

# 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 Sedex Self-Assessment Questionnaires (SAQ) and third-party audits to help us evaluate our suppliers' overall risk in the supply chain.

Audits are a valuable mechanism to obtain 3rd party / impartial information however we recognise the need to go beyond audit and identify root cause.

Our programme uses the risk assessment criteria provided by Sedex. Suppliers' in scope locations 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.

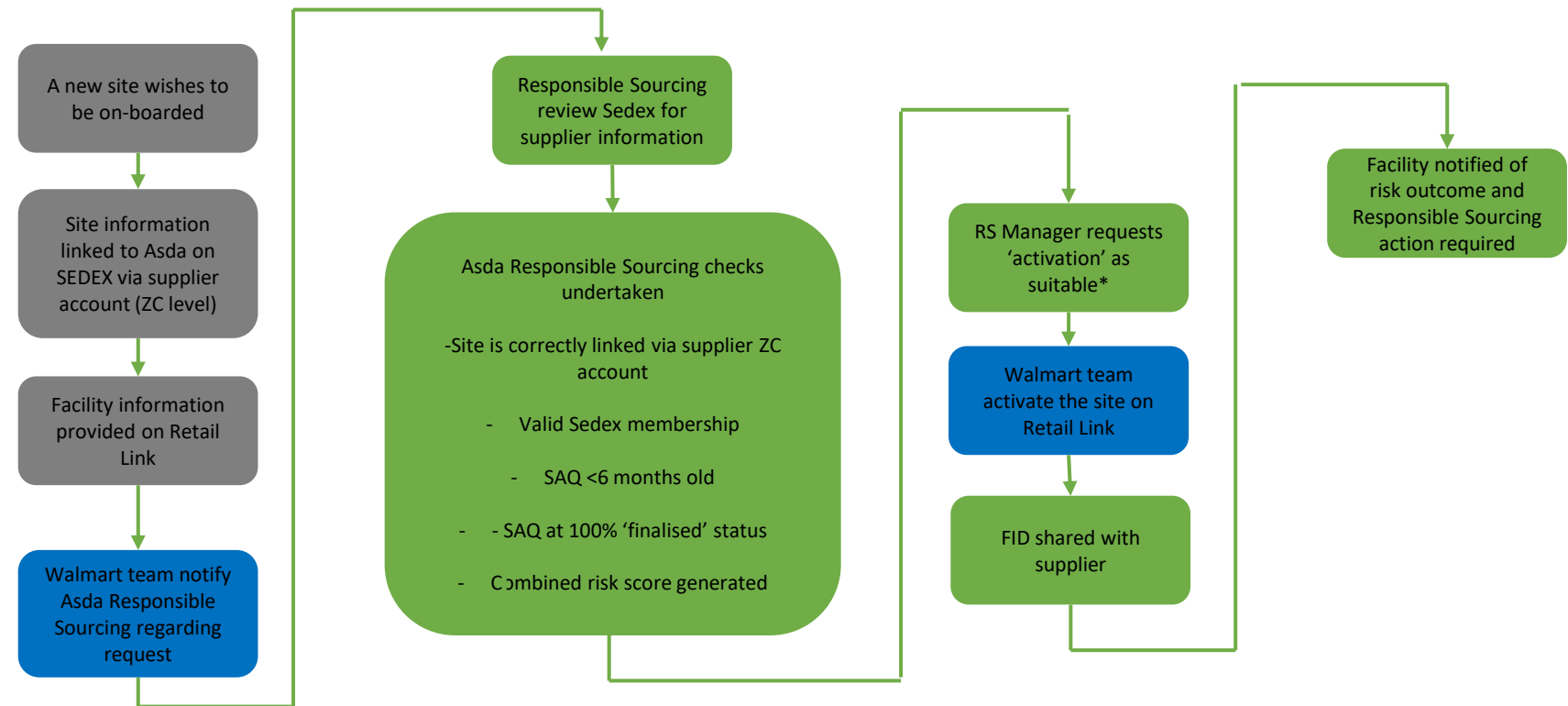
All of these mechanisms help us to monitor, assess risk and evaluate our suppliers' overall compliance with our Standards.

Asda reserves the right to request an audit for a location used for our production or services 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.

# Asda Responsible Sourcing Programme



Asda's Responsible Sourcing programme has been designed to simplify the requirements for suppliers and better support the needs of the business. From a Responsible Sourcing perspective, the new approach allows us to better understand risk at the time of establishment and select appropriate action to drive continuous improvement in the supply base.



\*If substantial concerns or irregularities are noted additional due diligence may be requested

# Supply Chain Monitoring Requirements and Guidance

## Programme requirements



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 the SAQ, participating in a Medium risk approach, choosing an appropriate audit when required, and remediating all non-compliances in line with specified timeframes.

At the point of on-boarding you will be contacted by Asda Responsible Sourcing confirming the action required by all in-scope locations as a result of their risk category assigned by Sedex.

### **Responsibility 1: All in-scope locations, submit SAQ via Sedex**

Submit your 100% completed SAQ to Asda via Sedex and update the SAQ every 6 months.

- In-scope locations must be linked with the correct Asda Dept (ZC) code (Directly or Indirectly), and the SAQ made visible to Asda. See our Transparency Policy for further guidance. It is not Asda's responsibility to chase your SAQ submissions.

### **Responsibility 2: Medium risk in-scope locations, engage with relevant tools and guidance provided**

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. Please visit the Asda supplier website for more information.

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

### **Responsibility 3: High risk in-scope locations, arrange, pay for, obtain and cooperate in an approved 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.
- Once a supplier chooses an audit programme for a facility, it must continue with that programme until all findings have been remediated and closed within the relevant audit platform.

### **Responsibility 4: High risk in-scope locations, 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-compliances are remediated, they should be reviewed to 'verified' status by the audit firm who undertook the original audit. Any Critical or Business Critical findings must be notified to Asda [responsiblesourcingqueries@asda.co.uk](mailto:responsiblesourcingqueries@asda.co.uk) within 48 hours.

SAQs must be updated every 6 months, unless 12 months has been specified to acknowledge inherent low risk or ongoing compliance with our programme.

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

# Programme requirements - summary



## Supply Chain Monitoring Requirements and Guidance

<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 ZC 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><b>High</b></p> <p><b>Medium</b></p> <p><b>Low</b></p>	<p>Audit to be undertaken, all N/C closed out</p> <p>Engage with additional training, toolkits and support provided</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>

Asda requires any in-scope location to follow our Transparency Policy prior to providing any products or services.

You can find our Transparency Policy and other key policies by following the links below:

- 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

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 indirectly). This will ensure that documents are visible for reporting purposes. See our Transparency Policy for further guidance.

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



# Supply Chain Monitoring Requirements and Guidance

## Approved audit programmes



Asda will only accept;

- audits undertaken by an Association of Professional Social Compliance Auditors ([APSCA](#)) approved auditor and firm
- audits undertaken within the last 12 months from the date of request
- semi-announced or unannounced audits, and
- 2 or 4 pillar audits

If you are selected to provide an audit, Asda will review the Sedex platform for an audit meeting the above criteria and accept this as a valid submission. It is the supplier's responsibility to ensure all non-conformances found at audit are remediated within the specified timeframes. In-scope locations must continue with their chosen audit provider until all findings have been remediated and closed within the relevant audit platform.

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](#)

[Social Accountability International \(SA8000\)](#)

### Nirapon

All suppliers and in-scope locations in Bangladesh **must** participate in the Nirapon Bangladesh safety monitoring programme.

For further details:

- George Apparel suppliers please contact Indira Chauhan - [Indira.Chauhan@asda.co.uk](mailto:Indira.Chauhan@asda.co.uk)
- GNFR suppliers please contact Danielle Cairns – [Danielle.Cairns@asda.co.uk](mailto:Danielle.Cairns@asda.co.uk)
- All other suppliers please contact your sourcing manager

### Disney

All in-scope locations that produce Disney products for Asda **must** submit an annual Responsible Sourcing audit in order to comply with Disney's FAMA requirements.

For further details:

- George Apparel suppliers please contact Indira Chauhan - [Indira.Chauhan@asda.co.uk](mailto:Indira.Chauhan@asda.co.uk)
- General Merchandise, Food, Non-Edible Grocery suppliers please contact [responsiblesourcingqueries@asda.co.uk](mailto:responsiblesourcingqueries@asda.co.uk)

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

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 breach 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.

### Suppliers:

- are required to provide all relevant and accurate information in SAQs and when applicable, obtain and submit third party audits.
- are accountable for the information submitted in the SAQs.
- must implement any required improvements identified in audits.
- must comply with the requirements set out in this policy.

Suppliers may be issued with the following for non-compliance and failure to meet our Standards and procedures:

- A written warning
- A 'strike' - an official mark against a facility or supplier
  - 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.

### 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