



SUPPLIER SUSTAINABILITY CODE OF PRACTICE

September 2016

Document uncontrolled if printed

The information contained in this document is the property of the Company. The contents of this document cannot be reproduced or disclosed wholly or in part or used for the purposes other than that which it is supplied without prior written permission of the Company.



Supplier Sustainability Code of Practice

Contents

	Page No.
• List of Contents	2
• Foreword	3
• Summary	4
• Definitions	5
• Scope of the Code of Practice for Suppliers.....	6
• Supply Chain Ethics Policy.....	6
• Ethical Expectations.....	7
• Ethical Requirements	8
• Supply Chain Sustainability Policy	10
• Sustainability Expectations	11
• Supply Chain Sustainability Requirements	11
• Appendix 1; Audit Frequency Calculator	13
• Appendix 2: New Supplier Approval Process	14
• Appendix 3: Issue Escalation	15
• Appendix 4: SEDEX: Joining/ Linking to 2 Sisters.....	16
• Links.....	18

Ref	Issue No	Enquiries To	Authorised By	Date of Issue	Page No
2SFG ENV003	3.0	Andrew Edlin	Chris Gilbert Wood	Sept 2016	Page 2 of 18



Supplier Sustainability Code of Practice

Foreword

Customers and society have an expectation that employment standards in their food supply chain should be based on sound and ethically secure principles that reflect the way that they would expect to be treated at work, while also ensuring the sustainability of all part of the chain.

Increasingly, as technology and information flows improve it is possible to trace the movement of raw materials from source to final user and to ensure that each stage in the manufacture of food sold in the UK, from farm to fork, is identifiable and managed in line with customer requirements and expectations. This process makes departure from the ethical standards held by the final user much more obvious and accessible to customers.

2 Sisters Food Group (2SFG) applies the highest ethical and sustainability standards to its own operations, and backs these standards with a comprehensive regime of external ethical audits, membership of SEDEX and assurance processes such as RSPO . The company continuously seeks to improve the way that we manage people, our ethical performance and the sustainability of the organisation.

Finally there is a constant need to ensure that 2SFG and its supply chain reviews and complies with legislation as it develops and this Code of Practice now refers to the Modern Slavery Act which requires 2SFG to publicly report its actions in this area.

Our expectation is that these standards will also be applied to production and cultivation of raw materials used in 2SFG products and their packaging and this Code of Practice sets out the minimum standards required of suppliers to the company.

Ref	Issue No	Enquiries To	Authorised By	Date of Issue	Page No
2SFG ENV003	3.0	Andrew Edlin	Chris Gilbert Wood	Sept 2016	Page 3 of 18



Supplier Sustainability Code of Practice

Summary

2 Sisters Food Group expects that its direct suppliers operate to the highest ethical and sustainability standards and ensure these standards are implemented in their suppliers.

All suppliers are expected to develop sustainability action plans supporting the approach taken by 2SFG and its customers.

Suppliers' sustainability plans should take account of the requirements 2SFG lays out in this Code of Practice which include all current suppliers who are expected to be registered with SEDEX and have completed the SEDEX self-assessment questionnaire. New suppliers registering should do this before or during the supplier approval process.

Suppliers should be aware of the Modern Slavery Act and take account of it in their own plans and assist 2SFG in complying with the Act.

Suppliers are expected to be aware of the environmental impacts of their operations and those of their supply chain and where these are significant should take action to reduce them. These steps may involve using supply chain traceability systems such as the RSPO for Palm Oil, sourcing in such a way that impacts are reduced or finding alternative, non-impact materials in co-operation with 2SFG.

Ref	Issue No	Enquiries To	Authorised By	Date of Issue	Page No
2SFG ENV003	3.0	Andrew Edlin	Chris Gilbert Wood	Sept 2016	Page 4 of 18

Supplier Sustainability Code of Practice

Definitions

Wording	Definition
CoP	This Code of Practice
ETI	Ethical Trading Initiative
ETI Base Code	Ethical standard drawn up by ETI members and applicable to manufacturers and farmers in the UK retail supply chain
GLA	Gang Licensing Authority
GLA Standard	The licensing standard drawn up by the GLA and applicable to all suppliers of temporary labour to UK food processors and farmers.
GLA Active Check	GLA run an alert system which warns labour users when the licence of an agency that they have nominated changes or is revoked.
Independent Slavery Commissioner	A post created by the UK Government within the Modern Slavery Act.
Labour Providers	Supply labour to production facilities or are contractors who provide a service and staff such as canteens, security, logistics and office cleaning.
Modern Slavery	The term used in the Modern Slavery Act to define exploitation occurring in the supply of labour to and in the UK labour market.
RSPO	Roundtable on Sustainable Palm Oil
SEDEX	Retailer run database that holds retailer suppliers ethical audits and self-assessment.
SEDEX SAQ	SEDEX based Self-Assessment Questionnaire (The SAQ in this CoP) which all 2SFG suppliers must complete.
SMETA	Ethical audit standard managed by SEDEX and available through the SEDEX system
Stronger Together	Joint initiative involving retailers, GLA, suppliers and charities which aims to assist labour providers and users to detect and prevent slavery and exploitation in their work force.
Tier 1 Suppliers	Suppliers that supply goods and services directly into 2SFG suppliers.
Tier 2 Suppliers	Suppliers of goods and services directly into 2SFG Tier 1 suppliers.
Workers (Employees, Staff)	Describes all the people working for the business, both permanent and temporary.

Ref	Issue No	Enquiries To	Authorised By	Date of Issue	Page No
2SFG ENV003	3.0	Andrew Edlin	Chris Gilbert Wood	Sept 2016	Page 5 of 18

Supplier Sustainability Code of Practice

1.0 Scope of the Code of Practice for Suppliers

1.1 This Code of Practice applies to all suppliers, agents of suppliers, agricultural suppliers labour providers (see definitions) within the 2SFG supply chain.

2.0 Supply Chain Ethical Policy

- 2.1 It is 2SFG policy to ensure that the ethical standards that apply within our production sites should also be adhered to in our supply chain.
- 2.2 These standards are based on the requirements of our customers, national law including the Modern Slavery Act, the Ethical Trading Initiative Code of Conduct and, where applicable, the Gang Master Licensing Authority Standard or equivalent National Standard.
- 2.3 Suppliers of products and labour with or without additional services to 2 Sisters Food Group are expected to join SEDEX either as an A/B or B member, and complete the Self-Assessment Questionnaire, which will allow 2 Sisters Food Group to conduct supplier risk assessments. Suppliers should also link their sites (not Head Offices) to 2SFG on SEDEX. In addition all suppliers are expected to ensure that SAQ, site details and audits are visible to 2SFG. See Appendix 4 for details of joining and linking on SEDEX.
- 2.4 Suppliers that are graded medium or high risk using the SEDEX risk assessment process will be expected to commission independent audits by SEDEX approved auditors in order to ensure full compliance with the ETI Base Code and to close exceptions raised by these audits within recommended times.
- 2.5 2SFG will work with suppliers to implement these requirements and provide support on implementation and addressing corrective action. However, where suppliers

Ref	Issue No	Enquiries To	Authorised By	Date of Issue	Page No
2SFG ENV003	3.0	Andrew Edlin	Chris Gilbert Wood	Sept 2016	Page 6 of 18

Supplier Sustainability Code of Practice

continue to demonstrate breaches, the company will remove them from the approved supplier list.

3.0 Ethical Expectations

- 3.1 This Code of Practice is mandatory and applies to all 2SFG suppliers. All suppliers in the 2SFG supply chain must have familiarised themselves with local laws as they apply to them and ensure that they comply with these requirements. In the UK this should include the Modern Slavery Act. 2SFG will be making an annual disclosure, which will include what steps it takes to combat slavery and exploitation in its supply chain. Implementation of the Code of Practice by suppliers is a vital step in combating exploitation and will form a section of 2SFGs public disclosure.
- 3.2 2 Sisters Food Group suppliers are expected to comply with our Supplier Sustainability Code of Practice, which builds on the Ethical Trading Initiative Code of Conduct and also includes the basic requirements of the Gang Masters Licensing Authority Standard. Outside the UK it is expected that suppliers will work within the ETI Base Code and National Law as it applies to permanent and temporary workers.
- 3.3 Suppliers to 2SFG should have access to, and be conversant with, the requirements of these standards and any national equivalents.
- 3.4 Suppliers who are unable to comply with the CoP will be treated as high risk. Measures will be taken to remove such high risk suppliers from the 2SFG supply chain.
- 3.5 Due to risks inherent in labour provision, it is particularly important that agency labour and migrant labour work forces are managed and employed on sites with full respect for UK Law, GLA Licensing requirements where applicable, Retailer Codes

Ref	Issue No	Enquiries To	Authorised By	Date of Issue	Page No
2SFG ENV003	3.0	Andrew Edlin	Chris Gilbert Wood	Sept 2016	Page 7 of 18

Supplier Sustainability Code of Practice

of Practice and the 2SFG Supplier Sustainability CoP. There must be no difference in the treatment of permanent and temporary staff. Temporary staff must have access to all the facilities and HR services/procedures/policies must be applied to both groups of workers. Issues arising which relate to illegal grandmaster activity, ethical breaches or any form of human trafficking including slavery will be reported directly to the Gang Masters Licensing Authority in the UK and our customers (See Appendix 3).

- 3.6 The provisions of this code constitute minimum, not maximum, standards and should not be used to prevent suppliers, sites or growers from exceeding these requirements. Companies applying this code are also expected to comply with national and other applicable law.

4.0 Ethical Requirements

- 4.1 All tier 1 suppliers to 2 Sisters are expected to join SEDEX and complete the Self-Assessment Questionnaire within the system and should review its accuracy every 12 months. This includes labour providers, other service suppliers, agent growers, farming group's waste contractors and sub-contractors
- 4.2 All Tier 1 suppliers are expected to ensure that they are linked to 2SFG on SEDEX and that audits, SAQ and site details are visible to 2SFG (see Appendix 4).
- 4.3 2SFG will conduct ethical supplier risk assessments based on the SEDEX risk assessment tool and will require medium and high risk suppliers to have ethical audits at frequencies laid out in Appendix 1.
- 4.4 All non-conformances raised through ethical audits must be closed off via SEDEX according the timeframes specified by the auditor.

Ref	Issue No	Enquiries To	Authorised By	Date of Issue	Page No
2SFG ENV003	3.0	Andrew Edlin	Chris Gilbert Wood	Sept 2016	Page 8 of 18

Supplier Sustainability Code of Practice

- 4.5 Direct suppliers are expected to establish and maintain a system to measure the performance of their suppliers (2SFG Tier 2 suppliers and below) against the Code of Practice and be able to share this information with 2SFG and its customers on request. This should include ensuring that Tier 2 suppliers also join SEDEX, complete the self-assessment section and link to the Tier 1 suppliers as DIRECTS and link to 2SFG as INDIRECTS.
- 4.6 Suppliers must ensure that they have sufficient resources in place with responsibility for good human resource management including health and safety, performance management and training & development.
- 4.7 Suppliers must ensure that they and their suppliers have appropriate ethical trade policies in place at site level. These should include policies covering health and safety, children and young workers, discipline and grievance and avoidance of illegal gang masters and slavery.
- 4.8 Suppliers must ensure they and their sites keep records for key areas such as contracts, working hours, wages, risk assessments, accidents and illnesses etc.
- 4.9 Suppliers must put in place systems for key areas including: confidential worker communication, health and safety, maintenance of staff facilities, checks on payment of minimum wage, working hours, fair & transparent recruitment, preventing exploitation of child labour and auditing of labour providers. Temporary staff, agency or contractors must be protected by HR standards which include ETI Base Code and, where applicable, the GLA Licensing Standard.
- 4.10 UK suppliers using agency labour in food production must ensure that the agencies they use are registered with the Gang Masters Licensing Authority and must ensure that the agencies operate in compliance with GLA Standards through inspection of records, use of the GLA active check system and implementing internal procedures such as those advocated by the 'Stronger Together Initiative'. 2SFG and the GLA

Ref	Issue No	Enquiries To	Authorised By	Date of Issue	Page No
2SFG ENV003	3.0	Andrew Edlin	Chris Gilbert Wood	Sept 2016	Page 9 of 18

Supplier Sustainability Code of Practice

should be informed of any irregularities in the operation of agencies in its supply chain as soon as they are detected. It is good practice to use the GLA Standard to assess all labour providers even those who fall outside the remit of the GLA. It is expected that suppliers will enforce these standards within their supplier base.

- 4.11 Non UK suppliers are expected to ensure that temporary labour laws in their country of operation are met and that steps are taken to detect and prevent exploitation of migrant workers.
- 4.12 Where suppliers are supplying products which have an inherent ethical risk attached to them they will be expected to comply with the product specific sustainability and ethical requirements of 2SFG.
- 4.13 2SFG will review supplier compliance with this Code of Practice as part of its monitoring and review process of direct and indirect suppliers.
- 4.14 2SFG reserves the right to audit or commission audits of suppliers where required to ensure compliance with this standard.

5 Supply Chain Sustainability Policy

- 5.1 2SFG understands the dangers to society and risk to the sustainability of the food supply chain of unmanaged exploitation of the environment, use of scarce resources such as oil, gas, water, land and fisheries or uncontrolled release of waste such as greenhouse gasses, dirty water or unrecyclable materials.
- 5.2 It is 2SFG Policy to ensure that its supply chain partners, from 'field to fork', are aware of current sustainability concerns and the standards set by the company and its customers for assessing and managing sustainability risks. Suppliers must

Ref	Issue No	Enquiries To	Authorised By	Date of Issue	Page No
2SFG ENV003	3.0	Andrew Edlin	Chris Gilbert Wood	Sept 2016	Page 10 of 18

Supplier Sustainability Code of Practice

manage these risks in such a way that environmental impacts are minimised and resources are managed in a sustainable manner.

6 Supplier Sustainability Expectations

- 6.1 It is 2SFG expectation that all suppliers make themselves aware of the sustainability risks their business faces, as well as the standards set by 2SFG and its customers.
- 6.2 Individual companies in the supply chain, at all levels, should apply these standards to their operations and those of their suppliers.

7 Sustainability Requirements

- 7.1 All suppliers to 2SFG are required to implement a sustainability plan for their operations. This will address issues that are material to that supplier and should be based on a risk assessment of environment and sustainability impacts of their operations and raw materials against issues such as deforestation, water supply, scarcity of resources, pollution risks, release of greenhouse gas emissions, community impact, people management and customer requirements, including those customers of 2SFG.
- 7.2 Where such impacts are detected the supplier is expected to develop strategies to mitigate these risks and develop plans to increase the sustainability of their operation.
- 7.3 Through its own risk assessment process 2SFG may identify raw materials where a supply chain wide approach to improving sustainability is required. In these cases a strategy for the management of the identified risk(s) will be put in place and suppliers will be expected to comply with the requirements of these plans

Ref	Issue No	Enquiries To	Authorised By	Date of Issue	Page No
2SFG ENV003	3.0	Andrew Edlin	Chris Gilbert Wood	Sept 2016	Page 11 of 18

Supplier Sustainability Code of Practice

- 7.4 Where significant, suppliers should inform 2SFG of what sustainability impacts affect their operations, or those of their suppliers such as the potential for water shortages in the light of climate change.
- 7.5 It is a minimum requirement that all members of the supply chain comply with environmental legislation in the country they operate in and any requirements of UK Environment Law that apply to goods imported to the UK.
- 7.6 All suppliers are required to complete the SEDEX SAQ Environment questions
- 7.7 Where suppliers are supplying products which have an inherent risk of sustainability impacts, for example palm oil, fish, etc. they will be expected to comply with the product specific sustainability requirements of 2 Sisters Food Group detailed in Appendix 2.

Ref	Issue No	Enquiries To	Authorised By	Date of Issue	Page No
2SFG ENV003	3.0	Andrew Edlin	Chris Gilbert Wood	Sept 2016	Page 12 of 18

Supplier Sustainability Code of Practice

APPENDIX 1: ETHICAL AUDIT FREQUENCY CALCULATOR

RISK RATING	LOW	MEDIUM	HIGH
SEDEX Rating	Low	Medium	High
Intelligence and Information	None	Information on Tier 2 Supplier	Information on direct Supplier
2SFG Category Assessment	Assessed as low	Assessed as medium	Assessed as high
AUDIT REQUIREMENT	0	Every 4 years	Every year

Suppliers with a **low** SEDEX risk ranking and no identifiable issues in their operation will not be expected to commission ethical audits

Suppliers with a **medium** SEDEX risk ranking or who have identifiable issues in their supply chain will be expected to commission audits of themselves every 4 years and their high risk suppliers every year.

Suppliers with a **high** SEDEX risk ranking or who are known to have issues in their sites, will be required to conduct ethical audits annually

Ref	Issue No	Enquiries To	Authorised By	Date of Issue	Page No
2SFG ENV003	3.0	Andrew Edlin	Chris Gilbert Wood	Sept 2016	Page 13 of 18

Supplier Sustainability Code of Practice

APPENDIX 2: NEW SUPPLIER ETHICAL APPROVAL PROCESS

Step 1

Supplier must be a SEDEX member or must join SEDEX, complete the SEDEX SAQ and ensure full visibility of audits and SAQ is given to 2SFG with quote for business. (See Appendix 4)

HIGH ETHICAL RISK SUPPLIERS must take steps to reduce risk rating before starting to supply 2SFG.

UK SUPPLIERS must be aware of the STRONGER TOGETHER INITIATIVE and implement its requirements.

Step 2

On approval of technical, financial and legal requirements of 2SFG, Suppliers request linkage with 2SFG via SEDEX and directly with the HR Manager at the site(s) that they are dealing with.

Step 3

2SFG conducts a SEDEX based risk assessment of the supplier

Step 4

High and medium risk suppliers commission independent ethical audits to SMETA guidelines at a frequency dictated in APPENDIX 1, load it onto SEDEX and close exceptions.

Step 5

No final ETHICAL approval until SEDEX SAQ issues and any audit issues outstanding are resolved

All labour providers to the UK food industry must be GLA licensed and will be required to undergo an independent audit to GLA standards. This may also be required of labour providers outside the food industry requirement.

Step 6

All Tier 1 suppliers must communicate the 2SFG requirements to their work force

Ref	Issue No	Enquiries To	Authorised By	Date of Issue	Page No
2SFG ENV003	3.0	Andrew Edlin	Chris Gilbert Wood	Sept 2016	Page 14 of 18



Supplier Sustainability Code of Practice

APPENDIX 3: ISSUE ESCALATION

2 Sisters Food Group supports the GLA and abides by the Gang Masters Licensing Authority Supermarkets and Suppliers Protocol.

This protocol requires 2SFG to report any indication that forced labour or other illegal and immoral labour practices exists within our supply chain to the GLA and/or police

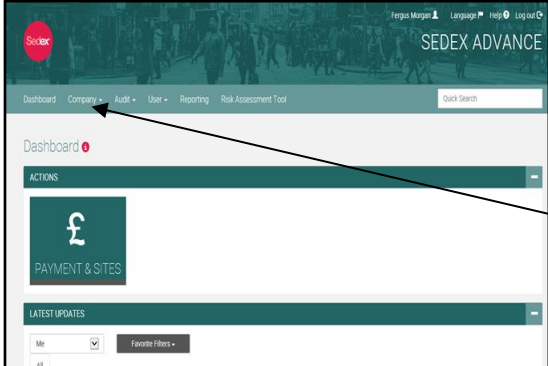
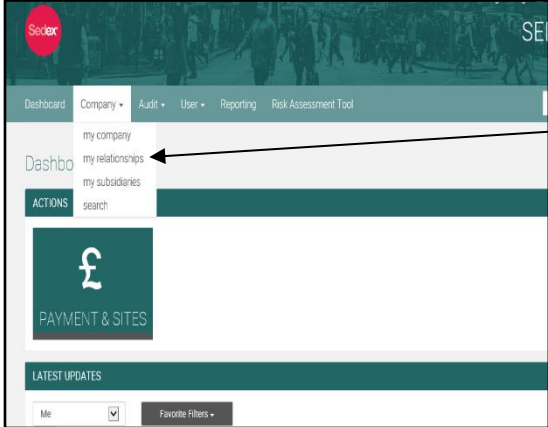
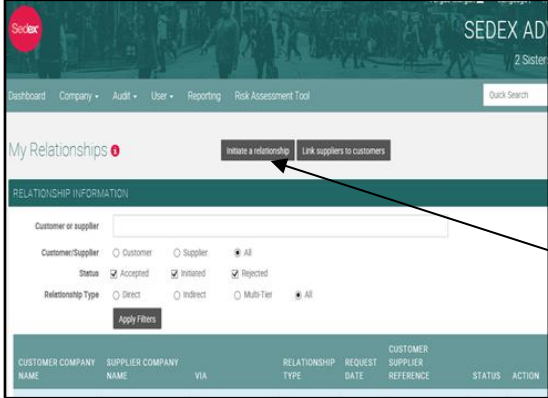
The identity of any company in the 2SFG supply chain that is implicated in such poor practice will also be passed to our retail customers

Ref	Issue No	Enquiries To	Authorised By	Date of Issue	Page No
2SFG ENV003	3.0	Andrew Edlin	Chris Gilbert Wood	Sept 2016	Page 15 of 18

Supplier Sustainability Code of Practice

APPENDIX 4: SEDEX: Joining and Linking to 2SFG.

Company Reference ZC1020280

	<p>Go to your SEDEX home page. Open the company menu</p>
	<p>Select "My Relationships" from the drop down list</p>
	<p>Open Initiate A Relationship</p>

Ref	Issue No	Enquiries To	Authorised By	Date of Issue	Page No
2SFG ENV003	3.0	Andrew Edlin	Chris Gilbert Wood	Sept 2016	Page 16 of 18

Supplier Sustainability Code of Practice

<div style="background-color: #2c4e5c; color: white; padding: 5px; font-weight: bold;">RELATIONSHIP INFORMATION</div> <p>My company or subsidiary * <input type="text" value="_Sedex*Test_AB (ZC1027089)"/> Clear</p> <p>Target Company * <input type="text" value="2 Sisters Food Group (ZC1020280)"/> Clear</p> <p>Target company is my/my subsidiary's * <input checked="" type="radio"/> Customer <input type="radio"/> Supplier</p> <p>Type of Relationship * <input checked="" type="radio"/> Direct <input type="radio"/> Indirect</p> <p>Relationship Start Date <input type="text" value="DD-MM-YYYY"/></p> <p>Customer Supplier Ref. <input type="text"/></p> <div style="background-color: #2c4e5c; color: white; padding: 5px; font-weight: bold; margin-top: 10px;">SITE(S) INFORMATION</div> <p>Site(s) Visibility ! <input type="text" value="Please select..."/></p> <div style="border: 1px solid #ccc; padding: 5px; margin-top: 5px;"> <p>Apple supplier</p> <p style="background-color: #2c4e5c; color: white; padding: 2px;">Cake factory</p> <p>Cow farm</p> </div> <div style="text-align: right; margin-top: 5px;">Submit</div>	<p>Complete the form. Here you see a 2SFG screen. Your company should appear instead of 2SFG.</p> <ul style="list-style-type: none"> In "Target Company". Enter "2 Sisters Food Group" Select Customer Select Direct Select Site Visibility Click Submit <p>We will do the rest to approve the relationship.</p>
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Ref	Issue No	Enquiries To	Authorised By	Date of Issue	Page No
2SFG ENV003	3.0	Andrew Edlin	Chris Gilbert Wood	Sept 2016	Page 17 of 18



Supplier Sustainability Code of Practice

LINKS

ETI <http://www.ethicaltrade.org>

GLA <http://gla.defra.gov.uk>

RSPO <http://www.rspo.org>

SEDEX <http://www.sedexglobal.com>

STRONGER TOGETHER <http://stronger2gether.org>

Ref	Issue No	Enquiries To	Authorised By	Date of Issue	Page No
2SFG ENV003	3.0	Andrew Edlin	Chris Gilbert Wood	Sept 2016	Page 18 of 18