

# Ocado Retail Limited

## Ethical Sourcing Guidance and Requirements for Own Brand Products

Date April 2022

Ethical Sourcing Guidelines	Author and Owner	Doc Ref:	Version
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## Overview

The purpose of this document is to protect the Ocado Retail Limited (ORL) brand, its customers, directors, employees, and stakeholders within its supply chains. Ocado Own Brand Products must be produced lawfully, through fair and honest dealing, in decent working conditions, and without exploiting the people who made them. This policy applies to all agents and suppliers of Ocado own-brand products. Our audit requirements apply specifically to our Tier-1 supplier sites.

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## Scope

This document details ORL's human rights requirements for suppliers, supplying into any of ORL's businesses. This includes details of where we require ethical audits and where we expect suppliers to take additional steps to protect workers end-to-end in our supply chains.

Adherence to these requirements is a condition of supply to ORL. Suppliers and sites are expected to read and implement these requirements, in addition to ensuring all sites are compliant with the ETI base code.

Suppliers must inform ORL of any Human Rights concerns or allegations against their organisation or supply chain as soon as they are made aware.

## Ocado Retail's Human Rights Approach

We recognise that compliance at primary site level alone cannot always identify and solve endemic issues. Often the most serious risks of human rights abuses tend to occur further down the supply chain where we don't have direct commercial relationships. Collaboration and partnership are vital if we wish to address key challenges within our supply chains. We can only achieve change by working with our peers and suppliers for increased leverage and impact.

## Who is the Policy for?

Suppliers that fall into scope under these requirements are determined as those Tier 1 suppliers who provide "own brand" goods or services to Ocado Retail.

Tier 1 - Suppliers packing directly into Ocado logo'd/identifiable packaging

Tier 2 and beyond - Suppliers providing raw materials to our Tier 1 suppliers.

# Requirements

## Responsibility

Each tier 1 supplier should have a member of staff who is responsible for ensuring these requirements are met.

## Sedex

All primary site suppliers must be registered on Sedex and complete the Supplier Assessment Questionnaire (SAQ). The SAQ must be updated annually or if there are any significant changes to the site or business.

Sites must link to the correct Ocado Retail subsidiary on Sedex.

Suppliers of materials outlined within Appendix 1 are required to complete our Ethical Trade Progress Guidance Template at least annually to demonstrate improvements within the supply chain and to have all tiers in the supply chain linked to Ocado Retail on Sedex, and have completed their SAQ. Suppliers of material outlined within Appendix 1 shall also meet with the Ocado Retail Ethical Manager to discuss ethical sustainability improvements they are making to ethical sustainability on site and within their supply chain at a minimum of annually.

## Audit Due Diligence

Our audit due diligence focuses on compliance with labour laws and the ETI base code, using audits and certification.

Different requirements are applicable depending on which countries and sectors suppliers operate in. An assessment of inherent country and sector risk has been created within the Sedex Radar tool based on publicly available global indicators. The Sedex Radar tool rates countries and sectors from high to low risk.

## Ethical Audit Requirements

### Audit requirements

All primary sites categorised as high inherent country and sector risk require a 2 Pillar SMETA (Sedex Members Ethical Trade Audit) on an **annual** basis.

All primary sites categorised as low or medium inherent country and sector risk require a 2 Pillar SMETA (Sedex Members Ethical Trade Audit) on a **three-yearly** basis.

In addition to SMETA we also recognise SA8000 certification and SIZA.

However, any site supplying Ocado Retail may be subject to an unannounced ethical audit at any time, regardless of country risk rating.

Audits must be conducted on a semi-announced basis, at any point within a 4-week window.

In line with SMETA Guidance, audits must be conducted when the site is fully operational and when the largest number of workers are present.

For new suppliers and sites, the audit must take place before supply. All critical or business critical issues must be resolved before commencing supply.

## **Audit Reports and Corrective Actions**

At the end of the audit a 'Corrective Action Plan Report (CAPR)' will be initiated by the auditor and discussed with the site/supplier representatives. This is a high-level list of actions that need to be undertaken, the timescales for completion, and an indication of whether a follow-up visit is required to verify progress.

The audit body will produce the audit report and send it to the supplier/site within a maximum of 28 days. The audit report must be uploaded to Sedex. Only the audit body can upload the audit to Sedex. Suppliers/sites are required to request this service from the audit body.

It is the responsibility of the supplier to ensure that a copy of this audit is sent to and is visible to Ocado Retail on Sedex.

Where any critical or business critical non-conformance is raised, the supplier must alert Ocado Retail within 48 hours.

Critical or business critical non-conformances must be closed out within the time frame agreed with the auditor, including undertaking a follow-up audit if required. Any critical or business critical non-conformances identified during a pre-supply audit must be addressed before commencing supply and verified as soon as possible. It is the responsibility of the primary supplier to manage this process.

Supply for Ocado Retail may be suspended or ultimately terminated if timely and satisfactory action or progress is not taken.

## Stronger Together

All UK primary suppliers are required to attend Stronger Together Modern Slavery training, “Tackling Modern Slavery in UK Business”. One free training session place is available to all Ocado Retail primary suppliers. Further information can be found at <https://www.stronger2gether.org/>.

Additionally stronger together materials, such as whistleblowing posters, should be available to employees in areas visible to them, for instance notice boards.

## Whistleblowing

Suppliers and workers within our supply chains are encouraged to report genuine suspicions about any wrongdoing, or malpractice within Ocado Retail or that impact Ocado Retail and can be assured that any information received will be treated seriously and confidentially.

All UK suppliers should display the Unseen UK Modern Slavery hotline poster in high footfall areas, in the appropriate language(s).

## External Whistleblowing Mechanisms

Employee Assistance Programme	Care First 0800 015 5630 from the UK / +44 1452 623368 from abroad
Protect - Whistleblowing charity	+44 (0)203 117 2520
Expolink General queries	+44 (0)124 966 1600
Expolink website	<a href="http://www.expolink.co.uk">www.expolink.co.uk</a>
Expolink Web Reporting System	<a href="http://wrs.expolink.co.uk/ocado">wrs.expolink.co.uk/ocado</a>
Expolink freephone number	UK 0800 374199

## Supplier Supply Chains

Suppliers are expected to undertake Human Rights risk assessment, due diligence and management of their own supply chains. Suppliers of high risk supply chains, see appendix 1 should communicate to Ocado Retail on an annual basis their Human Rights risk assessment, and discuss their action plan for the following year. It is also expected that suppliers of products in high risk supply chains shall accurately map their supply chain, and communicate this map to Ocado Retail.

## Resources

Further information on SMETA audits can be found in the SMETA Guidance document on the Sedex website

(<https://cdn.sedex.com/wp-content/uploads/2019/05/SMETA-6.1-Best-Practice-Guidance.pdf>)



## Appendix 1: Products requiring start to end due diligence through the supply chain

### Product

Berries

Chicken - Thailand

Citrus fruits

Cocoa

Coffee

Corned beef

Dried fruit and nuts

Eggs

Palm oil

Prawns

Salads, incl. tomatoes, lettuce, radishes etc.

Spices & Dried Herbs

Tea

Tropical fruits, incl. pineapples, bananas, avocados etc.

All other Produce Lines

# Appendix 2 - ETI Base Code

<https://www.ethicaltrade.org/eti-base-code>

## **1. Employment is freely chosen**

1.1 There is no forced, bonded or involuntary prison labour.

1.2 Workers are not required to lodge “deposits” or their identity papers with their employer and are free to leave their employer after reasonable notice.

## **2. Freedom of association and the right to collective bargaining are respected**

2.1 Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively.

2.2 The employer adopts an open attitude towards the activities of trade unions and their organisational activities.

2.3 Workers representatives are not discriminated against and have access to carry out their representative functions in the workplace.

2.4 Where the right to freedom of association and collective bargaining is restricted under law, the employer facilitates, and does not hinder, the development of parallel means for independent and free association and bargaining

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

3.1 A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.

3.2 Workers shall receive regular and recorded health and safety training, and such training shall be repeated for new or reassigned workers.

3.3 Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided.

3.4 Accommodation, where provided, shall be clean, safe, and meet the basic needs of the workers.

3.5 The company observing the code shall assign responsibility for health and safety to a senior management representative.

#### **4. Child labour shall not be used**

4.1 There shall be no new recruitment of child labour.

4.2 Companies shall develop or participate in and contribute to policies and programmes which provide for the transition of any child found to be performing child labour to enable her or him to attend and remain in quality education until no longer a child; “child” and “child labour” being defined in the appendices.

4.3 Children and young persons under 18 shall not be employed at night or in hazardous conditions.

4.4 These policies and procedures shall conform to the provisions of the relevant ILO standards.

#### **5. Living wages are paid**

5.1 Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. In any event wages should always be enough to meet basic needs and to provide some discretionary income.

5.2 All workers shall be provided with written and understandable Information about their employment conditions in respect to wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid.

5.3 Deductions from wages as a disciplinary measure shall not be permitted nor shall any deductions from wages not provided for by national law be permitted without the expressed permission of the worker concerned. All disciplinary measures should be recorded.

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

6.1 Working hours must comply with national laws, collective agreements, and the provisions of 6.2 to 6.6 below, whichever affords the greater protection for workers. Sub-clauses 6.2 to 6.6 are based on international labour standards.

6.2 Working hours, excluding overtime, shall be defined by contract, and shall not exceed 48 hours per week.\*

6.3 All overtime shall be voluntary. Overtime shall be used responsibly, taking into account all the following: the extent, frequency and hours worked by individual workers and the workforce as a whole. It shall not be used to replace regular employment. Overtime shall always be compensated at a premium rate, which is recommended to be not less than 125% of the regular rate of pay.

6.4 The total hours worked in any seven day period shall not exceed 60 hours, except where covered by clause 6.5 below.

6.5 Working hours may exceed 60 hours in any seven day period only in exceptional circumstances where all of the following are met:

- this is allowed by national law;
- this is allowed by a collective agreement freely negotiated with a workers' organisation representing a significant portion of the workforce;
- appropriate safeguards are taken to protect the workers' health and safety; and
- the employer can demonstrate that exceptional circumstances apply such as unexpected production peaks, accidents or emergencies.

6.6 Workers shall be provided with at least one day off in every seven day period or, where allowed by national law, two days off in every 14 day period.

## **7. No discrimination is practiced**

7.1 There is no discrimination in hiring, compensation, access to training, promotion, termination or

retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.

## **8. Regular employment is provided**

8.1 To every extent possible work performed must be on the basis of recognised employment relationship established through national law and practice.

8.2 Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, sub- contracting, or homeworking arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.

## **9. No harsh or inhumane treatment is allowed**

9.1 Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.