



Ocado Modern Slavery Act Statement 2017/2018

This statement sets out the steps taken by Ocado Group plc, Ocado Retail Limited, Ocado Central Services Limited, Ocado Operating Limited, and Specialty Stores Limited during the financial year of 52 weeks ending 2 December 2018 to assess and tackle the risks associated with modern slavery in accordance with section 54 of the Modern Slavery Act 2015.

What is modern slavery? This term refers to situations of forced, bonded, or compulsory labour and human trafficking through coercion by means of mental or physical threat. There are an estimated 40.3 million¹ people in modern slavery around the world today. In 2018, over 5,000 potential victims² were referred to British authorities.

Business Structure and Supply Chains

Ocado is the world's leading pure online grocery retailer, operating retail businesses in the United Kingdom under the brand names Ocado, Fetch, Sizzle, and Fabled. We sell groceries, both branded and own-brand, and general merchandise sourced from over 50 countries. We have a long-standing sourcing agreement with Waitrose Limited enabling us to sell Waitrose branded products. We have a UK grocery market share of 1.1% and since mid 2018 are a FTSE 100 listed business. We commercialise our intellectual property in the UK primarily under an agreement to operate the online business of Morrisons. During 2018 our Ocado Solutions Division signed partnership agreements with leading international retailers, who wish to grow their online presence using our best-in-class technology and online know-how. Our wider business operations, the majority of which are in respect of goods-not-for-resale (GNFR), have complex supply chains and include construction, maintenance and IT equipment used in our Customer Fulfilment Centres (CFC), regional transhipment centres and offices. Furthermore, we have numerous service providers that keep our business operating day to day. We have more than 14,000 employees throughout our operations in the UK and development centres in Poland, Spain, and Bulgaria.

Policies

Our:

Ocado Citizenship Code ensures everyone at Ocado understands how we conduct our business, and explains the values and principles behind Ocado.

Responsible Sourcing Code of Practice stipulates that our goods must be produced lawfully, through fair and honest dealing, in decent working conditions, and without exploiting the people who made them.

Human Rights Policy includes provisions forbidding any use of forced, bonded or involuntary prison labour; that workers are not required to lodge deposits or identity papers with their employer; that child labour shall not be used and that suppliers shall contribute to programmes which provide remedies for incidents of child labour that conform to the provisions of the relevant International Labour Organization (ILO) standards.

Whistleblowing Policy is designed to enable our employees to raise legitimate concerns in relation to any danger, fraud or other illegal or unethical conduct in the workplace, without fear of being subject to any detriment, victimisation or disciplinary action. During the year a new policy was developed and was implemented in late 2018.

Anti-bribery Policy sets out our responsibilities, and of those working for us, in observing and upholding our position on bribery, corruption and money laundering issues.



Due Diligence & Risk Assessment

All of our own-brand suppliers must be an active member of the Sedex³ platform and share full access rights to all relevant sites. They must complete a sedex self-assessment questionnaire and update this every 12 months as a minimum.

We require all our first tier* supplier sites for own-brand products to undergo a third party ethical audit, as a minimum our preference is a 2-Pillar SMETA⁴ audit, and to renew this every 36 months. Any critical non-conformances identified during the audit must be closed off within the agreed timelines. We have fully mapped our first tier own-brand suppliers and monitor the status of their compliance with our ethical requirements through monthly reports. These reports are discussed at monthly meetings which are attended by members of the corporate responsibility and the own-brand technical teams.

We use Sedex's inherent and combined risk rating for our own-brand products; of our first tier suppliers there are five sites located in countries identified as high risk using this criteria, these being Thailand, Vietnam, and Peru. However we also recognise the UK, Italy, and Spain as being countries of increased risk due to the high percentage of sites located within these countries and the risk to migrant and refugee labour.

In 2018, 54 SMETA audits were conducted at our active first tier supplier's sites, making 90% of these sites compliant with our ethical audit requirements by year end. The remaining sites had an ethical audit booked for between late 2018 and early 2019.

Our top five sourcing countries when including sites beyond first tier include the UK, South Africa, Spain, Peru, and Columbia. Mapping of the lower tiers in our supply chain is only partially completed and is an ongoing work in progress.

** A first tier supplier is one that manufactures and packs products into Ocado identifiable packaging ready to be distributed to us. This includes a mix of both direct and indirect suppliers.*

Country	No. of Sites	Compliant SMETA audits
United Kingdom	78	73/78
Italy	21	18/21
Spain	11	11/11
Vietnam	3	3/3
Ireland	3	1/3
Netherlands	3	2/3
Germany	2	2/2
Thailand	1	1/1
Peru	1	1/1
Belgium	1	1/1
Cyprus	1	1/1
France	1	1/1
Greece	1	1/1
Portugal	1	0/1
Slovakia	1	1/1

List of first tier sourcing countries and total sites in 2018

We expect our suppliers to uphold good practices and also instil their own robust due diligence processes. Our standard terms and conditions of purchase include a modern slavery clause requiring our suppliers to comply with all applicable laws and regulations and our Responsible Sourcing Code. Our sourcing relationship with Waitrose continues to be a significant contribution to our supply chain; in connection with these goods Waitrose manages the supplier relationships in accordance with its Responsible Sourcing Strategy "The Waitrose Way".

We are members of the British Retail Consortium (BRC) and sit on both their Responsible Sourcing Group and Ethical Labour Working Group. The work done with the BRC is invaluable in helping us to identify any potential problem areas in both domestic and global supply chains. Their ability to act as a forum for the retailing sector, to engage with governmental and third-party organisations, is indispensable. Bodies such as the Gangmasters and Labour Abuse Authority (GLAA) have a strong relationship with these groups, facilitating two-way dialogue and providing on-the-ground information and updates on modern slavery incidents in the UK.

During 2018 we conducted a supplier questionnaire and desk based survey of our top GNFR suppliers to assess what actions, if any, they are taking to safeguard their own businesses and supply chains from the risk of modern slavery. These suppliers represented goods and services ranging from information technology, construction and engineering, office supplies, fuel, recycling, and marketing. The percentage split of GNFR suppliers over/below the £36 million revenue threshold was 55%/45% respectively. The survey also found that of those suppliers who replied to our questionnaire and who also fall below the reporting threshold, 45% said that their company had no official policy prohibiting the use of slavery, human trafficking, forced labour, debt bondage, and child labour. While a policy is not specifically required a lack of one proves an inherent uncertainty to compliance in this area that we will aim to assess further in the future.

Our technology procurement team have implemented a new supplier set-up form which asks if the supplier's company is required to comply with section 54 of the Modern Slavery Act 2015 legislation, and if so, to provide a copy or link of their most recent statement.



Employment is Freely Chosen:

Children & Young Workers:



SMETA audits in our supply chain during the year found:

9 non-conformances in the category 'employment is freely chosen'; these issues included potential compulsory overtime as per contractual 'opt-out' agreements for working time regulations, fees to access personal information the employer may retain on file, standard working hours for workers not defined in contracts of employment, inconsistencies in annual holiday entitlement and pay, and deposits for personal protective equipment. At the time of this statement all of these issues have been verified 'closed' by the auditor or have an action plan in place.

8 non-conformances in the category of 'children & young workers'; these issues included an isolated instance of a young worker's overtime hours being contrary to law during a 4 week period, missing identification records that verify a worker's age, young worker policies not stipulating the minimum age for hiring. At the time of this statement all of these issues have been verified 'closed' by the auditor or have an action plan in place.

Confirmed case of modern slavery:

In early 2018 we were notified by one of our UK based suppliers that they were working closely with the Gangmasters & Labour Abuse Authority in an ongoing criminal investigation. This case identified that several employees, directly recruited by the supplier, were being housed, transported, and financially controlled through threats by a third party. Initially brought to the attention of the management by one of the affected employees, the supplier acted responsibly and immediately contacted the local police and GLAA. We commend this supplier for their quick and appropriate response.

To date, 26 of 37 employees from our retail buying team have participated in modern slavery awareness training, which was conducted by a specialist third party.

During 2018 we identified a requirement for an independent, confidential, and secure whistleblowing reporting system and revised policy. We've partnered with a third party, Expolink, to develop and roll-out a new "speak up" reporting system for our business. The system offers a 24/7 freephone contact line, online portal, and mobile app covering all UK and international operations. Our new whistleblowing policy covers all employees, officers, consultants, contractors, casual workers and agency workers. Any third parties, including suppliers, working on our behalf may also make use these reporting channels.

In March, we signed up to the BRC's Better Retail Better World initiative, a collaborative action inspired by the United Nations Sustainable Development Goals. Through this we have committed to embed a policy that no worker should pay for a job in our supply chain and demonstrate our action against this goal by 2022.

In July, we supported a joint statement by the Independent Anti-Slavery Commissioner calling on government to implement a state-owned central registry for corporate modern slavery statements. We believe that an official central registry will help government, businesses, and NGOs keep track of non-compliant companies; such as those in the agricultural sector where previously the overall compliance rate has been reported at 19%.

In September, we participated in a roundtable hosted by the Director of Labour Market Enforcement to discuss key issues and present evidence of current employment trends in the warehousing sector. This roundtable was part of a wider call for evidence for the UK Labour Market Enforcement's 2019 to 2020 strategy.

In October, we began working with Stronger Together⁵, a multi-stakeholder business-led initiative aiming to reduce modern slavery and other hidden third party exploitation of workers. They provide guidance, training, resources and a network for employers, labour providers, workers and their representatives to work together to reduce exploitation. Work is underway to assess which of our suppliers have completed the initiative's Tackling Modern Slavery workshops, which will allow us to identify the remaining suppliers yet to attend the training. The initiative runs programmes in the sectors of consumer goods and construction; they've also launched workshops in South Africa, one of our key sourcing countries beyond first tier.

During 2018 we joined an ongoing working group of UK retailers aimed at promoting better alignment of auditing standards and requirements within the supply chain. The aim is to reduce the burden on our suppliers who often find that audit fatigue, due to conflicting requirements, is an ongoing issue.



In 2019 we aim to -

Expand upon the number of our employees who have received modern slavery awareness training.

Continue to work closely with our suppliers to provide training and ensure they understand how to report any concerns of modern slavery.

Seek new opportunities and partnerships that will help us mitigate the risks of modern slavery & human trafficking, and to share learning and expertise.

This statement was approved by the Boards of Ocado Group plc, Ocado Retail Limited, Ocado Central Services Limited, Ocado Operating Limited, and Specialty Stores Limited and signed on their behalf by

Neill Abrams

Executive Director & Group General Counsel

Ocado Group plc

February 2019

This statement sets out the steps taken by Ocado Group plc, Ocado Retail Limited, Ocado Central Services Limited, Ocado Operating Limited, and Specialty Stores Limited; all of which fall within the scope of section 54 of the UK Modern Slavery Act 2015 and related regulations.

If you have any questions, please contact us at theocadaway@ocado.com