you feel you may have a need for additional training in order to achieve the required improvements please let us know.

Yours faithfully



Account Manager



Name:

Date:

Dear Colleague

As you are aware, Transline Group has an obligation to monitor and manage the performance, conduct and attendance of its temporary workforce over a rolling 6-month period. We review your file on a weekly basis, though not necessarily always in the week you have worked.

**As part of this monitoring process we have identified concerns as detailed below and you are therefore being issued with a Stage. An immediate improvement is required.**

Concern relating to Performance/Conduct:

	Absence without leave
	Lateness
	Dereliction of Duty
	Misconduct
	Not Following Process
	Breach of Health & Safety
	Breach of Site Security
	Poor performance
	Timewasting
	Period of Sickness without certificated Doctors note

If you do not understand this letter then please talk to us.

Should you wish to appeal this stage then you have the right to appeal within 14 days. Please email directly to [staffwelfare@transline.co.uk](mailto:staffwelfare@transline.co.uk) and they will make arrangements to contact you.

Finally, we are committed to support you in order for you to achieve the required targets, e.g. if you feel you may have a need for additional training in order to achieve the required improvements please let us know.

Yours faithfully

  
Senior Account Manager

# APPENDIX 8

## **TANNOY POLICY**

- The Tannoy should only be used by authorised personnel (this includes Shift Managers, Section Managers, Supervisors and Section Leaders).
- **The Tannoy should never be used to issue rebukes or to voice criticisms. Messages should be calm and respectful.**
- Use of the Tannoy should be limited to 'Health & Safety Announcements' and 'Logistical Announcements' that are necessary for the smooth running of the business.
- **Health & Safety Announcements:** These may include matters such as First Aid Calls, Fire Alarm Calls and Maintenance & Waste Management Calls (or similar).
- **Logistical Announcements:** These may include matters such as requests for named workers to report to an appropriate area or to clock into the correct department (or similar).
- The Tannoy should not be used to divulge information about individuals that might reasonably be considered to be private or personal.
- All use of the Tannoy must comply with the Company's Harassment & Bullying Policy (Document SG/0215), which is available from HR.

**IF YOU REQUIRE FURTHER INFORMATION PLEASE CONTACT THE HR DEPARTMENT IN THE NORMAL MANNER.**

# APPENDIX 9



# APPENDIX 10

## HARASSMENT & BULLYING POLICY

Sports Direct.com Retail Limited deplores all forms of bullying and sexual or racial harassment and seeks to ensure that the working environment is sympathetic to all employees and workers. The following procedure informs employees and workers of the type of behaviour that is unacceptable and provides employees and workers who are the victims of bullying and/or sexual or racial harassment with a means of redress.

Implementation of the policy is the duty of all levels of management and all employees and workers are required to comply. Failure to do so will be dealt with as a disciplinary matter which could result in dismissal without notice or compensation.

### The rules on behaviour at work

Both sexual and racial harassment at work are unlawful and can result in a criminal prosecution as well the payment of compensation to the victim. Sexual or racial harassment can create a threatening environment and reduce efficiency by increasing staff turnover and absence through sickness. Men and women of whatever sexual orientation or ethnic background have the right to work in an environment free from intimidation.

Sexual harassment at work is defined as unwanted behaviour of a sexual nature by one employee towards another. It may take many forms, ranging from verbal comments to actual or attempted physical contact. People do not always realise that their conduct is offensive but that is no excuse; what is acceptable to one person may not be acceptable to another.

There are many examples of sexual harassment and the following list is not exhaustive:

- insensitive jokes or pranks
- lewd comments about appearance
- unnecessary body contact
- displays of sexually offensive material, e.g. pin-ups
- requests for sexual favours
- speculation about others' private lives or sexual activities
- threatened or actual sexual violence
- threats of dismissal or other detriment for refusing sexual favours

Racial harassment at work may also take many forms. As with sexual harassment it can range from verbal comments to physical abuse. Neither is acceptable and, in particular, racial 'banter' - in the mistaken belief that the target of the abuse finds it amusing - is neither to be engaged in by employees or workers nor tolerated by managers. The following list of examples is not exhaustive:

- jokes or pranks related to race or ethnic origin
- deliberate exclusion from conversations or group activities
- abusive, threatening or insulting behaviour
- the display of abusive writing or pictures
- restriction of opportunities for training or promotion
- failure to acknowledge cultural or religious preferences where made known by a member of an ethnic minority group

### Procedure

The Company recognises the sensitive nature of these issues and the practical difficulties which might arise in an organisation with staff deployed in a number of locations where contact with Head Office may be infrequent. If you believe that you have suffered discrimination or bullying in the workplace, you can raise this matter through our Grievance Procedure or by contacting the HR Department.

Sports Direct.com Retail Limited **will not** tolerate any form of bullying and/or sexual or racial abuse at any level and members of staff need not suffer in silence. Complaints will be investigated promptly and, where necessary, disciplinary action will be taken.

# APPENDIX 11

## **WHEN TO CALL 999 FOR AN AMBULANCE**

### **In a life-threatening emergency**

Always call 999 if someone is seriously ill or injured, and their life is at risk.

Examples of medical emergencies include (but not limited to):

- Chest pain
- Difficulty breathing
- Unconsciousness
- Severe loss of blood
- Severe burns or scalds
- Choking
- Fitting or convulsion
- Drowning
- Severe allergic reactions

### **Call 111 when it's less urgent than 999**

You should use the NHS 111 service if you urgently need medical help or advice but it's not a life-threatening situation. (see above)

Call 111 if:

- you need medical help fast but it's not a 999 emergency
- you think you need to go to A&E or need another NHS urgent care service
- you don't know who to call or you don't have a GP to call
- **you need health information or reassurance about what to do next**

If NHS 111 advisers think you need an ambulance, they will immediately arrange for one to be sent to you.

# APPENDIX 12

## APPENDIX 12

### Senior Leadership meetings with Unite since Committee hearing on 7 June 2016

Date	Meeting
21 June 2016	Meeting with Mr Ashley, senior SDI team and Union Regional Officer at Mr Ashley's request.
29 June 2016	Meeting with an ex worker and Union Regional Officer. Mr Ashley attended for part.
12 July 2016	NG20 meeting. Union Regional Officer invited and attended. Mr Ashley attended.
3 August 2016	Meeting with an agency employee and Union Regional Officer. Mr Ashley called the meeting.
October 2016	Meeting planned including as attendees Mr Ashley, Assistant General Secretary and Regional Officer of Unite.