



Morrisons

Ethical Trading Policy: Supplier Requirements

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Group Statement

At Morrisons, as both a major retailer and manufacturer, we recognise the responsibility that we share with our suppliers to buy, produce and sell our products in an ethical manner. We are committed to ensuring that everyone who helps to make our products is treated with dignity and respect, in safe and fair workplaces.

Our approach is informed by the United Nations Guiding Principles on Business and Human Rights (UNGPs), and we fully support the Universal Declaration of Human Rights and core International Labour Organisation standards.

We strongly believe that when ethical standards are consistently upheld, this can improve worker wellbeing, productivity and quality, which benefits our suppliers, their workers and our customers. Only suppliers that share our standards and values will be considered appropriate to trade with Morrisons, and we will seek to develop long-term and beneficial trading relationships based on the principles of fairness and transparency at all times.

This is the third publication of our Ethical Trading Policy and represents our latest requirements on sourcing responsibly and respecting human rights in our supply chains. We will regularly review and, where necessary, update the Policy to ensure it remains responsive to our stakeholders' expectations, our business strategy and reflective of industry best practice.

Introduction

All suppliers must undertake to comply in all respects with our Ethical Trading Code (ETC), which details the standards that we require to be in place throughout our supply chain. Our Code is based on the Ethical Trading Initiative (ETI) Base Code, the Fundamental Conventions of the International Labour Organisation (ILO), national and international laws, and sets out minimum standards across the following areas:

1. Employment is freely chosen	2. Freedom of association and the right to collective bargaining are respected
3. Working conditions are safe and hygienic	4. Child labour shall not be used
5. Remuneration	6. Working hours are not excessive
7. No discrimination is practised	8. Regular employment is provided
9. No harsh or inhumane treatment is allowed	10. Entitlement to work
11. Responsible Recruitment	12. Environment

Suppliers **in the scope of this Policy** are additionally required to **demonstrate** continuing compliance with the ETC, as outlined in the Supplier Requirements section below.

This should be considered additional to our standard requirements for products to be safe, legal, to the agreed specification, and compliant with all applicable legislation.

This document should be read in conjunction with the following supplementary policies and documents available on the [Morrisons Corporate](#) website, [Morrisons Create](#) or the Morrisons Quality Management Platform (QMP).

- Morrisons Ethical Trading Supplier Handbook
- Anti-Bribery and Corruption Policy
- Child Labour Policy
- Homeworkers Policy
- Shared Buildings Policy
- Fundamental Product Integrity Standard for Morrisons Brand Food & Drink
- Formulated (Non-Food) Product Code of Practice

Scope

All tier-one suppliers of Morrisons branded goods for resale¹ to Wm Morrisons Supermarkets Ltd and its subsidiaries are in scope of this Policy. We continually monitor risk in our global supply chain and sites not currently in scope of this Policy will be included where justified, based on intelligence, trends and emerging risk.

Ethical Trading requirements for suppliers into our **Fresh Produce** and **Morrisons Manufacturing** divisions can be found in the Raw Material Sourcing Policy and Vendor Assurance Policy respectively. Please contact your Morrisons Technical representative if you require a copy.

Transparency

We expect suppliers to conduct business with us in an open, honest and transparent manner. Full site information must be shared with us using the Supplier Ethical Data Exchange (Sedex) platform, and we reserve the right to publish basic details of all tier-one, own-brand supplying sites on our Corporate Website. Our current tier-one factory lists can be found [here](#).

¹ Suppliers providing Morrisons or Nutmeg branded product and/or product/services provided exclusively to any of the Morrisons Group.

Supplier Requirements

All suppliers in scope of this Policy must meet the following requirements:

- Inform Morrisons which tier-one production site(s) will be used prior to orders being placed:
 - No subcontracting of our orders from these agreed locations is allowed without the express written permission of Morrisons, and provided that all our ethical requirements are met ahead of supply commencing.
- Create a [Sedex](#) account (if not already a member), register all tier-one sites of employment supplying into Morrisons, link these sites to the relevant Morrisons subsidiary account on Sedex and ensure full site visibility of ethical information is provided.
- Complete the Sedex Self Assessment Questionnaire (SAQ) to 100% for all supplying sites.
- Review the Morrisons Fundamental Product Integrity Standard for Morrisons Brand Food & Drink and ensure that your supply chains are in compliance with our Restricted Country Sourcing list.
- If required following confirmation of site risk level by the Morrisons Ethical Trading team, share a valid, third party ethical audit for sites and ensure that all critical and business critical non-compliances have been closed and verified by the audit body (see requirements below).
- **In addition**, all suppliers covered by the Transparency in Supply Chains provision in the UK Modern Slavery Act 2015 must demonstrate that a compliant Modern Slavery Statement has been produced and uploaded to the [UK Government Modern Slavery Statement Registry](#).

On an ongoing basis, all suppliers in scope must meet the following requirements:

- Maintain membership of Sedex.
- Ensure that the ETI Base Code or Morrisons approved Code of Conduct is displayed in a prominent position at all supplying sites in a relevant language(s). Sites should also communicate the provisions of the Code to workers.
- Ensure all sites update their Sedex SAQs at least every 12 months or following significant changes to their operations.
- Provide a **full ethical audit** on a frequency confirmed by the Morrisons Ethical Trading team.
 - Where sites demonstrate continuing good practice, we will consider extending the audit cycle, or removing the requirement to provide an audit at our discretion.
- Communicate any serious or significant site issues to the Morrisons Ethical Trading team.

Ethical Audit Requirements:

- If our risk assessment process determines that your manufacturing site requires an audit, all ethical audits must be:
 - Conducted in accordance with the SMETA (minimum 2 pillar), BSCI or IETP audit methodology;
 - BSCI audits must be published on Sedex with NCs converted to Sedex issue titles.
 - Undertaken by an independent, third party audit body approved by the scheme owner;
 - Undertaken on an unannounced or semi-announced basis;
 - Uploaded to the Sedex platform by the audit body.
- Any non-compliances raised during an ethical audit must be closed out and verified by the auditor on the Sedex platform within the timescales agreed at the closing meeting.
- Please note that ethical audits that do not meet our full requirements may be rejected.

Morrisons Group reserves the right to undertake due diligence on compliance with this Policy through unannounced audits, shadowing third party audits and site visits by Ethical Trading colleagues.

Appendix 1

Morrisons Ethical Trading Code (ETC)

Suppliers shall at all times comply with this code and with all applicable national and international laws, regulations, codes and standards, in the countries where their products are grown, harvested, manufactured, stored and distributed. Where the provisions of law, core ILO labour standards and/or this Code address the same issue, suppliers should apply whichever provision affords the greater protection.

Suppliers shall ensure, as far as is reasonably practicable, that their suppliers, agent(s), labour providers, subcontractors and consultants, who are directly or indirectly involved in the provision of goods and/or services to any member of the Morrisons Group comply with this code. For each of the elements of this Code, Morrisons expects sites to maintain records in sufficient detail to demonstrate how they are performing. Records should be available for inspection by Morrisons Group, its agents or approved audit bodies on request.

The requirements of the Morrisons ETC constitute minimum and not maximum standards and should not be used to prevent companies from exceeding these standards.

<p>1. Employment is freely chosen</p> <ul style="list-style-type: none">• Forced, bonded and involuntary prison labour are expressly prohibited.• Workers are not required to lodge monetary deposits or their identity papers with their employer and are free to leave their employment after reasonable notice.
<p>2. Freedom of association and the right to collective bargaining are respected</p> <ul style="list-style-type: none">• Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively.• The employer adopts an open attitude towards the activities of trade unions and their organisational activities.• Workers' representatives are not discriminated against and have access to carry out their representative functions in the workplace.• Where the right to freedom of association and collective bargaining is restricted under law, the employer facilitates and does not hinder the development of parallel means for independent and free association and bargaining.
<p>3. Working conditions are safe and hygienic</p> <ul style="list-style-type: none">• A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards.• Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environments.• Workers shall receive regular and recorded health and safety training and such training shall be repeated for new or reassigned workers.• Workers shall be provided with access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided.• Accommodation, where provided, shall be clean, safe and meet the basic needs of the workers.• The company observing the code shall assign responsibility for Health & Safety to a senior management representative.
<p>4. Child labour shall not be used</p> <ul style="list-style-type: none">• There shall be no new recruitment of child labour.• Companies shall develop or participate in and contribute to policies and programmes which provide for the transition of any child found to be performing child labour to enable her or him to attend quality education until no longer a child; "child" and "child labour" being defined in the appendices• Young persons under 18 shall not be employed at night, in hazardous conditions or work in excess of the hourly limits provided by local law.• These policies and procedures relating to Child Labour shall conform to the provisions of the relevant International Labour Organisation (ILO) Standards.

5. Remuneration

- Wages and benefits paid for a standard working week meet, at a minimum, national legal or industry benchmark standards, whichever is higher. In any event wages shall always be enough to meet basic needs and to provide some discretionary income.
- All workers shall be provided with written and understandable information about their employment conditions including information with respect to wages before they enter employment, and about the particulars of their wages for the pay period concerned each time they are paid.
- Deductions from wages as a disciplinary measure shall not be permitted nor shall any deductions from wages not provided for by national law be permitted without the expressed permission of the worker concerned. All disciplinary measures should be recorded.

6. Working hours are not excessive

- Working hours must comply with national laws, collective agreements, and the provisions defined in the clauses below, whichever affords the greater protection for workers.
- Working hours, excluding overtime, shall be defined by contract, and shall not exceed 48 hours per week.
- All overtime shall be voluntary. Overtime shall be used responsibly, taking into account all the following: the extent, frequency and hours worked by individual workers and the workforce as a whole. It shall not be used to replace regular employment. Overtime shall always be compensated at a premium rate, which is recommended to be not less than 125% of the regular rate of pay, except where a consolidated rate of pay has been negotiated with worker representation.
- The total hours worked in any 7 day period shall not exceed 60 hours, except where covered by the clause below.
- Working hours may exceed 60 hours in any 7 day period only in exceptional circumstances where all of the following are met:
 - o this is allowed by national law;
 - o this is allowed by a collective agreement freely negotiated with a workers' organisation representing a significant portion of the workforce;
 - o appropriate safeguards are taken to protect the workers' health and safety; and
 - o the employer can demonstrate that exceptional circumstances apply such as unexpected production peaks, accidents or emergencies.
- Workers shall be provided with at least one day off in every 7 day period or, where allowed by national law, 2 days off in every 14 day period.

7. No discrimination is practised

- There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.

8. Regular employment is provided

- To every extent possible, work performed must be on the basis of recognised employment relationships established through national law and practice.
- Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, sub-contracting and home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.

9. No harsh or inhumane treatment is allowed

- Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.

10. Entitlement to work

- Only workers with a legal right to work in the country should be employed.
- For both workers and agency workers, original documents should be reviewed and then returned to workers to verify their right to work.

11. Labour Recruitment

- Labour providers should only supply workers registered with them.
- Relationships with Labour providers should be covered by a Service Level Agreement which meets all national legal requirements.
- Labour providers should be assessed on a regular basis to ensure compliance with all national legal requirements.
- Suppliers and labour providers should not charge workers for finding them a job or for services that are integral to the work-finding process.

12. Environment

- At a minimum, suppliers, sites and growers must comply with the requirements of all local and international environmental laws and regulations including having necessary permits. In addition, they must meet all relevant Morrisons standards and policies relating to the environment and sustainability.

Appendix 2

Glossary of Definitions

Morrisons Group: Wm Morrison Supermarkets Ltd and any of its Subsidiaries (as defined in section 1159 of the Companies Act).

Supplier: The provider of the goods or services named in the contractual agreement.

Own-Brand Suppliers: Suppliers providing Morrisons or Nutmeg branded product and/or product /services provided exclusively to any of the Morrisons Group.

Site: Any site of employment e.g. a factory, farm, processing or packing facility where a stage of manufacturing the product occurs.

Tier-One Site: A site where significant value-add processes take place, the Morrisons brand is applied or handled, and/or a product is finished ready for supply to the end company.

Subcontracting: The substitution of the agreed primary manufacturer.

Third party audit: An audit carried out by an individual or organisation who/which is independent of Morrisons Group or the supplier being audited.

Child: Any person less than 15 years of age unless local minimum age law stipulates a higher age for work or mandatory schooling, in which case the higher age shall apply. If, however, local minimum age law is set at 14 years of age in accordance with developing country exceptions under ILO Convention No. 138, the lower will apply.

Young Person: Any worker over the age of a child as defined above and under the age of 18.

Child Labour: Any work by a child younger than the age(s) specified in the above definitions, which does not comply with the provisions of the relevant ILO standards, and any work that is likely to be hazardous or to interfere with the child's or young person's education or to be harmful to the child's or young person's health or physical, mental, spiritual, moral or social development.

Hazardous Conditions: According to the ILO, examples of hazardous work include:

- Work which exposes children to physical, psychological, or sexual abuse
- Work underground, underwater, at dangerous heights, or in confined spaces
- Work with dangerous machinery, equipment, and tools, or which involves the manual handling or transport of heavy loads
- Work in an unhealthy environment which may, for example, expose children to hazardous substances, agents, or processes, or to temperatures, noise levels, or vibrations, damaging to their health
- Work under particularly difficult conditions such as work for long hours or during the night or work where the child is unreasonably confined to the premises of the employer.

Work Finding Costs: According to the ILO¹:

- The term "work finding costs" covers fees or costs incurred in the recruitment process in order for workers to secure employment or placement, regardless of the manner, timing or location of their imposition or collection.
- Recruitment fees or related costs should not be collected from workers by an employer, their subsidiaries, labour recruiters or other third parties providing related services. Fees or related costs should not be collected directly or indirectly, such as through deductions from wages and benefits.
- The recruitment fees and related costs considered under this definition should not lead to direct or indirect discrimination between workers who have the right to freedom of movement for the purpose of employment, within the framework of regional economic integration areas.

¹https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---migrant/documents/publication/wcms_536755.pdf