**Incodia International Sustainable Sourcing Policy**

# Introduction

Incodia International Limited is conscious of the responsibility we share with our suppliers for the welfare of workers who produce the components and materials used to manufacture the goods we sell (directly and indirectly, in their business operations and within their supply chains). We seek to develop long-term partnerships with suppliers who share our values and who are prepared to commit themselves to our Code of Conduct for Ethical Trade which is consistent with internationally agreed conventions on workers’ rights and the Ethical Trading Initiative (ETI) Base Code encompassing ILO Core Conventions for decent work. Applying the Code to local circumstances takes time and requires sensitivity and understanding. Our desire is to see the Code adopted as a minimum standard and to see suppliers’ performance improving continuously. Our Code also includes a declaration of our intention to do business on fair terms, to operate transparently and to support suppliers to work beyond our code. We believe that by adopting and communicating this Code we, in partnership with our suppliers, are taking practical steps towards improving working conditions for the people who make and supply the components and materials used in the products we sell.

Incodia International Limited supports the upholding of and respect for human rights, decent work and diversity and support the principles of the following:

* United Nations (UN) declaration of Human Rights
* UN Guiding Principles on Business and Human Rights
* UN Women’s Empowerment Principles that promote gender equality and women’s empowerment

We would encourage our suppliers to make similar commitments and implement and promote these within their operations and supply chains. One key area is the provision of effective grievance mechanisms to enable workers to raise grievances and access effective remedy free from retaliation. These mechanisms should take account of vulnerable groups such as women, smallholders and worker representatives. We would also encourage suppliers to publish data on the risks they identify, actions they take and key data such as gender pay gaps in their operations and relative supply chains.

# Scope

The requirements outlined in this document are in addition to all applicable UK, EU and international legislation and industry best practice. Incodia’s suppliers must ensure that they meet all requirements laid down in law at the point of manufacture and where they are finally sold to the customer. While the requirements set out below are intended to help you supply products suitable for Incodia, they do not absolve you of your responsibility to understand and comply with all the quality, legal and safety requirements for your products and the people who support your business to make these products.

**Who should implement this policy?**

This supplier policy is intended for Incodia’s direct suppliers, agents, central technical resource and virtual manufacturers who are responsible for ensuring compliance with Incodia’s Code of Conduct for Ethical Trade.

Incodia requires a senior member of staff at our suppliers to be accountable for ensuring this policy is implemented at their production sites and by their suppliers, this member of staff should be communicated to the Supply Chain Manager. Incodia expects technical and human resource staff at direct suppliers to take operational responsibility for implementing this policy and developing and implementing an ethical trade strategy in their own operations and to cascade and improve these standards to their supply chain.

**How to use it**

This document is intended to support suppliers to effectively carry out their ethical trading responsibilities, and meet Incodia’s ethical commitments. It builds on our Code of Conduct and outlines how suppliers should implement our Code of Conduct.

# External Position Statement – Our Principles

At Incodia we expect strong social and environmental standards from suppliers, but we recognise that many need practical help and support in implementing more sustainable practices. Our challenge is to build supply chains that maximise the positive social and environmental impacts whilst building resilience to the social and environmental challenges facing the industry, working closely with farmers, producers and processors to champion and embed excellence in sustainability.

## Commitment to Ethical Trade, Human and Gender Rights

Ethical trading is an important company objective. We are committed to providing sufficient resources to ensure our commitments are fulfilled. We require all our suppliers to meet the Incodia Code of Conduct for Ethical Trade which is based on the ETI Base Code for ethical sourcing. Our Code covers 12 key principles, including safe and hygienic working conditions and payment of a fair wage. We would encourage suppliers to also commit to:

* United Nations (UN) declaration of Human Rights
* UN Guiding Principles on Business and Human Rights
* UN Women’s Empowerment Principles that promote gender equality and women’s empowerment

This means taking a broader view and applying a gender lens to all elements of work and reporting progress and ongoing challenges. Our commitment to ethical and responsible sourcing is ongoing and we work with suppliers to ensure they continuously improve their performance in these areas. We also recognise the need to communicate this commitment to key stakeholders including the public, suppliers and the people who work in our supply chains.

## Fair Terms of Trading

We recognise the contribution that stable business relationships make to the observance of good labour practices and endeavour to establish long-term and productive relationships with our suppliers. We are committed to dealing openly and fairly with suppliers including smallholders, adhering to contract terms and avoiding the exertion of undue pressure.

## Building the Capacity of Ourselves and Others

We are aware that both colleagues and our suppliers’ staff need to understand the importance of ethical trade and that they must be able to identify and resolve ethical issues. We are committed to providing guidance, training and support to suppliers where needed and to ensuring workers in our supply chain are aware of the provisions of the Base Code and our commitment to ethical trade. We view effective management systems as crucial for monitoring and tracking our own and suppliers’ issues. We view it as essential that workers have knowledge of their rights and are able to report any issues confidentially and without detriment to a designated person/committee.

## Monitoring our Supply Chains

We recognise the importance of being aware of labour practices in our supply chains and the need to monitor, evaluate and act on information about our suppliers’, sites’ and their performance. To do this, we use a range of tools including audits of suppliers and sites, self-assessment questionnaires and confidential mechanisms for workers to highlight issues. We view access to grievance mechanism and facilitating effective worker and supplier communication as critical for identifying and resolving supply chain issues.

## Being Transparent

We aim to be transparent with all our stakeholders on our ethical trade performance and would encourage our suppliers to do likewise. We appreciate that you might be worried about sharing issues with us; however it is better that we understand and work together to improve the situation.

Together, we aim to respond rapidly and fully to ethical issues in our supply chains.

## Striving for Improvement

We recognise that many ethical trade issues can take time and effort to resolve. As a minimum, we require our suppliers to work towards compliance with our Code of Conduct or the local law – whichever provision affords the greater protection to workers. We expect suppliers to work to resolve issues identified in a timely manner and to engage workers’ organisations in identifying and resolving issues. In the longer-term, we will work with suppliers and workers to develop best practice on ethical trade and positive examples which secure workers’ rights alongside benefiting our suppliers’ businesses and our own. As a business, we take a collaborative and supportive approach when serious issues are raised, rather than cutting off the relationship. We seek to help suppliers on their ethical journeys and support them through meetings, capacity building and collaborative forums.

## Incodia Supplier Code of Conduct for Ethical Trade

Incodia’s Supplier Code of Conduct is based on the Ethical Trading Initiative (ETI) Base Code. For more information on the ETI base code please visit <http://www.ethicaltrade.org/eti-base-code>

* Employment is freely chosen
* Freedom of association and the right to collective bargaining are respected
* Working conditions are safe and hygienic
* Child Labour shall not be used
* Living wages are paid
* Working hours are not excessive
* No discrimination is practised
* Regular employment is provided
* No harsh or inhumane treatment is allowed

## Management Criteria

**Accountability:** You should have a senior manager responsible for ensuring this policy is implemented within the supplier businesses and their supply chain.

## Modern Slavery

The Modern Slavery Act 2015 requires all companies with an annual turnover of £36 million or more to issue a statement each financial year about the steps taken to address modern slavery and human trafficking across their business and supply chains. Suppliers must comply fully with the provisions of the Act, if they apply to you. All suppliers should be prepared to provide Incodia with information on their actions, including risk assessment, mitigation and training, in order to enable us to prepare our annual Modern Slavery Statement.

In support of the Consumer Goods Forum, Incodia has made a commitment to embed the Priority Industry Principles on Forced Labour in its own operations and value chains. These include:

* Every worker should have freedom of movement
* No worker should pay for a job
* No worker should be indebted or coerced to work

Although these principles are outlined in the above Code of Conduct, we have specific expectations around recruitment fees as follows:

* Suppliers shall seek to ensure that when they recruit directly and/or engage labour recruitment agencies, recruitment and relevant travel fees[[1]](#footnote-1) are paid by the supplier or agency and will prohibit prospective workers from paying fees associated with the recruitment process. This means you must pay enough to worker/agents to cover cost of recruitment and relevant travel.
* We recognise that it takes time to understand the definition of recruitment fees and to implement appropriate responses. We are working with suppliers across our business to understand the extent of recruitment fees in our supply chains and encourage suppliers to make use of the training resources to raise awareness and take preventative actions.
* For guidance please refer to Training Support section below

## Environmental Criteria

### 1. Protection of the Environment

12.1 Suppliers shall carry out their activities in accordance with national laws, regulations, administrative practices and policies relating to the preservation of the environment of the countries in which they operate as well as in accordance with relevant international agreements, principles, objectives, responsibilities and standards with regard to the environment.

12.2 The supplier must identify significant environmental hotspots and conduct impact assessments in the following areas

1. Material use (where produced for and supplied to Incodia)
2. Use of chemicals
3. Energy Management and GHG emissions
4. Water management
5. Biodiversity
6. Waste prevention and disposal
7. Air emission

* 1. The supplier shall have environmental improvement plan with objectives and targets documented.
  2. The supplier must be able to demonstrate environmentally sound manufacturing practices and measure emissions for water, air and land.
  3. The supplier must be able to demonstrate that environmental considerations are taken into account in the design of product or services, by considering energy consumption, material use and end of life disposal.
  4. The supplier must ensure its employees, subcontractors and suppliers comply with Incodia’s environmental requirements and all applicable legal requirements.

* 1. The supplier must inform Incodia if a significant environmental incident occurs at supplier’s premises and/or as a result of supplier’s activities.

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| Supplier Requirements and Rating Definitions  These requirements must be reviewed annually by suppliers.  Compliant to Policy – all areas achieved  Minor non-conformance (NC) - Absolute compliance to Incodia’s requirements has not been met, but on objective evidence, the conformity of the product is not in doubt and no safety, quality, legal or ethical risk is presented to Incodia’s brand or customers.  Major NC - A substantial failure which requires prompt attention to prevent a safety, legality, quality or ethical issue from arising and / or raises doubt as to the conformity of product.  Critical NC - Critical failure to comply with a safety, quality, legal or ethical requirement that puts either Incodia’s product, Incodia’s brand or a Incodia customer at risk. | For further guidance see Appendix: | Rating based on the evidence gathered to demonstrate compliance  Critical Non-  Conformance (NC)  Major NC  Minor NC  Compliant to Policy |
| a. Communicate ETI Base Code to all workers. |  |  |
| b. Register all direct production sites on Sedex   * Complete Sedex Self-Assessment Questionnaire (SAQ) * Link to relevant Incodia category on Sedex and grant access rights |  |  |
| c. Update Sedex SAQ information at least annually |  |  |
| d. Close off non-conformances raised through ethical audits via Sedex within the appropriate timeframes as specified on the audit Corrective Action Plan   * Any overdue business critical, critical or 3 or more majors will lead to the site being red rated * 1 or 2 major non-conformances will lead to the site being amber rated * Suppliers must notify Incodia within 24 hours of an audit revealing a business critical issue * Suppliers must notify Incodia within 24 hours of any ethical trade related whistle-blower * Ensure all new supplier sites have any business critical, critical, or 3 or more major NCs closed off before production commences. * For certain non-conformances which cannot be resolved within the timeframes on the Corrective Action Plan, Incodia will consider a derogation. |  |  |
| e. Allocate sufficient resources to ensure all supplying sites and indirect suppliers comply with legal requirements and Incodia’s Code of Conduct for Ethical Trade. This includes sub-contractors, agents, homeworkers and labour agencies. This supply chain due diligence can be managed via Sedex or other supply chain management platform or tool. |  |  |

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| f. Develop an ethical trade strategy for own business and supply chain including all suppliers, contractors and labour providers | |  |  |
| g. Labour Providers   * Work towards compliance with Incodia’s Supply Chain Policy for the Responsible Use of Labour Providers * Audit labour providers at least annually.   + This due diligence also applies to labour providers used by any third-party sites which you contract with (e.g. raw materials or packaging materials suppliers).   + Audits must include worker interviews and document checks. * Suppliers must be able to provide copies of labour provider audits on request to Incodia that indicate all relevant legislation is complied with. * Where relevant, suppliers must register for the GLAA’s Active Check Service for every labour provider covered by a GLAA licence. See   <http://laws.gla.gov.uk/Default.aspx?Menu=Menu&Module=Main/ActiveCheckHome>   * All UK sites using agency labour are strongly encouraged to attend Stronger Together and all global suppliers to attend Responsible Recruitment training (see Training Section below). | |  |  |
| h. | Any **accommodation** provided to workers must meet at least legal minimum requirements |  |  |
| i | For guidance on UK legal minimum and best practice, see *Guidance on Provision of Caravan Accommodation for Temporary Workers in the UK* [http://www.freshproduce.org.uk/services/fpcpublications/](http://www.freshproduce.org.uk/services/fpc-publications/) and Accommodation Webinars (see Training section below). |  |  |

Red and Amber Rating Criteria for Overdue Non-Conformances in Third-Party Social Audits

The severity of non-conformances resulting from a site’s ethical audit will be graded by Incodia. Overdue business critical, critical issues and ≥ 3 major issues will result in a Critical Red rating. 1 or 2 major overdue issues will result in an Amber rating. Overdue non-conformances are those that are not closed out within the timeframes specified in the audit report. Non-conformances must be closed off on Sedex.

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| **Rating** | Grading of OVERDUE non-conformances | | |
| **Business**  **Critical Major Minor**  **Critical** | | |
| RED | ≥ 1 ≥ 1 ≥ 3 | |  |
| AMBER |  | ≤ 2 |  |

1. [↑](#footnote-ref-1)