

Supply Chain Monitoring Requirements and guidance

Our requirements for all suppliers

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Supply Chain Monitoring Requirements and guidance

Introduction



We are focused on data to better understand risks throughout our supply chain. We aim to do this in a simplified, efficient, and impactful way to realise benefits for customers, workers, our suppliers and their facilities. We use Self-Assessment Questionnaires (SAQ) and third-party audits to help us evaluate our suppliers' overall risk in the supply chain.

Our programme uses the assessment criteria provided by SEDEX. Suppliers will fall into one of three categories:

- **Low risk;** An SAQ must be provided every six months to Asda via the SEDEX platform
- **Medium risk;** An SAQ must be provided every six months to Asda via the SEDEX platform AND tools will be provided to support suppliers to build capacity and drive demonstrable continuous improvement
- **High risk;** An SAQ must be provided every six months to Asda via the SEDEX platform AND the supplier is audited via a third party, audits then shared via the SEDEX platform, all noted non-conformances must be closed within the specified time period.

All of these mechanisms help us to monitor, assess risk and evaluate our suppliers' overall compliance with our Standards.

Any in-scope location that falls within our transparency requirements may be audited at any time. However, in the first instance Asda will utilise information from all suppliers to identify trends, areas of focus and anomalies for further engagement.

It is a supplier's responsibility to take all necessary steps to provide SAQs and audits to Asda in line with specified timelines. This includes having the appropriate SEDEX membership to link to us, ensuring full completion of their SAQ, participating in an SAQ+ approach, choosing an appropriate audit when required, and remediating all non-compliances.

Responsibility 1: Submit SAQ via SEDEX

Submit your 100% completed SAQ to Asda via SEDEX every 6 months.

- In-scope locations must be linked with the correct Asda Dept (ZC) code (Directly or Indirectly), and the SAQ visible to Asda. It is not Asda's responsibility to chase these SAQ's.

Responsibility 2: If identified as medium risk engage with relevant tools

Asda have provided extensive guidance to support suppliers to improve their SAQ score. Suppliers are required to engage with these tools which facilitate continuous improvement.

Responsibility 3: If identified as high risk, arrange, pay for, obtain and cooperate in an audit

The supplier is responsible for contacting the third party [APSCA](#) approved audit firm of its choosing, paying any necessary fees and making their in-scope location available for and cooperating with the audit.

- Audits must be submitted to Asda via SEDEX ensuring they are linked with correct Asda Dept (ZC) code (Directly or Indirectly), and visible to Asda.

Responsibility 4: Remediate all non-compliances

Suppliers are expected to work with in-scope locations to remediate all non-compliances identified through audits with higher risk findings taking priority and demonstrate continuous improvement. Once any non-conformances are remediated, they should be reviewed to 'verified' status by the audit firm who undertook the original audit.

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Providing information to Asda



Asda requires any in-scope location to follow our Transparency Policy prior to providing any products or services. Asda may also require suppliers and/or facilities producing certain kinds of products to undertake additional audits at any time. Please refer to our Exceptions Policy.

You can find our key policies by following the links below:

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

To submit SAQ or audit information to Asda via SEDEX, suppliers and in-scope locations must be linked to the correct Asda department (ZC) code (directly or non-directly). This will ensure that documents are visible for reporting purposes.

All monitoring information will be reviewed by Asda via SEDEX reporting and appropriate action taken according to the findings.

It is the suppliers' responsibility to ensure all non-conformances found at audit are remediated within the specified timescales of the audit programme.

Any Critical or Business Critical findings must be notified to Asda responsiblesourcingqueries@asda.co.uk within 48 hours.

Suppliers are required to provide all relevant information in SAQs and when applicable, obtain and submit third party audits.

Suppliers are responsible for the information submitted in the SAQs.

Suppliers must implement any required improvements identified in audits.

Suppliers must comply with the requirements set out in this policy.

Suppliers may be issued with the following consequences for non-compliance:

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 concerns directly to Asda.

Asda, or its designated representatives, reserves the right to investigate or visit any in-scope location used by our suppliers without notice.

In addition, we may choose to investigate allegations that a supplier and/or in-scope location have engaged in conduct that may violate our Standards for Suppliers.

Allegations may be received through several sources, including audit information, Asda Ethics hotline, anonymous tips, media, NGO reports and other sources.

Substantiated findings may result in consequences for suppliers, in-scope locations, or both, up to and including termination of business with Asda and its subsidiaries.

Suppliers must cooperate and make in-scope locations available, in accordance with the requirements set out in an applicable supplier agreement and/or Asda's Standards for Suppliers.

Guidance – Audit process



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<u>Scope</u>	<u>Transparency</u>	<u>Analysis</u>	<u>Activity</u>	<u>Monitoring</u>
When we require Transparency	How we gain visibility	SAQ scoring risk range	Engagement with Asda	Continuity in risk
<p>The Asda Brand is present</p> <p>The product is Exclusive in production or supply; or</p> <p>Asda GNFR products and services</p>	<p>Become a member of SEDEX as both a supplier and/or the facility where production is taking place</p> <p>Directly and/or indirectly link to one of Asda's Z codes [IPL, George, GM, GNFR, Food, Asda Grocery],</p> <p>Provide a 'Finalised' SAQ to 100%</p> <p>Check that Purchase Orders correspond with the correct facility</p>	<p>High</p> <p>Medium</p> <p>Low</p>	<p>Audit to be undertaken, all N/C closed out</p> <p>SAQ+; additional training, toolkits and support</p> <p>Drive continuous improvement within your supply chain</p>	<p>Submission of an SAQ 6 months post previous SAQ/audit to demonstrate continuous improvement</p>

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Approved audit programmes



All third-party audits should be conducted by an approved APSCA Audit firm. Audits from the following programmes are available for Asda suppliers to use to satisfy their Responsible Sourcing audit obligations:

[SEDEX Member Ethical Trade Audits \(SMETA\)](#)

[Best Aquaculture Practices \(BAP\)](#)

[Responsible Business Alliance \(RBA\)](#)

[IETP ethical toy programme](#)

[Worldwide Responsible Accredited production \(WRAP\)](#)

[Nirapon \(Bangladesh only\)](#)

[Amfori BSCI Business Social Compliance Initiative](#)

Additional audit requirements

Nirapon

All suppliers and facilities in Bangladesh must participate in the Nirapon Bangladesh safety monitoring programme. George Apparel suppliers please contact Indira Chauhan - Indira.Chauhan@asda.co.uk
GNFR suppliers please contact Danielle Cairns – Danielle.Cairns@asda.co.uk
All other supplier please contact your sourcing manager

Disney

All facilities that produce Disney products for Asda must submit an annual Responsible Sourcing audit in order to comply with Disney's FAMA requirements.
George Apparel suppliers please contact Indira Chauhan - Indira.Chauhan@asda.co.uk
Please contact ResponsibleSourcingQueries@asda.co.uk for further details.

Guidance – submitting information for reactivation of facility

If an in-scope location or supplier has been previously inactivated then, to be re-considered for supply to Asda, the in-scope location or supplier must:

- Wait for 12 months before undertaking the Transparency requirements
- Demonstrate to Asda Responsible Sourcing that remediation has been undertaken on the information that led to the inactivation.

Asda reserves the right to examine other factors and to evolve its audit approach and requirements over time.