

While we are focused on delivering value to our shareholders, the Code of Business Conduct takes into account the interests of all stakeholders: investors, employees, customers, suppliers, competitors and the wider community - as well as the environment shared by everyone.

1. Shareholders

The Company is responsible to those who provide funding. We -

- i. Communicate accurately and in a timely manner to all concerned regarding our policies, achievements, risks and prospects.
- ii. Seek to use financial resources entrusted to us in ways that maximise value over time.
- iii. Provide financial reports that are accurate and timely.
- iv. Work at all times to comply with the provisions of the Stock Exchange Listing Rules and aim to comply with corporate governance best practice.

2. Employees

The Company values its employees highly. We -

- i. Respect the dignity and rights of all employees.
- ii. Provide healthy and safe work environments.
- iii. Have a transparent remuneration policy that rewards the contribution of our people.
- iv. Encourage employees to develop skills and progress their careers.
- v. Do not tolerate any sexual, physical or mental harassment of our employees.
- vi. Do not discriminate on the grounds of colour, ethnic origin, gender, sexual orientation, age, disability or religion.
- vii. Do not employ underage employees.
- viii. Encourage employees to report any suspicions of fraud or undesirable practice and we have introduced a process to facilitate this.

3. Customers

The Company's customers are of paramount importance. We -

- i. Seek to be honest and fair in our dealings with our customers.
- ii. Provide the quality and standard of service that customers have a right to expect.
- iii. Provide and promote a range of products responsive to customer needs that provide value for money.
- iv. Provide products that are safe, fit for purpose, meet legal standards and are never described in a misleading manner.
- v. Treat all customer complaints seriously and provide a readily accessible source of advice and guidance regarding our products and services.

4. Suppliers & Business Partners

The Company's relations with its suppliers are based on mutual trust and respect. We -

- i. Seek to be honest and fair in our relationships with suppliers.
- ii. Pay suppliers in accordance with agreed terms.
- iii. Respect any confidential information.
- iv. Respect copyright and intellectual property rights.
- v. Have a policy not to offer, pay or accept bribes or substantial favours.
- vi. Have an ethical code of supply, communicated to our suppliers.
- vii. Work with our suppliers to ensure the standards set out in the Ethical Code of Supply are met.
- viii. Encourage our suppliers and business partners to at least meet the same standards of business conduct as those outlined in this Code.

5. Community & Environment

The Company seeks to be a good corporate citizen, respecting the laws of the countries in which we operate and contributing to the communities in which we operate. We –

- i. Aim to make the communities in which we work better places to live and do business.
- ii. Seek to be sensitive to the local community's culture and social and economic needs.
- iii. Encourage our employees to be involved with local communities to their mutual benefit. Measure and, where appropriate, seek to reduce the environmental impacts of our business activities. We will optimise our use of energy and natural resources and reduce our generation of waste.

6. Lobbying and Political Engagement

The Company does not make political donations or support party political interests. However, We –

- i. Will continue to engage in policy debate on subjects of legitimate concern to the group, its staff and the communities in which it operates.
- ii. Are a member of a number of trade associations, including the British Retail Consortium, which may participate in public policy activities in which it has a business interest from time to time. Where our views differ significantly from our trade associations on issues that are important to us we will make these known.

Reviewed by W H Smith PLC Group Board: April 2015