Modern Slavery Act Statement 2019

This statement by Ocado Group plc and its subsidiaries, Ocado Retail Limited, Ocado Central Services Limited, Ocado Operating Limited and Speciality Stores Limited has been published in accordance with section 54 of the Modern Slavery Act 2015, for the financial year of 52 weeks ending 1 December 2019.
What is Modern Slavery?

This term refers to situations of bonded, forced or compulsory labour and human trafficking, by means of the threat or use of force or other forms of coercion, for the purpose of exploitation. There are an estimated 40.3 million\(^1\) people in modern slavery around the world today, including 24.9 million in forced labour.

\(^{1}\) Source: Global Estimates of Modern Slavery report. For more information, see: www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/publication/wcms_575479.pdf

Business Structure

![Diagram of Ocado Group PLC structure]

- **Ocado Innovation Limited**
- **Ocado Holdings Limited**
- **Ocado Solutions Limited**
- **Ocado Central Services Limited**
- **Ocado Operating Limited**
- **Speciality Stores Limited**
- **Ocado Retail Limited (50%)**

Ocado’s business is changing. We are transforming shopping, using our unique knowledge and inspired culture to make it as easy and efficient as possible. Our innovative technologies and shared expertise deliver a continuous advantage to our partners. We have pivoted from being a pure play online grocer in the UK with a separate Solutions business to being a technology-led global software and robotics platform business providing a unique end-to-end solution for online grocery.

\*In August 2019, Ocado Group completed a 50:50 joint venture deal with Marks and Spencer plc (“M&S”) (“Joint Venture”) where M&S purchased 50% of Ocado Retail Limited (“ORL”). This Modern Slavery Statement 2019 will incorporate ORL, however it is intended that following its first full year of operating as the Joint Venture ORL will release its own statement.

Supply Chain

<table>
<thead>
<tr>
<th>Subsidiary Company</th>
<th>Principal Activity</th>
<th>Supply Chain Sectors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ocado Retail Limited*</td>
<td>Retailing of grocery and general merchandise products to customers through the ocado.com website.</td>
<td>Food, drink and general consumer goods sector.</td>
</tr>
<tr>
<td>Speciality Stores Limited</td>
<td>Retailing of general merchandise products to customers through the fetch.co.uk website.</td>
<td>Pet food and pet care products sector.</td>
</tr>
<tr>
<td>Ocado Operating Limited</td>
<td>Providing physical online grocery fulfilment services to ORL and to Wm Morrisons Supermarkets plc (“Morrisons”). Providing the technology aspects of the online grocery fulfilment services to ORL and to Morrisons; it sub-contracts the provisions of these services to Ocado Innovation Limited.</td>
<td>Goods and services in the sectors of construction, maintenance, waste processing, transport and logistics.</td>
</tr>
<tr>
<td>Ocado Innovation Limited</td>
<td>Providing technology services to Ocado Operating Limited and conducts research and development activities to enhance these technology services.</td>
<td>Electronic goods (hardware and software) and digital IT services.</td>
</tr>
<tr>
<td>Ocado Central Services Limited</td>
<td>To provide central and head office services to the members of the Ocado Group, including finance, legal, technology and people services.</td>
<td>Goods and services for use in an office environment, including professional services in the sectors of recruitment, finance and consultancy.</td>
</tr>
<tr>
<td>Ocado Solutions Limited</td>
<td>Providing customised technology solutions and e-business expertise for international retail clients that allow their online businesses to grow.</td>
<td>Professional services in the sectors of finance and consultancy. Ocado Innovation, Operating, and Central Services Limited are key to delivering the objectives of Ocado Solutions Limited.</td>
</tr>
</tbody>
</table>
Policies and Governance Framework

The Modern Slavery Statement is approved as follows:

<table>
<thead>
<tr>
<th>BOARD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit Committee</td>
</tr>
<tr>
<td>Director Responsible – Neill Abrams</td>
</tr>
<tr>
<td>Procurement + Corporate Responsibility + Legal + GRC + Own Brand Teams</td>
</tr>
</tbody>
</table>

147
First tier supplier sites of own brand products

50+
Sourcing countries

54,000+
Workers within our own brand supply chain

Policies

OCADO CITIZENSHIP CODE
The Code ensures everyone at Ocado understands how we conduct our business, and explains the values and principles behind Ocado.

RESPONSIBLE SOURCING CODE OF PRACTICE
This policy 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
This policy includes provisions forbidding any use of forced, bonded or involuntary prison labour; ensuring 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 that provide remedies for incidents of child labour that conform to the provisions of the relevant International Labour Organization (ILO) standards.

WHISTLEBLOWING POLICY
This 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.

ANTI-BRIBERY POLICY
This 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 and Risk Assessment

Ocado Own Brand Products

We believe we have a greater level of responsibility for our own brand grocery goods, and are particularly vigilant with suppliers of these products. All suppliers of the own brand products we sell on Ocado.com must be active members of Sedex and complete a Sedex Self-Assessment Questionnaire (SAQ) annually.

We have fully mapped our first tier own brand suppliers and, through monthly reports, monitor the status of their compliance with our ethical requirements.

All first tier suppliers for own brand products must provide or undergo an independent third party ethical audit every three years, to assess labour standards and health & safety on site; our preference is a 2-Pillar SMETA audit as a minimum. Suppliers must share full access rights to view these ethical audits on Sedex. Any critical issues identified during the audit must be closed off within the agreed timelines.

During the reporting year, 73 ethical audits were conducted at our first tier suppliers’ sites, making 94% of these sites compliant with our ethical audit requirements by year end. The remaining sites had booked or were working towards an ethical audit between late 2019 and early 2020.

We use Sedex’s inherent and combined risk rating for suppliers of our own brand products; this is based on country, product area, sector profile and site function. During the reporting year, five supplier sites fell into a high risk rating. All five of these sites had undergone an ethical audit during 2019 or late 2018.

Specific Country Risk

We had eight supplier sites located across Thailand, Vietnam and China: countries identified as high risk. We continue to further recognise the UK, Italy and Spain as countries of increased risk, due to the high number of supplier sites within these countries and the risk to migrant and refugee labour.

<table>
<thead>
<tr>
<th>Country</th>
<th>No. of Sites</th>
<th>Ethical Audits</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom</td>
<td>86</td>
<td>80</td>
</tr>
<tr>
<td>Italy</td>
<td>21</td>
<td>20</td>
</tr>
<tr>
<td>Spain</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Ireland</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>China</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Netherlands</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Vietnam</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>France</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Germany</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Belgium</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Cyprus</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Peru</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Portugal</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Slovakia</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Thailand</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

List of first tier sourcing sites and locations in 2019 for Ocado own brand products
• High risk countries

Warehousing

Within our own business we require a sizeable workforce to help us operate our Customer Fulfilment Centres (CFCs). The warehousing sector has been identified by the Gangmasters and Labour Abuse Authority (GLAA) as a potential risk for modern slavery. The vast majority of our warehouse workers are Ocado employees, but we also use some agency workers. We recruit our agency warehouse workers through responsible labour providers Siamo Group and Staffline Group. These suppliers are GLAA licenced as well as Association of Labour Providers (ALP) members. Staffline have further gained ‘business partner’ status with the Stronger Together initiative, which is given to organisations that have uploaded evidence publicly to demonstrate their commitment to tackling hidden labour exploitation.

Construction

The Chartered Institute of Building (CIOB) identifies construction as a high risk industry. It has similar challenges to food production and agriculture with widespread use of agency workers. Our construction suppliers are required to provide evidence that their employees hold valid ‘Construction Skills Certification Scheme’ (CSCS) cards, or an equivalent. CSCS cards provide confidence that individuals working on construction sites have the appropriate training and qualifications for the job they do. We ask suppliers to provide evidence of procedures relating to the management of this due diligence, including Health and Safety training for employees.

British Retail Consortium

We are members of the British Retail Consortium (BRC) and sit on both their Responsible Sourcing Group and Ethical Labour Working Group. Its unique position to act as a forum for the retailing sector, to engage with governmental and third-party organisations, is indispensable. The GLAA and Independent Anti-Slavery Commissioner 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.

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(2) Sedex is an ethical trade service provider, working to improve working conditions in global supply chains. For more information see: www.sedexglobal.com/about-us/who-is-sedex/
(3) A first tier supplier site is one that manufactures and/or packs products ready to be distributed to Ocado.
(4) Sedex Members Ethical Trade Audit (SMETA) is an audit methodology, providing a compilation of best practice ethical audit techniques. For more information see: www.sedexglobal.com/smeta-audit/
(5) Stronger Together provide guidance, training, resources and a network for employers, labour providers, workers and their representatives to work together. For more information see: www.strongertogether.org/
Progress

During 2019, 73 (2018: 54) ethical audits were conducted at first tier supplier sites for Ocado own brand products, making 94% (2018: 90%) of our suppliers compliant with our ethical trading requirements at year end. Ethical audits of our supply chain during the reporting year identified non-conformances in the following categories.

Employment is Freely Chosen

SMETA audits in our supply chain during the year found:

04

These issues included a lack of an efficient system to ensure voluntary nature of overtime, with employees commenting that overtime was compulsory depending on the business needs; Employee deposits for work-related items that the employer should pay and potentially taking wages below minimum; Holiday allowance being dependent on working a set period of time; and no standard notice period defined with variation per worker potentially resulting in loss of travel costs and time. At the time of this statement all of these issues have been verified “closed” by the auditor or have an action plan in place.

Children & Young Workers

SMETA audits in our supply chain during the year found:

04

These issues included an isolated instance of a young workers’ overtime hours being contrary to law, and a lack of child labour remediation policies. At the time of this statement all of these issues have been verified “closed” by the auditor or have an action plan in place.

During the reporting year there were no cases of modern slavery identified in our supply chain. We are committed to establishing methods and practices to ensure that we can continue to monitor our suppliers and work towards a transparent supply chain that is free from modern slavery and human trafficking.

There were no reports of labour exploitation or human trafficking made through our “Speak Up” channels during the financial year.
Partnerships

We became a project sponsor of Stronger Together, a multi-stakeholder business-led initiative aiming to reduce modern slavery and other hidden third-party exploitation of workers. We supported Stronger Together to develop a pragmatic toolkit for the Spanish horticultural industry, a key sourcing region for our products. This toolkit will support Spanish businesses to deter, detect and deal with forced labour and other third-party hidden labour exploitation. It has been tailored to the Spanish labour laws, risk context and business models. It is free to download from stronger2gether.org.

We joined the Food Network for Ethical Trade6 (FNET), a supplier-led initiative aiming to use the collective leverage of suppliers and retailers to bring about positive change in working conditions in global food supply chains by providing guidance, resources, training and opportunities for collaboration.

Alongside a number of UK retailers, we took part in FNET’s Retailer Ethical Auditing Practices survey, designed to increase understanding of where suppliers believe retailers should prioritise their efforts in relieving audit duplication and reducing conflicting ethical requirements. Surveying over 200 retail suppliers, including 52 for Ocado Retail, findings were reported anonymously to highlight the key areas that create challenges for suppliers and presented opportunities for improvement.

Training and Development

Our partnership with Stronger Together allowed us to support modern slavery training of 119 delegates from over 50 Ocado suppliers in 2019.

For Anti-Slavery Day 2019 we created a dedicated information e-board on modern slavery through our internal learning and development platform. Accessible and open to all employees, it provides links to related Ocado policies, government websites and reports, and Stronger Together multi-language posters and videos.

Looking Forward to 2020

With the change of the Ocado Group landscape we will be taking time to re-evaluate our supply chain and the risks of modern slavery and human trafficking that face our businesses. We are in the process of forming a Modern Slavery Steering Group made up of key personnel throughout the businesses. Our focus will be on:

- Identifying risks within the Group
- Due diligence
- Development and training
- Processes and policies
- Supplier engagement

For more information see: www.foodnetworkforethicaltrade.com

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

Neill Abrams
Group General Counsel and Company Secretary
Ocado Group plc
February 2020
This statement sets out the steps taken by Ocado Group plc, Ocado Retail Limited, Ocado Central Services Limited, Ocado Operating Limited and Speciality Stores Limited; all of which fall within the scope of section 54 of the UK Modern Slavery Act 2015 and related regulations.