

Transparency policy

How we gather the data we require
to understand supply chain risk

Asda requires all suppliers to follow our *Transparency policy* prior to providing any products or services. Transparency is the process by which suppliers give Asda visibility to their in-scope locations and the associated compliance information (see next slide).

Supplier transparency is the foundation of our Responsible Sourcing programme and collaborating with you to uphold our *Standards for Suppliers* is key to this. Our *Standards for Suppliers* apply to all tiers of your supply chain, and it is your responsibility to ensure compliance throughout your supply chain. Our Transparency Policy allows us to assess supply chain risk, deploy resources to assist continuous improvement and monitor compliance within our global supply chain. This approach recognises the barriers to audit and the need to go beyond audit and identify root cause. Whilst social audits still have a place within our programme, we aim to work with suppliers to help upskill and improve standards within their facilities through guidance & access to tools.

This policy represents the minimum transparency standards that Asda expects for in-scope locations. All in-scope locations are subject to additional due diligence requirements that are determined by completion of an initial risk assessment (Sedex Self Assessment Questionnaire). This may include but is not limited to: additional Self Assessment Questionnaire (SAQ) requirements for supply chain tiers, industry specific audits and additional Human Rights due diligence. A list of these additional programme requirements, beyond our minimum transparency standards can be found in the *Supply Chain Monitoring Requirements and Guidance* document located on the supplier websites:

George Apparel suppliers please use this [link](#) to the George Clothing supplier website

IPL suppliers please use this [link](#) to the IPL supplier website

All other suppliers please use this [link](#) to the Asda supplier website

Asda reserves the right to increase transparency, audit and supply chain due diligence requirements for business areas, commodities or geographies.

This communication and the transparency requirements within it are the minimum requirements for Asda Responsible Sourcing. Other Asda departments may have additional requirements.

Areas covered by this Transparency Policy – in-scope



To establish our programme and gain visibility to you and your supply chain we require you to provide transparency to **in-scope locations** where:

- The Asda or George brand is present;
- Products are deemed **Exclusive*** to Asda or George in production and supply;
- You are supplying Asda Goods-not-for-resale (GNFR) products or services.

***Exclusivity**

If the following definitions are met, the relationship is considered **Exclusive** and therefore requiring transparency and inclusion within our programme:

Exclusive suppliers:

- provide supplier branded product(s) to Asda or George (including Apparel brand); and
- do not supply any other established UK retailers.

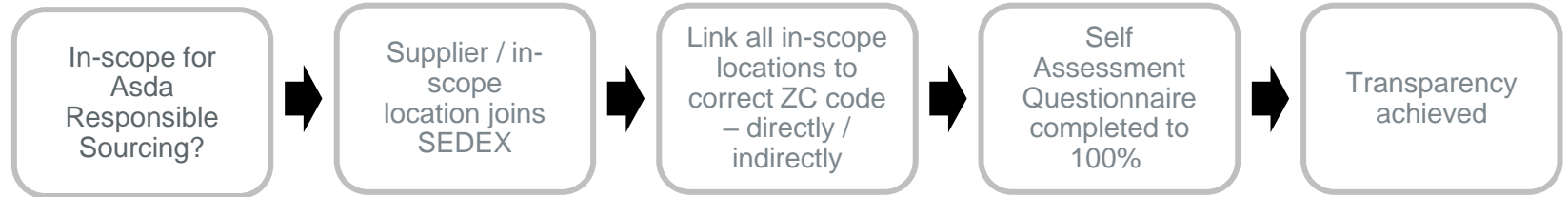
Exclusive facilities:

- produce only exclusive product(s) for Asda or George (including Apparel brand); and
- do not supply any other established UK retailers.

If you have any queries regarding exclusivity, please speak to the Asda Trading or Sourcing team.

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Transparency Process



To achieve transparency, please follow the steps below:

1. Become a member of SEDEX and link all in-scope locations to the correct Asda Department code(s) (see next slide). For suppliers of **Goods-for-resale (GFR) or GNFR products**, this includes all your facilities where the production / manufacturing is taking place. For **GNFR service providers**, please contact responsiblesourcingqueries@asda.co.uk for further clarification.
2. Ensure there is a 100% completed SAQ for all in scope-locations.
3. Ensure all information for in-scope locations is visible to Asda – contact information, audits and SAQs.
4. Review and update SAQs for all in-scope locations every 6 months, unless 12 months has been specified to acknowledge inherent low risk or ongoing compliance with our programme. SAQ Information will be used to assess risk and monitor & demonstrate continuous improvement.

It is your responsibility to maintain your membership with Sedex, ensure all in-scope locations accept the relationship on Sedex, and provide transparency to Asda at all times. Sites must be 'normal sites' as defined by Sedex, 'basic sites' will not be accepted. Failure to comply with this process will result in a breach of our Standards for Suppliers and ultimately the Conditions of Purchase you have with Asda.

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Transparency Process – further guidance



Further guidance to support you to achieve transparency is provided below:

- Visit the [SEDEX](#) website and become a member in-line with your operation, supply chain and logistics.

[SEDEX how to guide](#)

- Connect all in-scope locations to the correct Asda Department (ZC) code through a **direct** or **indirect** link:

Direct links should be used by suppliers who own the in-scope locations that are being utilised for the production/provision of the products/services. Link directly to Asda Department (ZC) code for the product area you supply and provide visibility of all owned in-scope locations that you utilise for production/provision of products/services.

Indirect links should be used by suppliers who do not own the in-scope location and/or are providing a product/service on behalf of another supplier. The in-scope locations that you utilise for production of products or services should be indirectly linked to the correct Asda Department (ZC) code and also to you directly, as the supplier.

You, as our supplier, are responsible for these steps being correctly executed.

Asda Department (ZC) codes:

- **Asda Groceries (ZC1069018)** - for food and grocery
- **Asda GNFR (ZC4175399)** - for Goods Not For Resale and services
- **General Merchandise (ZC414283949)** – George Home etc.
- **George (ZC1086103)** - for apparel and accessories
- **International Procurement Logistics (ZC4175422)** - for any supply to Asda via our wholly owned subsidiary – International Procurement Logistics

Please link all in-scope packaging locations with the ZC codes they supply products to Asda under.

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Asda will utilise the information provided in line with global, industry and commodity/product trends to further understand how best to address associated risks.

All in-scope locations are subject to additional due diligence requirements that are determined by completion of an initial risk assessment (Sedex Self Assessment Questionnaire). A list of these additional programme requirements, beyond our minimum transparency standards can be found in the Supply Chain Monitoring Requirements and Guidance document located on the supplier websites:

George Apparel suppliers please use this [link](#) to the George Clothing supplier website

IPL suppliers please use this [link](#) to the IPL supplier website

All other suppliers please use this [link](#) to the Asda supplier website

For newly listed suppliers and facilities - once transparency has been achieved, if you would like confirmation, please contact Responsiblesourcingqueries@asda.co.uk. This is not an additional check undertaken by Asda, but solely confirmation that we have the required information via SEDEX.

If you have any questions or need support to complete the steps above, please contact the SEDEX helpdesk at helpdesk@sedexglobal.com or Responsiblesourcingqueries@asda.co.uk.

Suppliers must provide transparency of all in-scope locations and/or production of in scope merchandise or services. Where disclosure is required, a supplier's failure to disclose a facility and/or the production of merchandise in an undisclosed facility is considered to be unauthorised production and can lead to consequences for the supplier, facility, or both. Production at a facility that is not transparent and has not been exempted through this process (see slide 10) will be considered unauthorised.

Unauthorised production is defined as any in-scope location failing to meet the requirements of the Transparency policy. Any facility found to be engaging in unauthorised production is a breach of our Transparency policy and will be managed in line with our *Supply Chain Monitoring Requirements and Guidance*.

Suppliers may be issued with the following consequences for not providing transparency including, but not limited to:

- A 'strike' - three 'strikes' in a two-year period will typically result in suspension or termination of a business relationship with Asda. Multiple strikes can be allocated at one time for multiple infringements;
- Reduction of business or suspension;
- Termination of business production for Asda.

We encourage suppliers and facilities to talk to us and raise any concerns directly with Asda.

Reactivation

If a supplier facility/location has been previously inactivated then, in order to be re-considered for supply to Asda, the facility or supplier must:

- Demonstrate to the Asda Responsible Sourcing team that remediation has been undertaken on the information that led to the inactivation.

Asda reserves the right to evolve its approach to reactivation of a supplier facility/location

Exemptions - Approved George brands



Suppliers who own any recognised national/international brands may request an exemption of the Transparency policy via the Responsible Sourcing team. This is reviewed on a case-by-case basis.*

The Brand must:

- Have a compliant modern slavery statement in place where a business trades in the UK over £36m turnover per annum
- Be sold in other known retailers to be recognised as a brand
- Not be located within a 'online marketplace' even if part of an established retailer
- Have a robust ethical programme in place
- Have no known human rights issues associated with them

This process covers the following products:

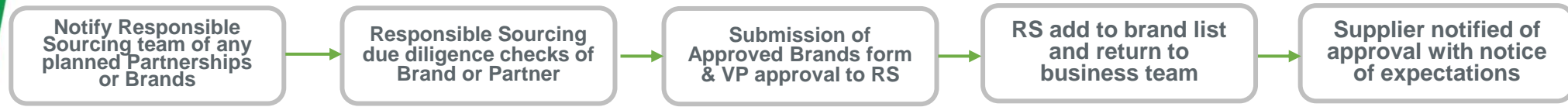
- All products under the approved brand name
- Asda Branding where this is included alongside the Approved Brand e.g charity stickers

Responsible Sourcing will carry out Due Diligence checks on all proposed Brands or Partners including compliance with the Modern Slavery Act 2015.

*Exceptions to this policy must be agreed in writing with George leadership prior to production commencing.

*Prior to written approval from Responsible Sourcing, suppliers are required to follow the Responsible Sourcing facility disclosure scope.

*Production at a facility that is not disclosed and has not yet been exempted through this process will be considered unauthorised. Where disclosure is required, a supplier's failure to disclose a facility and/or the production of merchandise in an undisclosed facility is considered to be unauthorised production and can lead to consequences for the supplier, facility, or both.



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Exemptions – Stock (Spot) Buys



Asda has the option to exempt certain facilities from our Transparency requirements where existing stock buys are possible.

Stock Buys must:

- Be a one-time purchase of a fixed quantity of merchandise that has already been produced and where no future orders of the same goods are anticipated
- Have no Asda branding present
- Only be purchased on a **landed** basis

If you believe an exemption is required to our programme, if you have a query regarding the information you submit to us, or there are other extenuating circumstances, please contact Responsible Sourcing at responsiblesourcingqueries@asda.co.uk

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Programme enhancements



Asda acknowledges that there are certain sourcing regions or countries that pose additional risks. At Asda we will consider how factors such as government effectiveness, rule of law, control of corruption and government stability affect the risk of noncompliance in certain countries.

Countries/regions included, but are not limited to:

- Apparel - United Kingdom
- Xinjiang Uyghur Autonomous Region (XUAR)

To address these areas of risks, we have identified where additional due diligence checks are required. For additional information contact responsiblesourcingqueries@asda.co.uk.

If you are looking to source from a country that may be impacted by Trade Sanctions please contact: TradeCompliance@asda.co.uk

Additional due diligence checks are required in our George Clothing business, and as a result we have expanded our transparency requirements.

The following facilities must be disclosed in addition to those covered by our Transparency Policy:

- All second-tier facilities such as printing, embroidery, laundry and tanneries;
- Any subcontracted sites where garment transformation is taking place if not housed in the main production site such as linking, cutting, footwear, upper stitching;
- Any nominated trims and accessories such as zips and hangers, packaging, fabric mills; and
- Any facilities and processes which involve DTR or Disney license.