



ETHICAL TRADE POLICY

JZ Flowers International Ltd

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Statement

JZ Flowers Ltd is committed to ethical trading systems that develop transparent working processes and ethical trading relationships. JZ Flowers takes full responsibility for the working conditions of the people who manufacture the products they sell.

Through transparent national and international trading relationships, we uphold the integrity and quality of our products, as well as respecting fair remuneration and work conditions for all colleagues in our global supply chain.

We expect all our suppliers to have ethical processes and policies in place and we monitor supplier compliance with this policy through a range of governance tools to support the risk management, continuous improvement and capacity building of our suppliers, including the requirements for suppliers to provide reasonable information as evidence of compliance to the Ethical Trade Policy.

Purpose

This policy defines the ethical standards of fair business practices, corporate ethics, and corporate governance required from our global supplier base.

The purpose of this policy is to ensure that staff within all of our UK sites and our global supply chain are clear about the ethical standards and expectations JZ Flowers holds.

Risk Assessment

JZ Flowers supply chain is short relative to other industries and limited to approximately 30 regular sources of flowers. This size and scale has enabled us to undertake an initial risk assessment based on inherent risks associated with each country. We have also identified 14 strategic suppliers based on volumes and country-risk who are named within our CSR strategy.

Our initial risk assessment will be based **only on country risk** using country specific socio-political risks, the Cooperative Code of Conduct and Global Slavery Index Data. This will be used to identify High and Medium risk suppliers who will be prioritised within the Ethical Strategy.

- **High/Medium Risk Supplier Countries** – Columbia, Ethiopia, Kenya, Morocco, Turkey, Tanzania, Sri-Lanka & UK
- **Low Risk Countries** – Holland & Ireland

Supplier Requirements

Minimum Requirements

All new and existing low risk suppliers will be required to adhere to the following minimum requirements:

- Registration on SEDEX
- Completion of the SEDEX Self-Assessment Questionnaire at 100%
- Agreement to adhere to JZ Flowers Ethical Trade policy
- Agreement to adhere to JZ Flowers Modern Slavery policy

Additional Requirements

All JZ Flowers' own sites, high and medium/ high risk supplying sites and strategic suppliers in high and medium/ high risk countries and in the UK will be required to adhere to the following minimum requirements in 2017:

- Visible ethical audits on SEDEX conducted in the last two years
- No overdue Non-Conformances

- Labour Provider audits with no outstanding non-compliances (for labour providers to JZ sites only)
- Provision of Fairtrade certificates (Fairtrade certified sites only)

Ethical Standards

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 organizational 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 minimizing, 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;
- 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 practiced

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

9.1 Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.

Ethical Management Systems

JZ Flowers has developed an Ethical Management System which comprises of robust ethical governance and policy frameworks. This management system along with our supplier engagement, underpins the whole JZ Ethical Strategy and safeguards supplier compliance to the Ethical Trade Policy.

This system of rules, practices and processes by which our ethical standards and direction is shaped, provides a control platform in which solutions can then be made to mitigate ethical risks.

Resources and Structure

In 2017, we employed an Ethical Trade Officer with responsibility for developing and delivering JZ Flowers' ethical trade strategy. The Ethical Trade Officer works closely with senior management in the business through the Ethical Committee which has been established to discuss ethical trade and modern slavery risks on a regular basis and to determine the actions required in JZ Flowers' operations and supply chain to mitigate and manage these risks.

The Ethical Committee will meet on a monthly basis from September 2017. Twice a year, the Committee will meet to review progress in implementing JZ Flowers ethical trade strategy. A progress report will be delivered to the Ethical Committee every six months by the Ethical Trade Officer to facilitate the 6-monthly review.

JZ Flowers will also establish two retailer specific Retail Ethical Forums which will be set up with Aldi and the Cooperative to review progress against JZ Flowers' ethical trade strategy on an annual basis. An update from each of these forums will be delivered to the Ethical Committee for review.

Sedex

To provide a sound level of assurance against our ethical requirements, JZ Flowers became a member of Sedex in 2007 and we require our suppliers to do this also.

Sedex is a global not-for-profit membership organization, which provides a collaborative platform for sharing responsible sourcing data on supply chains.

JZ Flowers has been registered with the Supplier Ethical Data Exchange since 2007 (S432069159727). The result of our ethical audits and the completed self-assessment is accessible to any A or AB SEDEX member upon request. JZ Flowers uses the Sedex system to share, review and centralize supplier data, and improve transparency and global coverage of its supply chain.

In order to ensure that all approved finished goods and raw material suppliers operate in accordance with this Policy, the Ethical Trade Officer will conduct periodic checks of SEDEX registration and relevant audit data;

Ongoing Ethical Trade Management

The Ethical Trade Officer will be responsible for the ongoing management of the requirements set for JZ Flowers' own sites and their supplying sites including:

- Reporting on compliance against requirements internally and to customers.
- Reading suppliers' ethical audits uploaded onto SEDEX and grading those audits as Critical, Major or Minor depending on the

number of non-conformances in the audit that are graded Critical, Major or Minor against SEDEX's published grading guidance for non-compliances (guidance available to SEDEX members).

- Communicating the grading of audits non-compliances to suppliers and discussion with suppliers on an action plan to address critical issues.
- If critical non-compliances with the ETI Base Code are not addressed within the timeframes stipulated by the auditor, the Ethical Trade Officer will arrange an emergency meeting with the relevant Account Managers and the Chief Operating Officer to advise of the ethical risk and for appropriate business decisions to be made.
- A monthly report on compliance against JZ Flowers minimum and additional requirements will be provided to the Ethical Committee using the proposed reporting framework below.

New Suppliers

Upon a new supplier being selected, engaged and or contractual terms agreed, the Ethical Trade Officer will be engaged and notified of a new supplier coming into JZ Flowers;

- The Ethical Trade Officer and/ or relevant associates will contact the farm and check on SEDEX to verify if minimum ethical standards are being met.
- For high and medium/ high risk suppliers or strategic partners, the additional requirements must also be met.
- If new suppliers do not meet the minimum or additional requirements, a meeting will be arranged by the Ethical Trade Officer with the relevant Account Manager, Head of Procurement and the Chief Operating Officer to advise of the ethical risk and for appropriate decisions to be made.
- New suppliers progress in meeting the requirements will be discussed on an

ongoing basis in the monthly Ethical Committee and properly logged within the JZ Ethical Management Systems.

Contingency Suppliers

Contingency suppliers will be required to agree in writing to JZ Flowers Ethical Trade policy.

The following basic ethical data will be collected from contingency suppliers before a decision is made to start supply. This data will be discussed by the Ethical Trade Officer with relevant buying colleagues. If an ethical audit is available, this will be reviewed and graded:

- Percentage of agency workers on site (%)
- Percentage of migrant workers on site (%)
- Worker turnover (%)
- Number of labour providers to the site (including recruitment only labour providers) (Number)
- Provision of accommodation on site (Yes/ No)

Contingency suppliers will be made aware that they may be subject to ad hoc unannounced ethical audits, conducted at JZ Flowers cost and discretion.

Labour Providers

All labour providers used by JZ Flowers will be audited every year by the Ethical Trade Officer using the Complyer Agency Labour Audit tool.

The findings of the audit will be discussed with the labour provider and an action plan drawn up to address any issues identified. The findings and the action plan results will be reported to the Ethical Committee and will form a key part of any tender process around labour provision.

Labour providers will be asked to provide visibility of any third party ethical audits conducted on their businesses and to communicate progress against their Corrective Action Plans.

Critical Issues

Failure to address non-conformances raised by audits, repeated breaches and failures to comply with JZ Flowers' Ethical Trade policy and the ETI Base Code will require the development of an immediate corrective action plan by suppliers.

Failure to initiate appropriate plans and make timely, appropriate responses made to non-compliances found may result in termination of supplier agreement and cease the supply of products in question.

Stakeholder Collaboration

JZ Flowers will work collaboratively with the Sedex Stakeholder Forum (SSF) and Cooperative Ethical Trade Forum and will attend Stronger Together and ETI training workshops in order to build relationships with other suppliers and to understand best practice in key sourcing countries and in relation to key ethical trade risks to the business.

Supplier Engagement

We will engage our strategic suppliers to understand their ethical trade capabilities and arrange site visits for our Ethical Trade Officer with suppliers in key sourcing countries including the Ireland, UK, Holland, Kenya, Colombia and Ethiopia.

The purpose of those visits will be to understand how the farms operate, to meet with workers and trade union or worker committee representatives, to discuss ethical trade and social projects with site management and to undertake a tour of the site and, where relevant, worker accommodation.

Ethical Trade Policy Agreements

We will issue Ethical Trade Policy Agreements to all suppliers to ensure that they have read and understood the JZ Flowers Ethical Trade policy and its requirements.

Accreditations

Floriculture Sustainability Initiative

The FSI is comprised of over 30 major businesses and associations that are taking responsibility and ownership to have 90% of flowers and plants sourced sources by 2020, of which JZ Flowers is an indirect member through

The FSI has created a Basket of Standards as an instrument to mainstream and promote responsible sourcing of flowers and plants in the areas of environmental and social practices. The Basket of Standards is benchmarked by GLOBALG.A.P and GSCP helps to solve the problem of certification duplications and increased costs for our growers.

FSI Basket OF Standards helps the supply chain to produce, trade and buy more responsible flowers. Using the FSI Basket as a reference, we can identify suppliers with responsible practices and products.

Fairtrade

We're very proud to support Fairtrade. In fact, JZ are the largest importer of Fairtrade flowers in the UK. We currently supply more than 40% of the Fairtrade flowers sold in all UK supermarkets.

Fairtrade rigorously self-audit their certified farms and a centric value of their auditing frameworks is people and the living conditions on certified farms.

JZ Flowers provides ethical support and engagement to its suppliers in meeting minimum requirements.