



Suppliers Guide to the Co-op Ethical Trade Programme – Food Own-Brand (January 2020)

Dear Supplier,

As a responsible retailer and member of the Ethical Trade Initiative (ETI), the Co-op Food takes very seriously the working conditions of any personnel involved in the production of Co-op brand products. To ensure that working conditions meet our aims and objectives we have our Sound Sourcing Code of Conduct that identifies the standards that we expect to be applied across all suppliers of Co-op brand products and those products made exclusively for the Co-op Food. This code is based on the ETI Base Code and International Labour Organisation standards. A copy of the Code can be found in appendix A.

The Co-op Food expects its suppliers to demonstrate continual improvement in meeting these workplace and employment standards. To ensure the aims and objectives of the Code are being met, the Co-op Food suppliers should meet the following requirements as a condition of trade (Section 6 of the 'Standard Terms of Supply of Groceries to the Co-op', point 6.1.4)

- All Co-op brand first tier production sites must be registered on Sedex with a completed Self-Assessment Questionnaire (SAQ) as a condition of trade. Access must be given to the Co-operative Retail (ZC1088502) to review this. The site's Sedex ZS code must be uploaded to the Co-op MyCore Technical system.
- An ethical audit must be uploaded onto Sedex by the audit body for all Co-op Brand first tier production sites prioritised as part of our risk assessment process which is outlined in this document. The audit needs to be in accordance with the guidelines set out in this document.
- Where issues are raised by audits, supplying sites must put in place a time bound corrective action plan to address issues identified with the auditor. The Co-op Food will seek to work in partnership with its suppliers to address issues on a continuous improvement basis.
- Suppliers are expected to put in place a risk based audit programme to identify and address issues in their supply chain and agree with these plans with the Co-op. Sites beyond 1st tier will be included in the scope of the Co-op ethical trade programme where deemed necessary.

This information pack contains the following information which will guide you through the process of meeting these ethical trade requirements:

- Sedex Requirements (Section 1)
- Ethical audit requirements (Section 2)
- Process chart on meeting the Co-op's Ethical Trade Requirements (Section 3)
- The Co-operative Group's Sound Sourcing Code (Appendix A)
- What to expect on an ethical audit (Appendix B)

Should you have queries on the Ethical Trade requirements outlined in this document please get in touch with the Co-op Food's Ethical Trade Team at ethicaltrade@coop.co.uk.

Our aim is to work in partnership with our suppliers in ensuring good labour standards are maintained at all supplying sites.

Kind Regards
Michael Fletcher

Trading Director
Co-op Food

1. Sedex Requirements

As part of the Co-op Sound Sourcing programme, we collect information on the sites within our supply chain to ensure that we:

- Have full traceability of the conditions in our supply chain.
- Understand and are able to address any issues that are present both in our business and our suppliers' businesses.
- Work with our suppliers towards a shared ethical goal to achieve business positive results.

To achieve this goal, we rely on the detailed information provided through self-assessment and ethical auditing. In order to share ethical information, we require all suppliers and production sites for the Co-op own-brand products to register on the Sedex system (www.sedexglobal.com). As a minimum condition of trade to the Co-op Food, all 1st tier production sites of Co-op brand products need to register on the Sedex system and complete the online Self-Assessment Questionnaire (SAQ) and site profile and link to the "Co-operative Retail" (ZC1088502). Sites beyond 1st tier will be risk assessed by the Co-op Food on a case by case basis and will be included in the scope of the ethical trade programme where deemed necessary.

Sedex is a web-based system which allows organisations to store information about labour standards within their business and to share this with one or more of their customers. As the preferred system for many major retailers and manufacturers to capture information on labour standards in their supply chains, we believe that using Sedex reduces the burden on our supply base, by providing a single common system to satisfy the requirements of multiple customers.

The cost of B membership is approx. £100(+VAT) per year for each site; this will enable you to upload, store and share your information with as many customers as you chose to select.¹ Agents and brands with more than 10 supplier sites are strongly encouraged to consider upgrading to an AB member status (annual subscriptions based on turnover).²

If you are a supplier that owns your own production site facilities, you need to:

- Register on Sedex and enable "Co-operative Retail" (ZC1088502) to view your data (if you are already on Sedex you will still need to link to the "Co-operative Retail" (ZC1088502) as a direct customer)
- Fill in a site record and a SAQ for every production site which you own that produces the Co-op Brand products.
- Grant us access on Sedex to all site information including any ethical audits that have been carried out on production sites as per the requirements in Section 2. (See guidance in Appendix C)

If you are an agent or an importer using third party factories to supply us, you need to:

- Register on Sedex and enable "Co-operative Retail" (ZC1088502) to view your data (if you are already on Sedex you will still need to link to the "Co-operative Retail" (ZC1088502) as direct customer)
- Communicate the requirement to register on Sedex to your suppliers and ask suppliers to link to you as a direct customer and to the "Co-operative Retail" (ZC1088502) as an indirect customer (see guidance in Appendix C).
- Approve trading relationship link from suppliers to "Co-operative Retail" (ZC1088502) to ensure that we can view site and audit information provided by suppliers
- Ensure supplying sites grant "Co-operative Retail" (ZC1088502) access on Sedex to site and ethical audits that have been carried out on production sites as per the requirements in Section 2 (See guidance in Appendix C).

¹ Sedex B members provide information about sites of employment, use the self-assessment module or have audits uploaded about sites. B members are able to view data and run reports on their own company.. B membership is generally for factories, growers and production sites that need to have access to input data into the system. It is also for companies acting as agents which do not wish to have the facility to run reports on their supply chains.

² Sedex AB members are able to view data on their own company and their supply chain and run reports, as well as upload information about production sites, use the self-assessment module or have audits uploaded about sites. Suitable for companies who have their own sites of employment and who want to look at their suppliers and companies who act as an agent / importer and buy from third-party factories. Annual subscription based on turnover.

Registration instructions for Sedex can be found on the Co-op MyCore website(<https://my-core.co.uk>) and in Appendix C of this guide. If you have any questions or need help regarding Sedex registration please contact the relevant Sedex Helpdesk, contact details in Appendix C

2. Ethical Audit Requirements

Which sites require an ethical audit?

Prior to commencement of trade

A valid ethical audit (less than 18 months old) must be shared via the Sedex system for all first tier Co-op brand productions sites in countries listed below prior to site approval taking place. Assessment of risk, based on independent expert knowledge of issues known to exist in countries.

- | | | |
|----------------------|-------------|----------------|
| • Argentina | • India | • Senegal |
| • Brazil | • Indonesia | • Serbia |
| • Cambodia | • Israel | • South Africa |
| • Chile | • Kenya | • Sri Lanka |
| • China | • Malaysia | • Swaziland |
| • Colombia | • Malawi | • Tanzania |
| • Costa Rica | • Mauritius | • Thailand |
| • Dominican Republic | • Mexico | • Tunisia |
| • Ecuador | • Morocco | • Turkey |
| • Egypt | • Myanmar | • Vietnam |
| • Ethiopia | • Namibia | • Uruguay |
| • Guatemala | • Pakistan | • Zambia |
| • Honduras | • Panama | |
| | • Peru | |

This list is not exhaustive. Supply from sites in new sourcing countries not listed above and outside the European Union, the United States of America, Australia and New Zealand will be risk assessed on a case by case basis and may require an audit prior to the commencement of trade. Sites beyond 1st tier will be included in the scope of the Co-op ethical trade programme where deemed necessary.

Post Commencement of Trade

Following the commencement of trade any first tier Co-op brand site could be prioritised for an audit as part of Co-op's annual audit programme based on the following criteria:

- Country
- Industry
- Self-Assessment and Site Profile information
- Commercial factors (Value of business and strategic importance of product/site)

Suppliers will be notified by the Co-op Food if an audit is required as part of its ongoing ethical monitoring programme following the commencement of trade. Should a prioritised site have a valid audit (less than 18 months old) that they are able to share with the Co-op on Sedex, a new audit will not be required. Sites without a valid audit will be given a 3 month time-frame to commission and upload an ethical audit on to Sedex. Sites beyond 1st tier will be risk assessed by the Co-op Food and will be included in the scope of the ethical trade programme where deemed necessary. The Co-op Food reserves the right to undertake unannounced audits, if deemed necessary.

Suppliers are expected to put in place a risk-based audit programme to identify and address issues in their supply chain and agree with these plans with the Co-op.

What is an acceptable ethical audit?

All audits provided to the Co-op Food must comply with the 'Sedex Members Ethical Trade Audit' (SMETA) guidance. SMETA is a standard protocol for audits which determines the minimum number of days that should be spent on-site, the minimum number of workers who will be interviewed, and

the basic reporting structure. More information about the SMETA guidance can be found on the Sedex website (www.sedexglobal.com/) and in the appendix. Audits older than 18 months will not be accepted. **New audits must be commissioned on a “semi-announced” basis** within a three-week window period. Suppliers may – in exceptional circumstances – nominate up to a maximum of 3 days where it is inconvenient for the audit to take place. These should be discussed and agreed on a case by case basis, with reasons given for the nominated days. If there are any special circumstances that would make it difficult to arrange this audit on a semi-announced basis, please ensure that you get in touch with the Co-op Ethical Trade Team to discuss. Your selected audit body will be able to provide you with full details of this process.

Where FLO Cert/Fairtrade Inspection audits have been carried out these will be accepted. All audits including SMETA are **only acceptable** when they have been **uploaded onto Sedex by the audit body**.

Who should carry out the audit?

If you are required to commission an ethical audit, you must ensure that the audit is carried out by one of Co-op's approved auditors. The contact information for Co-op Approved Auditors is detailed below:

Bureau Veritas (Global)

Telephone: UK 0845 600 1828 /Outside the UK: +44 127 963 4000

General website: http://www.bureauveritas.co.uk/wps/wcm/connect/bv_couk/Local

To book an audit: <http://www.bureauveritas-cps.eu/ethicalaudit/>

Intertek (Global)

Telephone: North and South America +1 800 967 5352

Europe, the Middle East, and Africa +44 20 7396 3400

Asia Pacific +852 2173 8888

To book an audit:

<http://www.intertek.com/contact/inquiry/?route=1208&prompt=5249&id=31812&>

Website: <http://www.intertek.com/>

SGS (Global)

Telephone: +41 22 739 91 11

Website: <http://www.sgs.com/>

To book an audit:

<http://www.sgs.com/en/Consumer-Goods-Retail/Hardgoods/Sport-and-Leisure/Audits-and-Certification/SMETA-Audits.aspx>

Partner Africa (Africa only)

Telephone: +254(0)713 000 111 / +254(0) 161 586

Email: audits@partnerafrica.org

Website: www.partnerafrica.org

Keith Stamp Social Auditing (United Kingdom only)

Telephone: +44 (0) 191 413 7844

Mobile: +44 (0) 07931521465

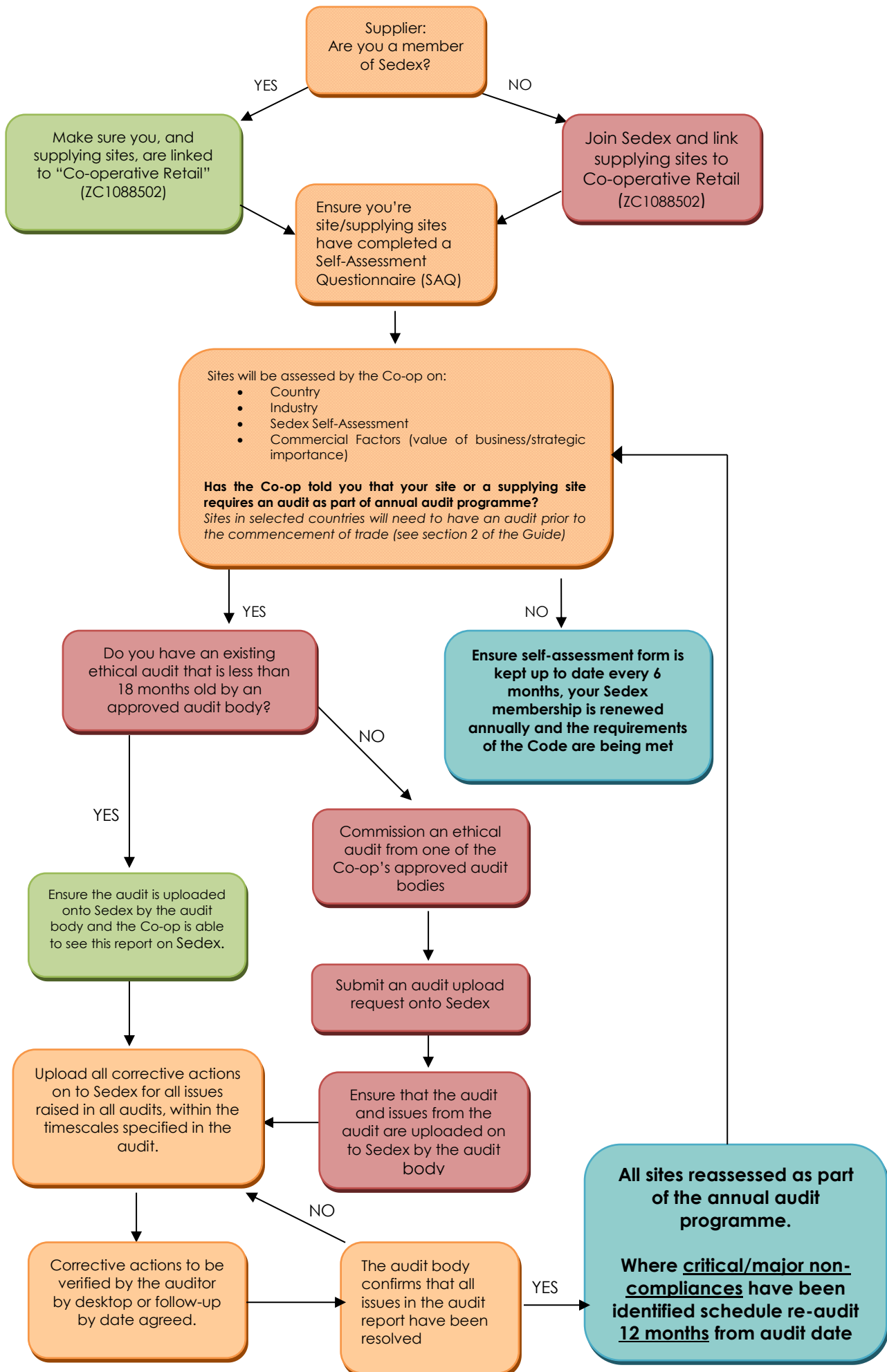
Email: keith@kssa.uk.com

Website: www.kssa.uk.com

If you would like Co-op Food to accept an audit carried out by an audit body not listed above or should you wish to use an alternative audit protocol that as minimum conforms to the requirements of SMETA please get in touch with the Co-op Food's Ethical Trade Team to request permission at ethicaltrade@coop.co.uk. The Co-op will consider these requests in an effort to reduce audit duplication, but reserves the right to decline any audits do not meet our due diligence standards. All audits must be uploaded on to Sedex by Audit Bodies.

Technical instructions on uploading audits on to Sedex can be found using the link in Appendix C

3. Audit Programme Process Diagram



Management of Issues

- Where issues are raised by audits, supplying sites must put in place a time bound corrective action plan to address issues identified with the auditor. The Co-op Food is committed to working in partnership with its suppliers to address issues on a continuous improvement basis.
- Monthly updates on Ethical Trade supplier performance will be sent out to all relevant supplier facing teams within the Co-op. Personalised escalation chase emails with technical and buying teams copied will go out to all sites flagged as Red. Please see criteria below:

<u>RED Priority</u>	<u>AMBER Priority</u>
Minimum Requirements not met Tier 1 site - not linked, Incomplete SAQ and Lapsed	Minimum Requirements not met Tier 2 site - not linked, Incomplete SAQ and Lapsed
Audit - Failure to share audit by 3 month deadline from date of request	Issues - Outstanding non-conformances within the last 6 months
Issues - Overdue NCs (over 6 months) (Please note NCs closed but not verified within 12 months will not be flagged as Red)	Issues - NC's Complete, require verification (within 12 months)
Issues - NC's complete, require verification (over 12 months)	

- Sites that are making very good progress but still have outstanding issues that they are working hard to resolve will not be included in escalation process. It is essential that suppliers proactively update relevant Ethical Trade team contact or email ethicaltrade@coop.co.uk with any challenges with meeting agreed timeframes for resolution.
- Poor management of issues will be reflected in supplier performance reviews and will be escalated within the business.
- With our key strategic suppliers the following framework is used to assess performance, please proactively get in touch with your ethical trade contact with any information that will help demonstrate high performance in these areas.

Proactivity of managing issues

- **Meet monitoring requirements** "Supplier Guide to Ethical Trade"
- Make us **aware of potential issues**
- **Proactively manage issues** with limited chases

Strategic approach to managing ethical trade

- **Map, risk assesses & identify issues** in your supply chain
- Share your **strategic approach** to managing ethical trade issues in regular review meetings
- Put in place the **resources and expertise** to manage ethical trade

Collaborative approaches to tackling challenging issues

- **Work together to find long-term solutions** to challenging issues
- **Commitment to tackle modern slavery** in own sites and supply chain
- Actively engage in supplier forums & **champion good practices**

Appendix A. SOUNDSOURCING CODE OF CONDUCT FOR THE CO-OPERATIVE GROUP LIMITED SUPPLIERS

As a responsible retailer, the Co-op is committed to building fair and sustainable relationships with its suppliers across its whole supply chain in order to secure decent working conditions for everybody involved in the production of products for the Co-operative Group. We recognise the essential contribution that our suppliers and agents make in achieving our aims and aspirations for sound sourcing.

To ensure that working conditions meet our aims and objectives our Sound Sourcing Code of Conduct that identifies the standards that we expect to be applied across all suppliers of Co-op brand products and those products made exclusively for the Co-operative Group.

Where agents organise product supply, they have a responsibility to ensure that this Code of Conduct is understood, implemented and applied by those production units for whom they act.

The Co-operative Group expects its suppliers to demonstrate continual improvement in meeting these workplace and employment standards. In doing this the Group wishes to work in partnership with its suppliers rather than operating sanctions. Suppliers should aim to exceed these defined standards, which are intended as the minimum acceptable. Where a review of the conditions in place indicates areas where development is necessary, we will agree with the supplier a programme to deliver this and to sustain any improvements. Any such programme will consider the impact these improvements will have on the supplying company, its workforce and the wider business. These improvements may call for corrective or remedial action within defined and agreed time periods.

In achieving these goals, our aim is to demonstrate that all production sites, which provide Co-op brand products, operate ethically and have a genuine commitment to the Sound Sourcing Code, thereby ensuring decent working conditions for everyone associated with producing goods for the Co-op.

SOUND SOURCING CRITERIA - The ETI Base Code

1. EMPLOYMENT IS FREELY CHOSEN
 - 1.1 There is no forced, bonded or involuntary prison labour.
 - 1.2 Workers are not required to lodge "deposits" or their identity papers with their employer and are free to leave their employer after reasonable notice.
2. FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING ARE RESPECTED
 - 2.1 Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively.
 - 2.2 The employer adopts an open attitude towards the activities of trade unions and their organisational activities.
 - 2.3 Workers representatives are not discriminated against and have access to carry out their representative functions in the workplace.
 - 2.4 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.
3. WORKING CONDITIONS ARE SAFE AND HYGIENIC
 - 3.1 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 environment.
 - 3.2 Workers shall receive regular and recorded health and safety training, and such training shall be repeated for new or reassigned workers.
 - 3.3 Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided.

- 3.4 Accommodation, where provided, shall be clean, safe, and meet the basic needs of the workers.
- 3.5 The company observing the code shall assign responsibility for health and safety to a senior management representative.
4. CHILD LABOUR SHALL NOT BE USED
- 4.1 There shall be no new recruitment of child labour.
- 4.2 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 and remain in quality education until no longer a child; "child" and "child labour" being defined in the appendices.
- 4.3 Children and young persons under 18 shall not be employed at night or in hazardous conditions.
- 4.4 These policies and procedures shall conform to the provisions of the relevant ILO standards.
5. LIVING WAGES ARE PAID
- 5.1 Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. In any event wages should always be enough to meet basic needs and to provide some discretionary income.
- 5.2 All workers shall be provided with written and understandable Information about their employment conditions in respect to wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid.
- 5.3 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
- 6.1 Working hours must comply with national laws, collective agreements, and the provisions of 6.2 to 6.6 below, whichever affords the greater protection for workers. Sub-clauses 6.2 to 6.6 are based on international labour standards.
- 6.2 Working hours, excluding overtime, shall be defined by contract, and shall not exceed 48 hours per week.*
- 6.3 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.
- 6.4 The total hours worked in any seven day period shall not exceed 60 hours, except where covered by clause 6.5 below.
- 6.5 Working hours may exceed 60 hours in any seven day period only in exceptional circumstances where all of the following are met:
- this is allowed by national law;
 - this is allowed by a collective agreement freely negotiated with a workers' organisation representing a significant portion of the workforce;
 - appropriate safeguards are taken to protect the workers' health and safety; and
 - the employer can demonstrate that exceptional circumstances apply such as unexpected production peaks, accidents or emergencies.
- 6.6 Workers shall be provided with at least one day off in every seven day period or, where allowed by national law, two days off in every 14 day period.

* International standards recommend the progressive reduction of normal hours of work, when appropriate, to 40 hours per week, without any reduction in workers' wages as hours are reduced.

7. NO DISCRIMINATION IS PRACTISED

- 7.1 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
- 8.1 To every extent possible work performed must be on the basis of recognised employment relationship established through national law and practice.
- 8.2 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, or 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
- 9 Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.

LEGAL REQUIREMENTS

The Co-operative Group Limited requires that suppliers, agents and anybody involved in the manufacture of goods or the provision of services to its businesses, shall meet all the legislation applicable to those activities. The Co-operative Group Limited's suppliers must comply fully with the labour, health and safety and other pertinent laws in the countries where these products are grown, harvested, manufactured, stored and distributed. Suppliers must also be able to demonstrate that compliance.

As part of this duty, suppliers must keep abreast of changes in legislation, identifying and implementing operational and management changes to maintain compliance.

The provisions of this Code constitute minimum and not maximum standards, and this code should not be used to prevent companies from exceeding these standards. Companies applying this Code are expected to comply with national and other applicable law and, where the provisions of law and this Code address the same subject, to apply that provision which affords the greater protection.

Any communication in respect of this Code of Conduct or any Co-operative Group Limited Code will be treated in the strictest of confidence.

RECORDS

For each of the Sound Sourcing Criteria and elements of this Code, the Co-operative Group Limited expects production sites to maintain records in sufficient detail to demonstrate how the site is performing against provisions of the Code. These records should be available for inspection by the Co-operative Group Limited, its agents or approved audit bodies on request.

AUDIT ACTIVITY

The Co-operative Group Limited, its agents or approved audit bodies, will routinely review suppliers' practice and achievements against the principles of this Code. This may be by site audit, potentially linked to audits reviewing quality parameters, or by other means as advised to the supplier. Where issues are identified, appropriate corrective or remedial actions within defined and agreed timeframes must be put in place.

The Co-operative Group Limited will ensure that any personnel evaluating suppliers against this Code on its behalf are effectively trained, and aware of the issues surrounding and principles of Sound Sourcing.

The Co-operative Group Limited will advise suppliers of its intention to audit any site, although the Co-operative Group Limited reserves the right to undertake unannounced audits, if deemed necessary. Where suppliers are required to share an independent social audit with the Co-operative Group, these audits will need to be in accordance with approved auditing protocols and conducted by approved auditing bodies.

CRITICAL ISSUES

Where any review highlights serious instances of failure to comply with the Code, an immediate corrective action plan to address the issue on a continuous improvement basis will be required. A failure to instigate appropriate and timely action may result in termination of the Co-operative Group Limited's Supply Agreement and the supply of the products involved.

DEFINITIONS

Audit: A systematic examination to substantiate the extent to which activities and related results comply with a defined standard and whether planned arrangements are implemented effectively and are suitable to achieve objectives.

Auditor: A body, organisation or individual approved to conduct audit activities.

Child: Unless otherwise defined by local legislation, any person less than 15 years of age.

Explanatory Note: 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 age will apply.

Child Labour: Any work carried out by a child as defined above.

Code of Conduct: This document, which defines the standards to which the Co-operative Group Limited expects its suppliers to operate and describes how the Co-operative Group Limited will work with its suppliers to achieve and maintain these standards.

Corrective Action: Measures taken to address unacceptable standards or to prevent recurrence of a non-compliance.

Forced Labour: Work or service undertaken by a person under duress or menace of penalty in circumstances where the person has not offered him/herself voluntarily.

Inspection: A systematic examination against a standard involving professional judgement to determine the extent of compliance.

Monitoring: A continuous activity involving the collection and documentation of information obtained by observation.

Remedial Action: Measures taken to redress a non-compliance.

Standards: Defined requirements for compliance, which may be adjusted to conform to the legal standards or local industry norms, which would apply to a supplier.

Supplier: A person, firm, factory or organisation who/which forms a commercial link with the Co-operative Group Limited to provide goods or services.

Third Party Audit: An audit carried out by an individual or organisation who/which is independent of the Co-op or the supplier being audited.

Verification: A process of independent assessment or inspection to ascertain and confirm the substance of an inspection or audit report.

Appendix B: What to Expect from an Ethical Audit

An ethical audit will involve one or two auditors visiting your site to interview site management, review documentation and meet with workers. The aim of the audit is to assess the working conditions on site against the standards laid out in the Co-op Sound Sourcing Code. The auditors will assess the following areas:

- Recruitment of workers.
- Training and induction.
- Employment contracts.
- Health and Safety training and management.
- Pay and benefits.
- Working hours and leave.
- Processes for dealing with:
 - Discipline.
 - Grievances.
 - Discrimination
- Relevant HR policies - equal opportunities, young workers
- Management of workers including migrant and agency workers.

The SMETA Guidance requires a certain minimum standard of auditing and reporting and, based on the size of your site, will determine the length of the audit (in person days) and the number of workers to be spoken to.

Auditor days	No of workers excluding management	Individual interviews	Group interviews	Total employees interviewed	Worker files/time and wage records checked per month*	Effective time spent on interviews
1	1-100	6 or total workers if <5	1 group of 4	10	10	2.5 hrs
2	101-500	6	4 groups of 5	26	26	6 hrs
3	501-1000	12	6 groups of 5	42	42	8.5 hrs
4	1001-2000	20	8 groups of 4	52	52	12.5 hrs
4	2000+	22	8 groups of 5	62	62	14 hrs

The above table indicates the requirements under SMETA

What number of interviews to perform is at the discretion of the auditor and should be decided in agreement with the audit requestor.

For small producers: Where appropriate, consideration should be given to the size, spread and the number of growing locations to ascertain auditor days required.

Higher numbers of auditor days may require the use of more than one auditor. Two or more auditors in an audit team will allow for a balance of skills, or improve the gender balance. However when deciding the size of the team, consideration must be given to the size of supplier site and the potential disruption caused by a large audit team.

For a 4-Pillar SMETA Audit the guide is an additional 0.5 auditor days for the additional procedures of Extended Environmental and Business Ethics Assessments.

The agenda for the audit will be determined by individual auditors, but may be as follows:

- Opening meeting with senior and relevant management.
- Conduct a site tour.
- Speak to members of the management team:

- H&S Manager
- Personnel/Human Resources Manager
- Payroll Manager
- Training personnel
- Agency management (if applicable)
- Speak to workers
- View records for:
 - Personnel.
 - Pay and benefits.
 - Working Hours and leave.
 - Training and induction.
 - Risk assessments.
- Closing meeting with senior and relevant management (preferably all of those who attended the opening meeting).

1. After the Audit

Following the audit, the site will be sent the audit report by the auditor, usually within two weeks of the audit date.

The audit report will be presented in line with the sections under the ETI Base Code. Under each section any non-compliance against the Base Code, observations or examples of good practice viewed during the audit will be identified. These categories are collectively known as 'issues'. The different types of issues are outlined below:

Type of Issue	Description	Actions Required
Non-Compliance	A breach of a code or law against which the site is being assessed. For Co-op suppliers this will be a breach of local law, or of the Sound Sourcing Code.	Actions should be taken, in line with the recommendations from the auditor and within the prescribed timescales, to resolve all non-compliances raised.
Observation	An area of possible non-compliance or an area of concern which the auditor does not believe is a breach of the code, but is significant enough to raise as an observation. This may include areas where the auditor has not been able to view enough evidence to show an actual non-compliance.	Actions should be taken, in line with the recommendations from the auditor and within the prescribed timescales, to resolve all observations raised. Actions should show that the observation has been resolved, or that it was not a genuine breach.
Good Example	An area where the site is working in line with best practice, or where the auditor has noted that something is done well within the site processes or systems	No actions required.

For each issue raised, the auditor will indicate timescales and recommendations to resolve the issue. The timescales and guidance will be used by the Co-op to assess how effectively each site responds to the audit report, and should be complied with in resolving all issues.

Any disputes of the non-compliances should be raised at the closing meetings and indicated on the Corrective Action Plan.

In order for the audit information to be submitted to "Co-operative Retail" (ZC1088502) on Sedex, the site must ensure that the audit is uploaded onto Sedex.

2. Uploading the Audit Report

Sites must not upload their own audit reports, as it is necessary for Co-op to be able to guarantee the objectivity and accuracy of the issues on the system. The audit should be uploaded by the auditor or Audit Company who conducted the original assessment.

The audited company must register the audit on Sedex before the audit report and the audit findings can be uploaded onto Sedex by the audit company. Guidance is available through the e-learning: Initiate an [audit](#) . Once the audit has been registered the audit company can then upload the audit report. The site shall then ensure that the "Co-operative Retail" (ZC1088502) is given access to the audit. Guidance is available through e-learning: Submit [Audit](#) report (available on the Sedex website)

3. Uploading Corrective Actions

Once a new or existing ethical audit has been uploaded onto Sedex, you will be able to view each individual issue on the system. This allows you and your customers to view the audit information for each site, without going through paper audit reports. The information is displayed as a 'Corrective Action Plan' with summary information about what issues have been found, recommendations and timescales for resolving them.

As soon as the audit is uploaded onto Sedex, the site should begin to take action to correct the issues that have been identified. Each action that is taken to address a non-compliance or observation is termed a 'Corrective Action'. It is essential that the site keeps a record of any corrective actions taken to address issues found in audits. Sites should ensure that they upload information onto Sedex on each corrective action taken. This information will be accessible to the site, the supplier, the auditor and the customers and is vital to illustrate progress on site.

Corrective actions that have been taken to close off issues raised in an audit should be explained and evidenced on the Sedex system. Please refer to [e-learning](#) for instructions on how to upload corrective actions.

When you have done this for all of the issues from a particular audit report, the auditor should receive an email notifying them that there is information available to view. We recommend that you also email the auditor to ensure that they are aware of this.

If the actions are not uploaded on to the system the Co-op will assume that no steps have been taken to resolve the existing issue. Only evidence uploaded on to the Sedex system will be taken as proof of corrective actions having taken place.

4. Verification of Corrective Actions

Corrective actions which have been uploaded on to Sedex are then viewed by the auditor. Based on the information visible on Sedex, it may be possible for the auditor to verify that the action taken by the site fully resolves the original issue raised in the audit without revisiting the site. In some instances it may be necessary for the auditor to conduct a further site visit to verify the actions taken to resolve an issue.

The Co-op Food requires all issues, both non-compliances and observations, to be actioned and verified on the Sedex system within the agreed timeframes that are detailed in the Corrective Action Plan. Information about the required timeframes will be provided by the auditor on Sedex. The likely method of verification (visit or desk based verification) is also identified. Non-conformances that have not been verified by the auditor are not deemed as complete.

Appendix C

Useful Links - Sedex

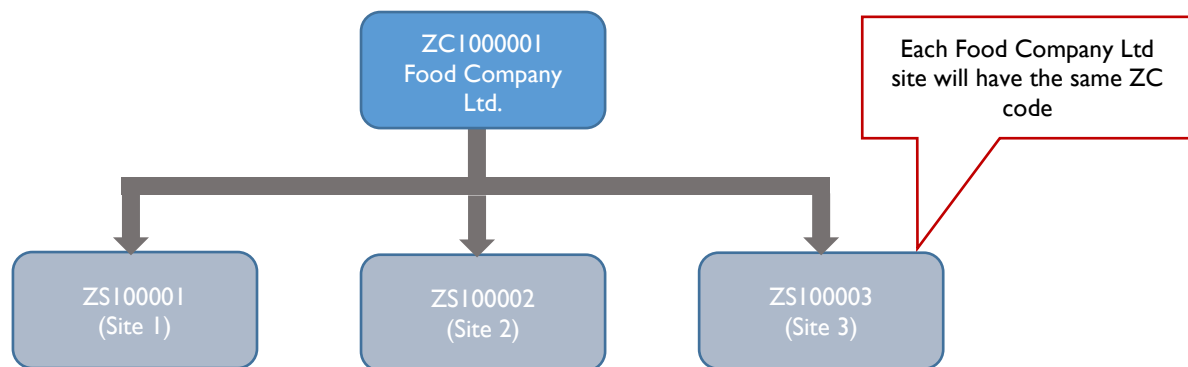
Sedex User guides: <https://www.sedexlearning.com/courses/library>

Step by step guide to using Sedex and available in English, Chinese and Spanish

How to find your site ZS number:

Log into Sedex Advance > click *My Company* > click on the name of the site > which will take you to the site's profile where you can find the ZS number for the site.

ZS vs ZC number: Each supplier on Sedex has a unique Company ZC code. Each Site has a unique ZS code for each site of employment. So, if a company has three sites each site will have the same ZC code, but they will each have an individual site code (ZS number). In the Sedex Advance system both codes are required to set up a trading relationship.



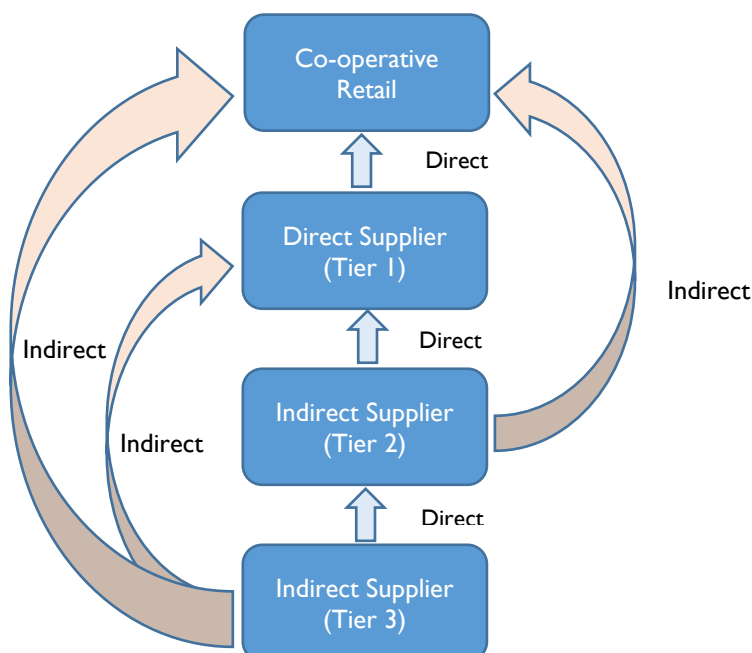
Linking on Sedex and Access Rights:

When you link on the system you need to ensure that you have allowed "Co-operative Retail" (ZC1088502) to view your site information. To do that you need to go to: *My Company* > *My Relationships* > *Initiate a relationship* > find *Co-operative Retail* > select the site name. Make sure all tick boxes are ticked > submit To make an additional site of employment visible go to: *My Company* > *My Relationships* > find *Co-operative Retail* > edit > select the site name

Indirect linking:

For indirect links you must link to "Co-operative Retail" (ZC1088502) via the direct supplier.

For links that have an additional supplier relationship you must follow the following process.



Guidance on SMETA Audits (Sedex Members Ethical Trade Audit):

<https://www.sedexglobal.com/smeta-audit/>

SMETA Best Practice Guidance: A common best practice guidance on conducting ethical trade audits

- **SMETA Measurement Criteria:** A common set of instructions on the items to be checked by auditors (2 MB)
- **SMETA Report:** A common audit report format
- **SMETA CAPR:** A common corrective action plan format

Sedex Best Practice Workbook:

<https://www.sedexglobal.com/our-services/supplier-workbook/>

The workbook is a guide to help suppliers understand what 'good practice' looks like when meeting Code requirements and offers practical guidance and case studies,

Sedex Helpdesk Contacts:

China Helpdesk tel.	+86 (0)21 8031 1666
Europe Helpdesk tel.	+44 (0)20 7902 2320
US/Canada Helpdesk tel.	+1 877 355 4866
India Helpdesk tel.	+91 124 6033700

Helpdesk@sedexglobal.com

European: +44 (0)20 79022320

US: +1 877 355 4866

Brazil: +55 1143800873

China: helpdeskchina@sedexglobal.com

+86 (0) 21 8031 1666

Japan: +81 (0) 3 4520 9729

India: +91 124 6033700

Email: helpdesk@sedexglobal.com