



Ocado Modern Slavery Statement 2015/2016

Introduction

Modern Slavery means offences of servitude, slavery, forced or compulsory labour and human trafficking. We do not tolerate these activities in any part of our own business or our supply chain. This statement sets out the steps taken by Ocado Group plc and other relevant group companies during the 52 weeks ended 27 November 2016 to minimise risks associated with Modern Slavery.

Our business and supply chains

Ocado is the world's largest dedicated online grocery retailer, operating its retail businesses in the United Kingdom, under the brand names Ocado, Fetch, Sizzle and Fabled; selling groceries, own brand food and general merchandise, sourced from over 50 countries. We have a long-standing sourcing agreement with Waitrose 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 distribution centres and offices. Furthermore, we have numerous service providers that keep our business operating day to day. Ocado has about 12,000 employees, with operations in the UK and offices in Poland, Spain and Bulgaria.

Our policies

The Ocado Citizenship Code applies to everyone in our business. It outlines our commitment to comply with all relevant laws wherever we operate and to maintain the highest standards of professionalism, integrity, ethics and respect for human rights.

Our Human Rights Policy reflects our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls to reduce the risk of slavery and human trafficking from taking place in our supply chains.

Our purchasing teams operate under guidance and standards of our Responsible Sourcing Code. This code applies to the supplier, manufacturer or any other person involved in supplying goods to Ocado. It contains a minimum set of standards expected of our suppliers, including the requirement of working conditions being safe and hygienic, employment being freely chosen and prohibiting the use of child labour. The code is based on International Labour Organisation (ILO) conventions and recommendations. It is designed to be fair, achievable, easy to check, and to promote the ongoing development of our suppliers.

All employees are expected to report any concerns about Modern Slavery in accordance with our Whistleblowing Policy, which is readily accessible on our internal website and in our employee handbook. Through this policy any allegations will be dealt with in a formal and confidential manner. This is reinforced by our Anti-bribery Policy.

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

Our due diligence process

Our standard terms and conditions of purchase require our suppliers to comply with all applicable laws, regulations and our Responsible Sourcing Code. Going forward, we plan to include additional specific responsible sourcing obligations in our contracts with our suppliers.

We have a sourcing relationship with Waitrose for supply of grocery goods for resale, and in connection with these goods, Waitrose manages these supplier relationships in accordance with its Responsible Sourcing Strategy "The Waitrose Way".

We have been a member of the Supplier Ethical Data Exchange (SEDEX) since 2008 and use it as part of our supplier management system. We require that all of our own brand suppliers are also members of SEDEX, with a completed SEDEX Members Ethical Trading Audit (SMETA) or equivalent audit no older than three years, for both primary and secondary tiers. The information we gain through this system allows us to identify key areas in our supply chain that pose the highest risk, which we can then address accordingly. In addition, we keep and maintain a supplier tracking system in-house which we use to compare and closely manage all the information we collate.

To ensure that both new and existing own brand suppliers comply with our values, we have in place a supply chain compliance programme consisting of the following steps:

1. New suppliers are required to complete ethical trade requirements and supply chain questionnaires.
2. We carry out a technical audit which includes ethical requirements. Any non-conformances will be validated by a corrective action plan (CAP) and risk assessed before proceeding any further.
3. Once steps one and two are approved, each supplier is added to Ocado's internal supplier tracking database and links its supply chain to Ocado through SEDEX, where a third party SMETA or ethical audit is uploaded within 90 days. We review and monitor suppliers' reports on SEDEX for any non-compliances. Where appropriate we require the supplier to implement a CAP followed by a third party audit.
4. We check CAP compliance for remediation or as a last resort terminate contracts with suppliers who continually fail to implement CAP.

This programme enables us to assess and minimise risks associated with Modern Slavery in our supply chain based on country and industry sector. Furthermore, where appropriate, we will work with our suppliers to address concerns and improve standards.

Training

We deliver due-diligence training to relevant teams of employees who deal with setting up suppliers in our systems. In 2016, we developed a plan to improve our training programme, in order to raise awareness of the Modern Slavery Act and to broaden knowledge of human rights in our business and supply chains.

Our key areas of risk

We believe we have greater level of responsibility for our own brand grocery goods, and are particularly vigilant with suppliers of these products. As a company sourcing products both within the United Kingdom and international markets, we are aware of the salient issues that affect our supply chains. The following industry sectors have been identified by ethical trade organisations to presenting high risks associated with Modern Slavery and are therefore our primary areas of concern: seasonal agricultural produce; poultry industry; fishing industry; and garment industry.

We recently expanded our range of own brand products into the clothing market which opened us to new frontiers of responsibility. We recognise the sensitivity of labour issues in key garment producing countries and aim to continuously support improved standards through our due-diligence and contracting processes.

Our effectiveness in tackling modern slavery

We use the following key performance indicators (KPIs) to measure how effective we have been in reducing the risk of Modern Slavery from taking place in any part of our business or supply chains: (1) the percentage of own brand suppliers on SEDEX; and (2) the percentage of own brand suppliers with a completed and compliant ethical audit.

Our next steps

Our plan for future steps includes:

- We will continue to improve our auditing standards across key risk areas in our supply chain and business, including areas of our supply chain concerning non-food and not-for-resale goods.
- We will implement improved supplier due-diligence and contracting processes across key risk areas of our business and supply chain.
- We will work towards extending SEDEX membership to more of our supply chain beyond own brand.
- We will introduce further KPIs in key risk areas of our supply chain and business.
- We will roll out a more extensive training program across the wider areas of our business and supply chain in order to raise awareness of the Modern Slavery Act and to raise broader knowledge of human rights.

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

3rd February 2017

¹ 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.