



Supplier Ethical Trading Handbook

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Introduction

At Morrisons we are committed to ensuring that everyone who helps to make our products is treated with dignity and respect, in safe and fair workplaces.

This Handbook details the compliance requirements for suppliers in scope of our Ethical Trading Policy.

It offers practical advice on Sedex membership, how to arrange an audit where applicable and detail on how we grade sites' ethical performance.

Further guidance and resources for suppliers can be found in the Ethical Trading section of the Morrisons Corporate website: <https://www.morrisons-corporate.com/cr/ethical-trading/>

Compliance Requirements

Suppliers in scope of our Ethical Trading Policy will be required to demonstrate the compliance elements detailed in the following sections.

Sedex Platform

Morrisons monitors compliance with Ethical Trading policy requirements using the Supplier Ethical Data Exchange (Sedex). This is a web-based system for suppliers to share information and audits with multiple customers, reducing the requirement for suppliers to complete multiple audits, questionnaires, and certifications.

We expect all suppliers and their manufacturing sites in scope of our policy to register with Sedex and to have robust processes and policies in place throughout their supply chain.

Joining Sedex and linking to Morrisons

Details of how to join Sedex are available at <https://www.sedex.com/join-sedex/>

If you need any assistance with the Sedex membership process, please contact their Helpdesk on +44 (0)20 7902 2320 (for Europe) or +86 (0)21 8031 1666 (for China). Other regional contact details can be found at <https://www.sedex.com/helpdesk/>

Once registered, you will need to add your tier 1 site(s) of production and link them to the relevant Morrisons subsidiary, as detailed in the table below. Please ensure you **grant full visibility** when establishing this link. Linking to the correct Morrisons subsidiary means you allow Morrisons access to view your business and selected sites' ethical information.

Morrisons Food	ZC1092491	Morrisons Global Sourcing	ZC1092735
Morrisons Non-Food	ZC1091937	Morrisons Produce	ZC1092737
Nutmeg Clothing	ZC1092306		

Please note - Food, Health, Beauty & Baby, and Household & Pet manufacturing sites should all be linked under Morrisons Food.

Domestic General Merchandise manufacturing sites should select Morrisons Non-Food.

If you are unsure which subsidiary to select please email ethical.trading@morrisonsplc.co.uk and the Ethical Trading team will be able to advise.

When the link has been initiated on Sedex, please let the Morrisons Ethical Trading team know by emailing ethical.trading@morrisonsplc.co.uk so that the link can be accepted.

Self Assessment Questionnaires (SAQ) & Risk Assessment

All sites must complete the Sedex Self Assessment Questionnaire (SAQ) to 100% and ensure it is reviewed and updated at least every 12 months, and also after any significant change to your business. The SAQ should be completed by someone from the manufacturing site itself, not a supplier representative.

Once the Sedex relationship between the site and Morrisons has been established and the SAQ has been completed in full, the Morrisons Ethical Trading team will assess the site's risk and communicate the result to you. Our risk assessment process uses the Sedex RADAR tool which combines country and industry level inherent risk factors with the information provided in the site's SAQ. Sites will be classified as Low, Medium or High Risk.

Further information on the RADAR tool and methodology can be found on the Sedex website: [Sedex RADAR](#)

Please note that an incomplete or inaccurate SAQ may affect the site's management control score and overall risk rating. We also use the SAQ to track supplier metrics for our internal management reporting, so maintaining accurate data is key.

Accountable Individuals for Ethical Compliance

You should have a senior manager responsible for ensuring that the Morrisons Ethical Trading Policy is implemented within your business and supply chain.

Details of this contact should be included under the Company Profile section on the Sedex platform. It is important that this is kept up to date and any changes should be reflected both in Sedex and communicated to us by emailing ethical.trading@morrisonsplc.co.uk.

You should also ensure that this contact detail is replicated in the relevant Morrisons technical management system e.g. Morrisons Create, QMP.

Ethical Audits

What is an ethical audit?

An ethical audit is a formal review of the labour practices of a particular workplace or company. It is a verifiable process to understand, measure, report on, and help improve an organisation's social and environmental performance. It will involve one or more auditors visiting your site to interview site management and workers and review documentation. Audit length is determined by the size of the site and number of employees.

Who needs an audit?

High Risk sites are required to share an ethical audit every year.

Medium Risk sites are required to share an ethical audit every two years.

Please note that all audits shared on the Sedex platform will be monitored regardless of the site's risk rating and whether an audit was requested by Morrisons. Poor audit performance may result in a site's risk rating being uprated and the site being placed on an enhanced audit cycle.

When do I conduct an audit?

If the Morrisons Ethical Trading team informs you that an audit is required to demonstrate compliance with our Policy, the first available audit window should be booked with your chosen audit body.

If a valid audit has been carried out within 12 months for a High Risk site or two years for a Medium Risk site, a new audit will not be required provided all critical and major non-compliances have been closed and verified by the audit body. In this instance, the latest audit will be reviewed and graded by Morrisons and the next audit will be due in line with the relevant audit cycle.

Do Morrisons accept announced audits?

No. Unless you have expressed written permission from the Morrisons Ethical Trading team, all audits **must** be undertaken on a semi-announced (3 week window) or unannounced basis.

Which audit methodologies are accepted?

SMETA is our preferred audit methodology (minimum 2 pillar). BSCI or IETP audits can be accepted if you have express written permission from the Morrisons Ethical Trading team. Any permission given will be on the condition that the report **must** be published on Sedex by the audit body with non-compliances converted to Sedex issue titles. Please contact your audit provider if you have any questions about this process.

Depending on the site's individual circumstances, your Morrisons contact will be able to advise on the type of audit required if you are unsure. This may be any of the following:

Full Initial Audit: A full audit necessary for sites which have never had an ethical audit.

Periodic Audit: A full audit used to monitor supplier sites on an on-going basis. The intervals between periodic audits may vary depending on a site's risk rating.

Full Follow-up Audit: A full audit where the extent of the non-compliances found at a previous audit requires a new, full site audit to verify the corrective actions.

Partial Follow-up Audit: A partial audit where the auditor visits a site but only checks progress against issues found on a previous audit. This type of audit **will not reset** the audit cycle.

Sedex Virtual Assessments (SVA): A remote audit conducted by video conferencing. **Please note** we do not accept SVAs without prior written permission from the Morrisons Ethical Trading team.

Who can conduct an audit?

Audits can be conducted by any audit body that is approved by the scheme operator (Sedex, BSCI or IETP).

What happens following the audit?

After the audit has been completed, it needs to be uploaded onto Sedex by the audit firm to share with customers within **14 working days** of the audit date.

If you are unsure of how to get your audit uploaded onto Sedex and published for customers to view, please contact your audit provider.

Please note that BSCI/IETP audits **must** be mapped to SMETA issue titles.

Once the audit is available to view on Sedex, make the Ethical Trading team aware by emailing ethical.trading@morrisonsplc.co.uk.

Post-Audit Compliance

How are audits graded?

Morrisons will review each audit report on the Sedex platform and communicate a grade to you. Audits are graded BLACK, RED, AMBER, or GREEN based on the volume and criticality of any issues found.

Medium Risk sites that demonstrate continued good audit performance may be removed from their audit cycle at Morrisons discretion. Any site that receives multiple red audits will be placed under review to consider their suitability to supply our business.

1+ BUSINESS CRITICAL NCs	1+ CRITICAL NCs OR 10+ MAJOR NCs	1-9 MAJOR NCs OR 10+ MINOR NCs	0-9 MINOR NCs
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Morrisons bases issue criticality on the Business Critical/Critical/Major/Minor matrix established and maintained by Sedex. We also take into account the detailed information provided in the audit report and may elevate or downgrade the criticality where appropriate.

The grading of your audit is used to determine re-audit cycles, track improvements and contribute towards supplier performance management and commercial decision making.

What if non-compliances (NCs) are identified during an audit?

For all NCs found, we expect active use of the Sedex platform to upload your planned corrective actions and evidence to demonstrate that these actions have been implemented effectively. The site should aim to complete the corrective actions within the timelines specified by the auditor. All NCs must be formally closed either through desktop review or follow-up audit.

If a **Business Critical** (as determined by Sedex) NC is identified, you **must** inform Morrisons within 24 hours of being made aware by emailing ethical.trading@morrisonsplc.co.uk.

NC resolution and verification

Whenever issues are identified, we encourage suppliers to understand the root cause and take steps to implement sustainable improvements. Where issues are identified which require longer-term improvements, we aim to support sites to address these in an open and transparent manner.

If suppliers can demonstrate their commitment to continuous improvement, that they have practical plans in place, and that progress is being made, we will always continue to trade with the supplier.

Where there is consistently no evidence of improvement and sites are not able to provide a reasonable explanation, we may elevate a site's audit grade, or place a site under review, and ultimately we reserve the right to cease trading with an organisation.

Depending on your grade, we may require a partial or full follow-up audit to verify the resolution of any non-compliances. Your Morrisons Ethical Trading contact will communicate this at the same time as your audit grading.

NC derogations and exceptions

In exceptional circumstances a derogation may be given for NCs that cannot be closed within the agreed timeframe. Any derogation given is at Morrisons' discretion and must be agreed in writing. If the derogation is being requested for other customers in addition to Morrisons, we can accept a copy of the Sedex ethical derogation form. Derogations will be considered when measuring supplier ethical performance.

Supplier Improvement and Training

The Supplier Resources section of the Morrisons Corporate website contains useful documents and links to free training provided through our sponsorship of sector level improvement initiatives. Details can be found here:

<https://www.morrisons-corporate.com/morrisons-sustainability/ethical-trading/supplier-resources/>

Transparency and Grievances

We strive to be open and honest when we work with others and will maintain open communication with our suppliers. Where appropriate, we will seek to introduce mechanisms where suppliers, workers and other stakeholders can confidentially raise any concerns about breaches of our Ethical Trading Policy requirements in the supply base, as well as to receive feedback about our own standards and behaviour.

Where grievances and complaints are made about Morrisons Group, we will deal with these fairly and transparently. Similarly, where allegations are made about our suppliers, we will investigate these in a robust and diligent manner and maintain open communication with all parties involved.

If you would like to raise a concern anonymously, we have established a Supplier Whistleblowing Helpline operated by an independent third party, the details of which are as follows:

Freephone: 0800 084 3474

Or online: <https://morrisonsethicspoint.com>

Modern Slavery Act Reporting

We require all suppliers in scope of the Modern Slavery Act 2015 to publish an up to date annual modern slavery statement on the UK Government's Modern Slavery Statement registry (<https://modern-slavery-statement-registry.service.gov.uk>).

Details on which businesses are in scope of the Modern Slavery Act 2015 can be found here:

<https://www.gov.uk/guidance/publish-an-annual-modern-slavery-statement#who-needs-to-publish-a-statement>

Support and guidance on completing your statement can be found here:

<https://www.gov.uk/government/publications/transparency-in-supply-chains-a-practical-guide/transparency-in-supply-chains-a-practical-guide>

Appendix A: New Supplier/Site Process Overview

