

Ocado Retail Ltd
Modern Slavery
Statement
FY 2023

Introduction



The UK Modern Slavery Act 2015 requires businesses to state the actions they have taken during the financial year to ensure modern slavery is not taking place in their supply chains and operations. At Ocado Retail Limited, we are fully committed to playing our part in eliminating modern slavery, transparently providing details of the steps taken throughout the past 12 months. This statement refers to the financial year ending 26th November 2023.

The challenge of eradicating modern slavery is incredibly important but is also significant, especially because it is often hidden and becomes even more difficult to address during unstable periods. Additionally, labour shortages that cause increased global migration also heighten the risk of exploitation.

This year we have made progress in the following areas:

1. Completed an independent review of our Human Rights & Modern Slavery approach which has resulted in a clear strategy that we are now working towards implementing;
2. Continued to engage with Ocado Own Range suppliers active in supply chains considered high risk due to the country and sector in which they operate;
3. Completed our due diligence in areas outside of our organisation such as third party storage.

We are committed to treating the people in our business and supply chains fairly. We will continue to implement governance and ethical practices throughout our operations. We are also investing in training and resources to uphold the highest standards of conduct at every level of our organisation.

This statement was approved by the Board of Ocado Retail Ltd. and signed on their behalf by:

A handwritten signature in black ink, appearing to be 'HG', written over a horizontal line.

Hannah Gibson
CEO

Structure, Business and Supply Chains

Our Structure

Ocado Retail Limited (ORL) is a 50:50 joint venture between Marks & Spencer Group plc and Ocado Group plc, and employs around 800 colleagues. It is based in Hatfield, Hertfordshire with a Customer Hub located in Sunderland, Tyne and Wear. As both M&S and Ocado Group issue Modern Slavery Statements separately, this report relates to Ocado Retail Limited (ORL) only.

Our Business

Ocado.com (operated by Ocado Retail) is the world's largest dedicated online supermarket.

Reaching over 80% of the UK population, more than 1 million active customers benefit from an unbeatable range of around 50,000 products (including big-name brands, more than 7,000 items from the M&S food and drink range and Ocado's Own-Range), unbeatable service with next-to-no substitutions, and the freshest produce. Every order is carefully packed in one of seven distribution centres using world-leading software and technology. Shopping is then delivered directly to customers using a network of regional spokes and fleet of delivery vans.

Ocado developed the first grocery shopping app in 2010 and continues to innovate, offering customers the best possible experience. Ocado Retail is also responsible for Zoom by Ocado, its rapid grocery delivery service.

All sites are operated by Ocado Group, who supply logistics services to Ocado Retail, including delivery drivers and warehouse operatives.

We do not have international operations.



Figure 1: Ocado Retail Coverage Map

Our Supply Chains

ORL has the widest range of any UK supermarket with approximately 50,000 products on offer through ocado.com that are sourced globally. At the time of publication, these products were sourced through approximately 1600 branded suppliers, 300 suppliers of M&S products and 139 Ocado Own Brand Tier 1 supplying sites.

The labour force within our supply chains is varied in nature and could include workers who would be considered more vulnerable to exploitation, such as temporary or seasonal workers, migrant workers recruited through labour agencies and agency workers.

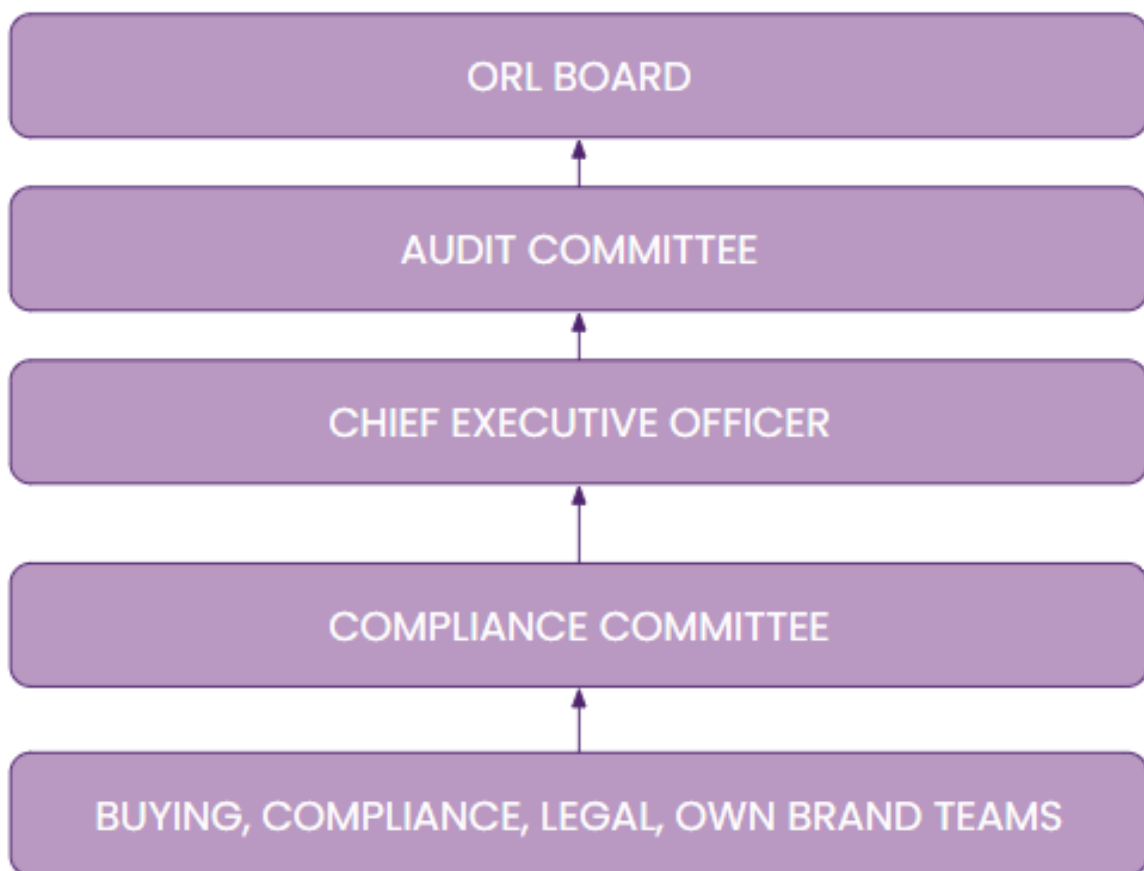
Third party storage and distribution sites are utilised for temporary product storage and consolidation. We recognise the risk associated with these operations and in 2023 we expanded our Human Rights Due Diligence programme to these sites.

Our Governance

Human Rights & Modern Slavery risks to ORL are included in the Ocado Own Brand, Technical, Compliance & Sustainability Risk Matrix.

Monitoring of progress against our Human Rights & Modern Slavery strategy sits with the Board's Audit Committee. Progress against targets is presented on a quarterly basis to and reviewed by the Compliance Committee.

Our Governance framework, and the approval of this document, is as follows:



Policies in relation to modern slavery and human trafficking

Our policies draw from a number of internationally recognised declarations, standards and codes. These form the basis of how we operate and are listed below

- The UN Universal Declaration of Human Rights
- The International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work
- The UN Guiding Principles on Business and Human Rights
- The UN Global Compact
- The Base Code of the Ethical Trading Initiative (ETI)

The following policies are in place and shared with suppliers: -

- Grocery / General Merchandise Supplier Manual
- Ocado Ethical Sourcing Code of Practice
- Human Rights Escalation and Remediation Policy
- Human Rights Policy
- Whistleblowing Policy
- Anti-Bribery Policy

Grocery / General Merchandise Supplier Manual

The Grocery / General Merchandise Supplier Manual forms part of our trading conditions with suppliers. They outline the operational standards for suppliers who provide us with products to sell on ocado.com and includes the requirement that suppliers sign up to the nine ETI Base Code requirements: -

1. Employment is freely chosen
2. Freedom of association
3. Working conditions are safe and hygienic
4. Child labour shall not be used
5. Living wages are paid
6. Working hours are not excessive
7. No discrimination is practised
8. Regular employment is provided
9. No harsh or inhumane treatment is allowed

Ocado Ethical Sourcing Code of Practice

This forms part of our trading conditions with Ocado Own Range suppliers and outlines the standards our suppliers are required to meet in terms of: -

- Human Rights Accountability and Human Rights Approach
- Audit Requirements
- Training
- Whistleblowing
- Supply Chain Transparency

Human Rights Escalation and Remediation Policy

This document details our human rights escalation and remediation requirements in line with The UN Guiding Principles on Business and Human Rights for instances of Non-Compliances found at supplier sites. It is understood that Ocado Retail may cause or contribute to an adverse impact that was not foreseen or prevented. If it is identified that Ocado Retail is responsible for such an impact, we will endeavour to remedy or co-operate in the remediation of the situation through legitimate processes and will therefore: -

- Fully co-operate in legitimate external processes aimed at addressing and resolving grievances directly and early
- Require that the companies with which we engage adopt grievance mechanisms to address possible human rights infringements
- Assure that the collaborative and multi-stakeholder initiatives in which we participate provide for effective grievance mechanisms and / or other measures of adequate accountability

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 colleagues 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 the responsibilities of those working for us, in observing and meeting our obligations to manage bribery, corruption and money laundering issues.

Risk Assessment and Due Diligence

ORL products are distributed through Customer Fulfilment Centres (CFCs) that are operated (and, where relevant, built) by Ocado Group (OG). As OG is an independent entity with robust Human Rights and Modern Slavery systems in place, we consider the construction and operation of the CFCs (and other distribution sites) to be low risk.

The products sold by ORL can be classified into three categories: Ocado Own Range, M&S branded and third party branded. The Ocado Own Range is the only category that we have full control over. We are heavily focussed on grocery products within the Ocado Own Range category and this area is therefore the priority for our supply chain due diligence.

All suppliers of Ocado Own Range grocery products must be active members of the Supplier Ethical Data Exchange (Sedex) and complete a Sedex Self-Assessment Questionnaire (SAQ) on an annual basis. We define our direct suppliers (Tier 1) as those which pack the Ocado Own Range products in Ocado-branded packaging, and, through monthly reports, monitor the status of their compliance against our ethical requirements.

We use SEDEX's Radar to Risk Assess our suppliers. This provides an inherent and combined risk rating for suppliers of Ocado Own Range products based on factors such as country, product area, sector profile and site function. The tool allows us to analyse and compare not only supplier risk, but also the management performance at a site.

SEDEX Radar contains risk data based on independent and reputable sources that assess risks in the four SEDEX Members Ethical Trade Audit (SMETA) pillars and 14 risk topics.

All Tier 1 suppliers of Ocado Own Range products must undergo an independent third party ethical audit to assess labour standards and health and safety on site, with our requirement being a two pillar SMETA as a minimum. We require Medium and Low risk suppliers (85%) to have such an audit every three years and High Risk suppliers (15%) every year.

In 2023, we carried out a comprehensive review of the ORL Human Rights & Modern Slavery Strategy which included our Due Diligence, Risk Assessment, Audit requirements, Mitigation and Remedy. The review supported a new strategic plan which will be rolled out in phases over the next 2 years.

The first phase is focussed on solidifying the strategic foundations of our programme across 4 pillars - Policy & Communication (1), Due Diligence (2), Monitoring & Reporting Progress (3) and Stakeholder Management (4).

We also consider risks beyond Tier 1 and identify supply chains that are High Risk due to the country of origin or sector (regardless of the risk associated with the Tier

1 supplying site). We require sites active in such supply chains to map their supply chain back to source and provide details related to their Human Rights Due Diligence programme.

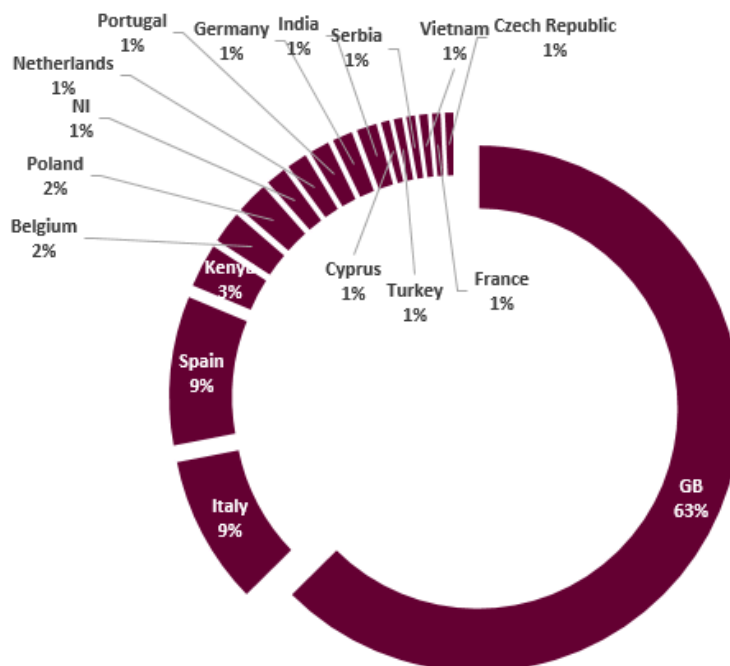
Our third party storage and distribution partners other than Ocado Group are considered High Risk service suppliers. In 2023 we developed and started to implement our due diligence approach. This is based on carrying out Human Rights and Modern Slavery focussed assessments aimed at identifying the controls that the third party storage and distribution partners have in place.

Ocado Own Range

Overview

The number of Ocado Own Range Tier 1 supplying sites decreased by 6% in 2023 to 139. Approximately 85% of them are classified as Medium & Low Risk according to SEDEX Radar.

Same as the previous year, the majority of Tier 1 suppliers (87) are based in the UK. Italy and Spain are the next significant countries within our supply chain, accounting for 18% of the overall total, whilst the remainder can be viewed in the breakdown that follows: -



Audit non-conformances

Our audit programme is a key part of our due diligence programme. We require audits to take place at a frequency based on risk and we review the results of these audits. SMETA can result in different types of non-conformances depending on the severity of the issue identified. These are Business Critical (highest severity), Critical, Major or Minor, as defined by the SMETA methodology.

In 2023, 2 Business Critical non-conformances were raised within the Ocado Own Range supply chains, both related to health & safety practices. The Ocado Own Range escalation process was triggered in both instances. This involved: meetings with the suppliers, agreement of action plan and follow up. Both non-conformances were closed within the agreed time frames.

We require suppliers to close non-conformances within the deadlines agreed with the auditors and we will follow up with them if that is not the case. Our priority is to ensure issues are resolved for workers and practices put in place to avoid recurrence. If that is not possible, we will escalate and consider suspending or responsibly exiting the sites. No sites were delisted in 2023 due to human rights breaches.

Supply chain mapping

In accordance with the UN Guiding Principles and the ILO, we take a risk-based approach to our supply chains. We identified and engaged with 28 Tier 1 suppliers as active in High Risk Supply Chains. This means they pack commodities (coffee, tea), produce, seafood and/or have supply chains extending to countries with known Human Rights risks.

These suppliers provided a map of their supply chains and an overview of their sourcing strategy related to Human Rights and Modern Slavery.

Over the next 2 years, we will continue the risk-based assessment of our supply chains with an aim of identifying the salient risks and methods of remedy. We will also work with our suppliers to identify and implement continuous improvement actions.

Key Performance Indicators (KPIs)

The status of our key performance indicators for 2022 - 2023 is as follows: -

Deadline ¹	Measure	Target	Status 2023
Ongoing	% of Ocado Own Range Tier 1 suppliers registered on Sedex	100%	100%
2023	% of Ocado Own Range Tier 1 suppliers with a Sedex Self-Assessment Questionnaire completed to 100%	100%	97% ²
2023	% of Ocado Own Range Tier 1 suppliers with a two pillar SMETA in the past three years	100%	94% ³
2024	% of Ocado Own Range High Risk Tier 1 suppliers with a two pillar SMETA in the past year	100%	75% ⁴
2024	% volume of High Risk supply chains assessed	100%	94% ⁵
Ongoing	% of colleagues who received Modern Slavery training	100%	100%

¹ From FY 2023-2024 we will report on Compliance-based KPIs on an ongoing basis and separate from other KPIs.

² In 2023, SEDEX launched a new format for the Self Assessment Questionnaire. The old format was archived which meant some suppliers were unable to complete it to 100%. The new supplier target for completion of the SAQ in the new format is 31st of February 2024.

³ 5% (6) suppliers have audits booked but that haven't taken place by the end of the financial year.

⁴ 25% (3) suppliers with audits that are in the process of being booked or take place or be uploaded on the SEDEX platform.

⁵ Supplier interviews will continue in 2024.

New metrics

Deadline	Measure	Target
2024	Human rights assurance visits conducted across the third party storage and distribution sites based on risk.	100%
Ongoing	Number of cases with modern slavery and/or labour abuse indicators identified in own supply chains	n/a

Partnerships

We are partnered with the following organisations and continue to look for further partnerships that will enhance our due diligence. : -

British Retail Consortium

The BRC's unique position, which enables it to act as a forum for the retailing sector and to engage with governmental and third-party organisations, is indispensable. The Gangmasters and Labour Abuse Authority (GLAA) and Independent Anti-Slavery Commissioner have a strong relationship with these groups, facilitating a two-way dialogue and providing on-the-ground information and updates on modern slavery incidents in the UK.



We are founding signatories to the British Retail Consortium's 'Better Retail, Better World', a collective action group from the retail industry to meet some of the biggest global challenges of the coming decades, including modern slavery and decent work, sustainable economic growth, inequalities, climate change and responsible consumption and production.

Stronger Together & Seasonal Workers Scheme Taskforce

We continue to be a project sponsor of Stronger Together, a business-led initiative aiming to reduce modern slavery by providing guidance, training, resources and a network for employers, labour providers, workers and their representatives.



Responsible recruitment | Fair work | Free from exploitation

Ocado suppliers are entitled to a delegate place in the specialised "Tackling Modern Slavery in the UK Businesses" and "Advanced Tackling Modern Slavery". The interactive workshop is delivered by experts from the consumer goods sector and we strongly encourage our suppliers to take part.

In 2023, Ocado became a funding member of the Seasonal Workers Scheme Taskforce, whose mission is to 'work collaboratively to develop and implement tangible actions to help safeguard and ensure access to workers' rights in the UK Seasonal Worker Scheme (SWS) and wider UK horticulture. This continues the steps taken in 2022, when we co-founded the development of the Just Good Work app, and broadens our engagement with the scheme. We are active members of the Education, information and grievance mechanisms for workers & Remediation Workstreams.

Food Network for Ethical Trade

We continue to be members of the Food Network for Ethical Trade (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.



In 2023, FNET continued bi-monthly calls to serve as a forum for members to share knowledge and on modern slavery and ethical sourcing challenges. We continued to take part in these and joined the Due Diligence Working Group.

Unseen

Established in 2007, Unseen is a UK charity working with individuals, businesses, governments, communities, and other charities to help eradicate modern slavery. Unseen provide safehouses and support in the community for survivors of trafficking and modern slavery. Alongside running the UK Modern Slavery and Exploitation Helpline, Unseen provides ongoing support, not just to survivors, but to businesses and organisations to help tackle these issues right at their source.



In 2023, we shared our entire UK grower list with Unseen, which improved the visibility of potential modern slavery issues within this part of our supply base.

Through the Unseen business portal, which provides details related to concerns reported to the Helpline, we were advised of 2 potential cases linked to our supply chains and operations. On both occasions, investigations were undertaken and law enforcement engaged.

Training and awareness raising

Ocado Retail

All employees of Ocado Retail are required to complete a compulsory Human Rights & Modern Slavery training within the first 3 months of joining and a refresher every year thereafter. This is a practical training module which includes scenarios, advice on how to report suspicions of modern slavery, an overview of the Modern Slavery Act, key facts and why supporting human rights is vital to our business.

Suppliers

As part of Ocado Retail's sponsorship of Stronger Together, all of our suppliers in the UK have access to free "Tackling Modern Slavery in the UK Businesses" and "Advanced Tackling Modern Slavery" training. 71 suppliers attended the training in 2023, which is consistent with 2022 when 73 suppliers attended.

Plans for FY 2023/2024

1. Complete the foundation level of the Ocado Human Rights Action Plan.
2. Complete the audits of third party storage and distribution partners based on risk.
3. Continue to engage with the Seasonal Workers Taskforce and contribute to the activities planned as necessary, including the Just Good Work app.
4. Utilise the information from the High Risk supply chains mapping exercise to implement improvement within our supply chains and mitigate risk.