Asda - Standards for Suppliers

Our standards, to be read in conjunction with our Transparency and Supply Chain Monitoring Policy

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Introduction

Our Standards for Suppliers are the cornerstone of our Responsible Sourcing and Human Rights programmes and help promote supplier accountability. Our Standards are designed to uphold the ETI Base Code; an internationally recognised code of labour practice.

Respecting and protecting the fundamental human rights of all who contribute to our business is not only the right thing to do, but also essential as it embodies key values across society and promotes dignity for all. To support this, Asda is committed to upholding the United Nations Guiding Principles (UNGPs) on Business and Human Rights and will work with suppliers to demonstrate them within our global supply chains and report against them.

It is vital our suppliers know and understand the risks within their own operations and supply chains. These Standards apply to all tiers of the supply chain. Specifically, Asda's Standards for Suppliers apply to anyone supplying Asda with goods and/or services (including goods for resale, and goods and services not for resale), agents/contractors, and those who provide component/raw materials at all tiers of the supply chain. This document also applies within our store operations where Asda may be considered a provider of space or services e.g. to food concessions available in our stores. From here on, collectively referred to as "suppliers".

It is the suppliers responsibility to cascade these Standards effectively, implement via policy and process and ensure compliance, monitoring it proactively. This includes complying with these Standards and any applicable laws, regulations and agreements whilst maintaining licenses and permits as required and appropriate for your industry, geography and facility. We encourage suppliers to visit, assess and monitor their facilities' performance as they are ultimately accountable for their operations.

Asda is committed to working with suppliers to improve labour standards and reduce human rights impacts within our shared supply chains. Where appropriate we will partner with suppliers to mitigate risks and/or remediate any issues or breaches of these Standards to improve conditions for workers.

Human rights impacts are defined as any direct or indirect adverse impact or negative effect on an individual's (rights holder) or group's enjoyment of internationally recognised human rights. These can be caused, contributed to or directly linked to any business operations, products or services via a business relationship, including across global supply chains.

Asda's Standards for Suppliers apply to all suppliers of Asda Stores Limited (including Asda's trading brands "Asda", "Asda Express" and "George") and Asda Stores Limited's group companies Arthur Foodstores Limited, Forza Foods Limited, International Procurement and Logistics Limited and Kober Limited.

Synopsis

Suppliers are accountable for compliance with our Standards for Suppliers throughout their operations and entire supply chains.

Signing a supplier agreement, accepting a purchase order, and/or providing products to Asda or its customers constitutes acceptance of our **Standards for Suppliers**.

Asda reserves the **right to audit** or inspect Suppliers' books, records, and any facilities / locations they utilise **at any time**.

Asda expects Suppliers to adhere to our Standards for Suppliers and may impose **consequences** up to and including termination of business for failure to comply.

Our Standards for Suppliers are updated in-line with emerging risks and trends, we encourage suppliers to review these regularly and demonstrate a mature and proactive approach to Human Rights Due Diligence.

Further information can be found on our salient labour and human rights risks and associated policies located on the Asda Corporate and Supplier websites (George, IPL), the HIVE or directly via responsiblesourcingqueries@asda.uk

Responsible Sourcing and Human Rights Policies
- Transparency and Supply Chain Monitoring Policy
- Human Rights Policy
- Modern Slavery Policy

Asda's Standards for Suppliers

Champion and respect internationally recognised Human Rights	Suppliers should be aware of internationally recognised human rights relevant to their own operations and supply chain. All suppliers should avoid causing or contributing to adverse impacts to rightsholders in line with the UNGPs. Suppliers must work to mitigate and prevent adverse impacts that are linked to their operation, products or services, at all tiers of the supply chain. Suppliers and facilities should address adverse Human Rights impacts with which they are involved or connected to when they occur, even if those impacts occur indirectly at any tier of the supply chain. Remediation must be enabled through dialogue with the rightsholders and relevant stakeholders. Suppliers should have appropriate measures in place to uphold and promote human rights throughout their operations and supply chains. This includes, but is not limited to, policy commitments and due diligence processes to identify, prevent, mitigate and account for their Human Rights impacts. Suppliers are required to regularly assess their supply chains and review situations that impact or exacerbate human rights issues such as conflict, civil unrest, natural disasters and climate change. In these situations, due diligence, continuous monitoring of conditions, context, communication and engagement is required.

Zero tolerance for Child Labour or any form of Modern Slavery	We do not tolerate child labour or any form of modern slavery, including forced labour, involuntary prison labour, or human trafficking. Suppliers must undertake ongoing due diligence to ensure their operations and supply chains are free from modern slavery and must not knowingly engage with or support any organisation involved in such practices. Maintain compliance with any Modern Slavery Legislation as specified by the accountable local government where your operations are located e.g. UK Modern Slavery Action 2015, including Section 54 – Supply Chain Transparency including reviewing practical guidance. Additional caution is required when sourcing from regions associated with State-Imposed Forced Labour (SIFL) or Labour Transfer Schemes (LTS). Where such risks are identified, suppliers

	must take all practicable steps, such as enhanced human rights due diligence to investigate and address them using credible sources such as the International Labour Organization (ILO) toolkits. If risks cannot be mitigated or safety of those investigating is a concern, suppliers must consider all options, including responsible disengagement

Recruit responsibly and commit to the <u>Employer Pays Principle</u>	No worker, including migrant workers, should pay for a job (based on the ILO definition of recruitment fees). The costs of recruitment should be borne by the employer. This includes, but is not limited to, costs associated with travel and processing of migrant workers from their home to the workplace, through to return when the relocation is not permanent. Suppliers must allow workers freedom of movement without undue restrictions and comply with all applicable laws, regulations, agreements, and industry requirements. This includes providing an accurate employment contract in a language the worker understands before deployment. Workers are not required to lodge "deposits" or their identity papers with their employer and are free to leave their employer after reasonable notice. Suppliers are expected to hold contracted labour providers, agents, and recruiters to the same standards and follow all guidance and policies provided by Asda. Suppliers must evidence progress towards: • an explicit, clear and transparent, recruitment policy that commits to no charging of recruitment fees and related costs to workers in-line with the ILO definition, irrespective of where or how they are recruited. A risk-based approach should be applied that prioritises workers who may be more vulnerable e.g. migrant workers travelling over international boarders for work. • map the processes and costs associated with worker recruitment, including identifying where recruitment fees and related costs may be occurring, high risk channels and the development of an action plan to address these fees. • where applicable adopt a responsible recruitment model in which the full cost of recruitment (as per the ILO definition) is borne by the employer. • In instances where fees are identified e.g. via audit, suppliers should engage with Asda around timeframes and actions plans to ensure supply chains are resilient and collaborative in achieving this standard. *Asda has tools, detailed guidance, frameworks and resources to support suppliers with their commitments to responsible*

	recruitment. These can be requested via the Responsible Sourcing and Human Rights Team. *All Asda own-brand goods for resale suppliers have free of charge access to Stronger Together's 360 Online Tool and responsible recruitment resources.*
Provide a safe working environment	Provide a safe, clean and healthy working environment, with access to clean, and sanitary facilities, water and food. If living accommodation is provided or facilitated, ensure it is safe, secure and fit for human habitation, this includes adequate ventilation, heating, sanitation, water supply and structural stability. If transportation is provided or facilitated ensure that it is safe, meets legal requirements, regularly maintained, driven by a licensed, trained, fit for duty driver and has adequate space for the number of passengers. All workers should be provided with regular Health and Safety training relevant to their workplace and roles. Adequate risk assessments should be undertaken to review any working practices with the potential to cause harm. These should be recorded, communicated, trained out and acted upon. Appropriate allowances should be made to reduce risk for workers, including considerations for pregnancy, home workers and young workers. Procedures and safeguards should be implemented to prevent accident or injury including maintenance, monitoring, inspection, training, hazard removal and where a hazard has been minimised but not eliminated, provide free of charge, personal protective equipment, fire safety measures and restrictions on hazardous work for all workers. Risk assessments should consider clothing-related hazards, such as cultural headscarves. Following an incident or change in practice, risk assessments should be updated, briefed out to workers and applied.
Provide access to grievance mechanisms and whistleblowing	All workers within suppliers' business and supply chain must have access to grievance mechanisms, ensuring any barriers which may exist are addressed to enable those who may be marginalised, disadvantaged or excluded the opportunity to utilise or access. Workers should have access to effective grievance mechanisms, irrespective of employment status, allowing them to raise a grievance, complaint, concern or suggestion and access remedy related to any aspect of their recruitment or work. This can include operational/workplace, state (judicial and non-judicial), supply chain and other grievance mechanisms. Ensure all workers are aware of the Asda whistleblowing process and that it is publicised. This may be during inductions, or worker briefings and should be included within annual briefings as a minimum.

	Briefings should include that: - This line is confidential - That the process is run by an independent third party, to Asda, you as a supplier and the sites management - That when contacting to report an issue that relates to Asda the call handler is made aware so that it can be flagged to our business. - **Publicising and displaying the Asda hotline is a requirement of these Standards**. However, if a robust, secure and legitimate hotline is provided, publicised and accessible to all workers Asda may allow the removal of this requirement. Should you wish not to display the Asda hotline, this must be approved prior to any removal by the Responsible Sourcing and Human Rights team. Where calls are received that may implicate Asda or where products are manufactured for Asda, there must be a fixed protocol in place for onwards communication to the Asda whistleblower line. This should detail the time in which the contact will be forwarded on to Asda and should be by the third-party provider, not by the supplier. Anonymity must be always maintained. Asda Whistleblowing hotline: 0800 318 405 Asda Whistleblower: www.asdaethics.co.uk Asda Whistleblowing Email: whistleblower@asda.uk
Engage with workers, their recognised representatives and respect the role of Civil Society and Human Rights Defenders	Enable all workers to participate in the representation of their views or feedback to management. This may include, but is not limited to grievance mechanisms, worker committees, proactive worker dialogue, collective bargaining, or respecting the rights of workers to join, form or assist a trade union. Where worker committees are established, they should be representative of the workforce and consider those who may be marginalised or face additional barriers to engagement. Worker representatives should not be discriminated against and should not be prevented from carrying out their role as a representative. Where applicable, communicate the outcomes of any meetings or actions to all workers. Respect the role of Civil Society Organisations and Human Rights Defenders in engaging with rights holders and highlight issues across supply chains. Engage considerately and do not obstruct their operation.
Comply with all applicable laws and Maintain effective records management systems	Provide compensation, wages, benefits, working hours, breaks, rest days, holidays and leave that complies with legal requirements and applicable agreements. Ensure workers understand these terms.

	Do not make illegal or inappropriate contract amends, wage deductions, withhold wages, delay wage payments, or pay wages irregularly or via informal means. Verify all workers eligibility to work prior to employment, in line with local legislation and maintain a suitable management system. Ensure all workers understand, are given, and have access to copies of their signed Terms and Conditions of employment, including provision of an accurate contract in their preferred language upon request.
Treat workers fairly, do not discriminate and respect internationally recognised human rights	Make all employment decisions based on an individual's ability, qualifications and merit. Do not tolerate any form of discrimination, harassment, victimisation, or bullying, including those based on protected characteristics. All individuals must be treated with respect, dignity and provided with equal opportunities. No harsh or inhumane treatment is allowed, including but not limited to physical punishment, harassment, threating behaviour, and gender-based violence and abuse, including when managing grievance processes. Screening methods or tests must not be used to exclude candidates based on health conditions, medical history or pregnancy. Any health assessment should occur only where it is required by law or where a genuine occupational requirement exists and must not be used as part of a recruitment process.
Develop a Saliency led approach to Human Rights	Salient risks refer to the most severe and likely negative impacts on rights holders' human rights that a business's operations could cause, contribute towards or be directly linked to. In proportion to supplier operations size and scale, suppliers must work to establish a Saliency led approach to address Human Rights risks within their supply chains in line with UNGPs. These should be based on data, insights and where leverage is present. Salient risks should be reported on publicly, updated regularly and inform the proactive engagement with rightsholders globally.
Communicate and maintain transparency	Suppliers must readily communicate with Asda. This may take several forms including but not limited to; responding to enquiries or requests, making information available to us, provision of SAQs and/or audits when requested. Suppliers should work with Asda and relevant third parties to implement corrective action, complete requested training, utilise and act upon any guidance or toolkits provided, and participate in industry and collaborative initiatives. Suppliers are expected to proactively communicate

	any incident, concern, or allegation at all tiers as denoted by our escalatable criteria, - page 9 which also includes contact information for such events. Meet all compliance requirements specified by Asda, providing all applicable information and data in-line with Policy requirements and proactive requests. These should be actioned within the timelines specified. Suppliers must monitor compliance with these Standards and Asda Policies, reporting where there may be any deviations or gaps proactively to the Asda Responsible Sourcing and Human Rights team including any pro-active updates. Suppliers must promptly inform Asda of any allegations, ongoing investigations or legal issues relating to human rights, labour practices, ethical misconduct or regulatory compliance issues at any current or proposed production locations.
Remediate audit non – compliances and non-conformances	Remediate any audit non-conformances and non-compliances (NCs) raised within the timeline specified by the audit body. This includes ensuring all evidence is provided, reviewed and closed by the accountable individual(s).
Provide all workers with access to Remedy	All suppliers must provide workers within our shared supply chains with access to a process to enable remedy. Suppliers must define the process for remedy, including how they will investigate and resolve grievances or identified adverse impacts and address root causes in line with the (UNGPs). Engagement with remedy must be legitimate, accessible, and transparent based on dialogue that places rights holders and impacted groups at its core. This applies in instances where the supplier has caused, contributed to, or is directly linked to adverse impacts within the supply chain.
Identify risk, continuously improve and innovate	Suppliers should know their risks, manage and mitigate them. Work to improve the standards of global supply chains whilst delivering efficiency. Drive continuous improvement and model best practice. Utilise and interpret data to assist in the management and mitigation of risks - focusing on worker experience, continuous improvement and impact. Where suitable engage Asda in discussions. Where longer-term risks are known or identified, suppliers are expected to develop time-bound, measurable action plans that demonstrate continuous improvement. These plans should clearly show how risks are understood, appropriately resourced, and actively addressed over time, with regular progress reviews, engagement and transparent reporting to relevant stakeholders. Suppliers should continue to engage with Asda and as required, seek support from membership organisations and audit bodies.

Uphold, communicate, implement and champion these Standards throughout your supply chain	Suppliers are accountable for the cascading of our Standards. This may be within your own policies and processes or through the direct cascading of these standards. Suppliers must: - Have a process and mechanism for the proactive cascading, management and monitoring of the Asda policies and Standards being shared to their suppliers - Maintain all policies and provide updates to suppliers as required - Demonstrate compliance with these policies and Standards and report in-line with expectations on the due diligence undertaken - Build supplier capacity where policies and Standards are not met, or the implementation of our Standards is not initially achievable, reporting to Asda on steps taken to demonstrate continuous improvement - Ensure suppliers understand how these Standards apply to them - Ensure suppliers have the documentation, resources and support they need to further cascade these Standards to lower supply chain tiers - Ensure where Standards are not met, rightsholders, their protection and remediation is central to any engagement Model and promote the values of these Standards within supplier's supply chain and align with our requirements. Ensure all sites suppliers propose meet the required standards before recommending them for new business.

<u>Escalatable criteria</u>

Suppliers must inform Asda (responsiblesourcingqueries@asda.uk) of any of the following issues within 48 hours of their identification:

- Business Critical and Critical non-compliances/non-conformances raised on an ethical audit
- Suspected or substantiated child labour
- Suspected or substantiated Modern Slavery, (of any form including forced and involuntary prison labour, and allegations of SIFL or LTS)
- Allegations of physical or sexual violence
- Allegations of illicit recruitment fees or debt bondage
- Significant fire within or impacting a facility e.g., causing the closure of a production line for more than 6 hours
- Significant building structural issues
- Major injury (life-altering) or fatality of a worker
- Unauthorised subcontracting of production

Should an investigation be underway involving a statutory authority (or authorities), where the disclosure of information may negatively impact the investigation or compromise the safeguarding of any potential victim(s), suppliers may inform Asda of these events when this

becomes suitable to do so, as confirmed by the investigating body e.g. a Police investigation. Once information is no longer confidential the supplier must inform Asda immediately.

Reporting concerns

If you have knowledge of any violations of Asda's Standards for Suppliers or the laws of any jurisdiction, you are required to report the issue to:

- Asda
- appropriate Governmental authorities
- relevant third-party programme or industry association

Anonymous and confidential reporting

To report a concern anonymously relating to the Asda business or its supply chain, please contact:

- **Asda Whistleblowing hotline: 0800 318 405**
- **Asda Whistleblower: www.asdaethics.co.uk**
- **Asda Whistleblowing Email: whistleblower@asda.uk**

Training and Resources

Asda provides guidance, training and resources for suppliers within our Supplier Portal.

It outlines the key training materials and support tools available to our supplier partners. These resources are designed to enhance understanding of our standards, build capacity, and support responsible sourcing practices.

Best Practice of implementation

This section is designed to help suppliers understand what adherence with our Standards looks like in practice. These examples reflect the approach we value and encourage across our supply chain:

Working Hours

Monitors working hours regularly and take early action where issues arise e.g. non-conformances. If hours exceed agreed limits, implement a clear management / reduction plan, communicate progress data, and show that improvements are being made.

Freedom of Association

Respect workers' rights to join unions or representative groups and engage constructively where these exist. Do not interfere with union activity, break-up union engagement and ensure workers feel safe to participate with the support of Management.

Drive Continuous Improvement

Respond to risks, issues, impacts and audit findings constructively. Take ownership of corrective actions, and work collaboratively with Asda, stakeholders and third party experts setting clear timelines for remediation whilst treating improvement as an ongoing process.

Cascading Standards

Ensure that the expectations outlined in this document are communicated clearly throughout the supply chain. This includes subcontractors, service providers, and any other relevant partners, it

may for example be instilled into Policy and processes. Take steps to monitor compliance and support improvement beyond your own operations.