

## Introduction

Slavery, servitude, forced or compulsory labour, and human trafficking collectively known as **modern slavery** is a serious issue that we will not tolerate in our own business or our supply chain. This, being our second statement, sets out the steps taken by Ocado Group plc and other relevant group companies during the 53 weeks ended 3 December 2017 to minimise the risks associated with modern slavery.

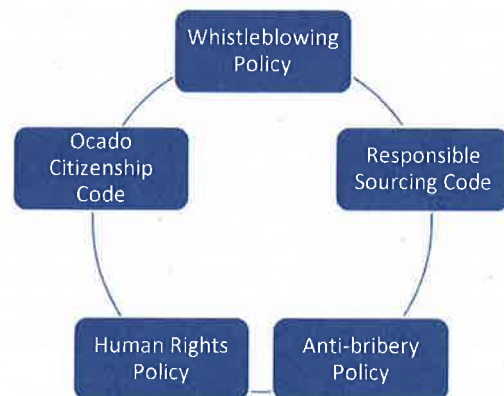
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## Our business and supply chains

Ocado is the world's largest dedicated online grocery retailer, operating retail businesses in the United Kingdom, under the brand names Ocado, Fetch, Sizzle and Fabled. We sell groceries, own brand food 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 commercialise our intellectual property primarily under an agreement to operate the online business of Morrisons. Our wider business operations also have complex supply chains, the majority of which are in respect of goods that are not for resale, including construction, maintenance and IT equipment used in our Customer Fulfilment Centres (CFC), regional transshipment centres and offices. Furthermore, we have numerous service providers that keep our business operating day to day. We have more than 12,000 employees, with operations in the UK and development centres in Poland, Spain, and Bulgaria.

## Policies

We aim to conduct all of our business in an honest and ethical way. We take a zero-tolerance approach to modern slavery and expect our business partners to do the same. The following policies and codes are designed to convey the professional standards we hold to and help provide a framework through which incidents of such exploitation can be reported and mitigated.



## Due diligence

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.

To combat modern slavery we expect our suppliers to uphold good practices and also instil their own robust due diligence processes. Our standard terms and conditions of purchase require 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 require all of our own brand suppliers to be members of Sedex<sup>1</sup> and to have completed a SMETA<sup>2</sup> or equivalent audit for all first and second tiers sites<sup>3</sup>, and to repeat it at least every 3 years. Sedex allow us to identify key risk areas in our supply chain, and dedicated tools such as Forced Labour Indicator reports enable us to take appropriate steps to mitigate the risk of modern slavery in our supply chain.

1. Supplier Ethical Data Exchange ([www.sedexglobal.com](http://www.sedexglobal.com))
2. Sedex Members Ethical Trade Audit
3. First tier sites are direct suppliers to Ocado; Second tier sites are indirect suppliers one level removed.

Our Progress

Since the publishing of our first modern slavery statement we have assessed our progress towards the steps we set ourselves for 2017. We understand that defeating modern slavery can be difficult, and solving it is not easy. Where we find instances of non-compliance in our supply chain, we will work with the supplier to eliminate them, or failing that terminate the supply relationship.



To date, we have 99% of first tier suppliers linked to us on Sedex. Our high risk areas continue to be own branded goods, especially those in the categories of fresh seasonal produce, facilities processing meat, poultry, and eggs. Within own brand 89% of first tier supplier sites that fall into these categories now have an up-to-date ethical audit. The audits in 2017 indicated two non-conformances in the category under "Employment freely chosen". These occurred at two separate UK sites and were the result of (A) a lack of written policy against forced and bonded labour, and (B) an incident of workers being charged for protection wear, recorded as a potential for debt entrapment. At the time of this statement issue (B) has been corrected and verified; issue (A) is currently being actioned with a clear timeframe. **We will work towards closing these auditing gaps among high risk first tier suppliers throughout 2018.**

-  Improved contracting processes
-  Employee modern slavery training
-  Further supply chain KPI metrics
-  Auditing of goods not for resale suppliers
-  Extend SEDEX beyond own brand

Due to the serious risk modern slavery poses to minors, we monitor audit non-conformances under "Children & young workers". An issue from 2016/17 reports falling into this category related to a lack of a formal policy on child labour at a UK site. In response to a corrective action plan this supplier now has a formal policy on child labour and forced labour. **We will continue to monitor for non-conformances in this category.**

In 2017, revelations of labour exploitation linked to the supply chain of one of our suppliers in the production of Italian tomatoes was brought to our attention. The incident occurred in 2015 on a farm operated by a third party who supplied product to our supplier company. We contacted our supplier immediately upon discovering the news and requested a new SMETA audit at the facility supplying us tomatoes. They have cooperated with our requests, supplying us with copies of their due diligence documents and providing further background information about this incident. Their latest SMETA audit provided evidence of zero non-conformances relating to labour standards.

We have started to deliver training to key personnel in our buying teams, raising their awareness of the magnitude of modern slavery in today's global supply chains. **We will continue to deliver training to relevant teams and increase general awareness of modern slavery throughout the business.**

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

In addition, we have reviewed our standard terms and conditions, ranging from agency workers to supply of goods, in order to ensure that appropriate obligations are placed on our suppliers to comply with the Modern Slavery Act 2015. Our contract negotiations to date have revealed that landlords supplying us with property services do not feel it is appropriate to provide contractual commitments, under a lease or a tenancy agreement, to comply with Modern Slavery Act 2015. We will continue discussions with such suppliers to ensure we reach a satisfactory resolution.

For 2018 our aim is to continue to improve transparency throughout the supply chain, improve our resources and tools in addressing non-conformances identified as part of our audit and due-diligence work throughout the year. Closing the auditing gap among high risk first tier suppliers and increasing our KPI statistics in this area will be a key step in realising our goals in 2018.

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



Neill Abrams

Group General Counsel and Company Secretary

Ocado Group plc

February 2018

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If you have any questions, please contact us at [theocadoway@ocado.com](mailto:theocadoway@ocado.com)

