

**International Procurement and Logistics Limited**  
**Section 172 statement**

The following sections serve as our section 172 statement. Section 172 of the Companies Act 2006 recognises that whilst companies are run for the benefit of shareholders, a business’s long-term success and reputation are dependent upon maintaining relationships with stakeholders and an appreciation of the external impact of its activities.

The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 of the Companies Act 2006 and are keen to ensure proper reflection on stakeholder engagement and opportunities for development at Board level.

The Board regularly reviews the business’s principal stakeholders and how we engage with them. The sections below set out a more detailed summary of the Company’s relationships with its key stakeholders and how the business engages with those stakeholders.

The Statutory Board is comprised of the Managing Director, Group Legal Director, Group Financial Director, Group Operations Director and three Non-Executive Directors. The Operational Board is comprised of the Managing Director, Group Legal Director, Group Financial Director, Group Operations Director, Group IT Director, Group People Director and Senior Director - Trading. The Statutory Board meets quarterly, with Operational Board meetings taking place for a full day on a monthly basis. In addition to the scheduled programme of Board meetings, the Operational Board and wider senior management team meet weekly, during which feedback from various business units with particular focus on specific stakeholder groups is fed back to the wider Board.

The outcome of stakeholder engagement, as fed back to the Board through the meetings above, influences the formulation and ongoing review of the long-term strategy and financial planning to ensure that the Company continues to deliver sustainable returns and promotes reputational reward. The Directors aim to take the needs and priorities of each stakeholder group into account as part of their decision-making processes, recognising that the pertinence of a particular stakeholder group may vary depending upon the matter under discussion.

**Key stakeholder engagement**

**Investors – ASDA Group Limited (“ASDA”)**

Corporate governance policies and procedures are in place which provide for a continuous and structured dialogue between ASDA and the Operational Board of IPL, including regular visits and appropriate corporate governance sign-off procedures. In addition, the Managing Director, Group Finance Director, Group Legal Director and Group People Director all have direct reporting lines into ASDA.

Why we engage this stakeholder?	How we engage and key outcomes
Our parent company, ASDA, is the provider of investor capital. Their investment enables IPL to fund growth and deliver long-term success.	The IPL Board engage with ASDA on significant capital projects and contractual commitments. Principal investments in the year have been projects to improve efficiency of production, improve data integrity and reduce product waste.
As a wholly-owned subsidiary, ASDA requires IPL to deliver a return on their investment.	Three of ASDA’s Senior Leadership team have been appointed to the Statutory Board of IPL, and are therefore engaged with principal decision making on strategy, governance and performance.  Regular interaction between IPL Directors, IPL Management and relevant ASDA stakeholders takes place in regular trading meetings to review performance, with joint strategy days take place to align longer term goals.
As part of ensuring compliance with key legal, ethical and financial regulations, IPL engages directly with ASDA on these matters.	Certain functions in IPL - including Finance and Compliance – are subject to oversight by ASDA. This oversight includes formal testing and reporting on compliance, such as reporting on anti-bribery controls under the UK Bribery Act and the Foreign

	Corrupt Practices Act (“FCPA”); and reporting on any breaches of Walmart/ASDA’s Ethics guidance.
Compliance with ASDA risk management policies enables IPL to safeguard the Company and promote its long-term sustainability.	The IPL Board work closely with ASDA to ensure that all relevant Walmart policies are embedded throughout the IPL Group, including Anti-Corruption, Trade Sanctions, Ethics and Capital Management policies.

### Employees

The Group People Director oversees colleague engagement and ensures that the results of the employee engagement mechanisms referred to below are provided to the Board.

Why we engage this stakeholder?	How we engage and key outcomes
We need to ensure ongoing success of the operation by having engaged and capable colleagues.	<p>The IPL Board promote the appraisal and talent management process, which provides colleagues with both support and feedback in order to benefit their development. The Board encourages IPL colleagues to model ‘STEP’ values by being supportive, trailblazing, engaging and principled.</p> <p>Colleague opinion and engagement is formally measured by way of colleague surveys, with action plans put in place at a functional level to address key issues.</p> <p>Colleague engagement is maintained through open communication to share information about the business. The IPL Board provide a business update and key messages to colleagues through a weekly “Snapshot” presentation.</p>
We believe in creating an inclusive culture and providing required support to our colleagues	<p>IPL is an equal opportunities employer and ensures that selection, training, development and promotion is accessible and inclusive to all.</p> <p>IPL Board champion quarterly awareness campaigns to support colleagues, including topics such as modern slavery and post-Brexit implications for EU colleagues.</p> <p>Colleague Ambassadors are appointed across the business, who organise team events, aim to improve colleague well-being and collate colleague feedback to present concerns or suggestions to the IPL Board.</p> <p>A graduate placement scheme is in place across a range of different disciplines such as finance, operations and trading to provide a broad introduction to the workplace for new graduates and encourage diversity across our operation.</p>

### Suppliers

The trading team, under the direction of the Senior Director –Trading, engage directly with key suppliers and bring supplier views into the board meetings through the channels outlined below.

Why we engage this stakeholder?	How we engage and key outcomes
We aim to maintain trust and engagement with our supplier base. We have clear communication channels to ensure our suppliers’ views are heard.	Our suppliers are central to improving our logistical expertise and capability. We are a global business with a network of suppliers and farmers worldwide. Our colleagues in our overseas offices work closely with our UK business to provide local

	<p>expertise and knowledge to continuously improve our relationships with suppliers.</p> <p>IPL complies with the Grocery Supplier Code of Practice ("GSCOP") to ensure it is operating on terms that are mutually agreed and in line with GSCOP requirements. Every year our parent company submits an annual compliance report, which includes IPL, to the Competition and Markets Authority (the "CMA") and the Groceries Code Adjudicator (the "GCA") to detail our compliance with GSCOP, any alleged breaches of GSCOP and any disputes with suppliers.</p> <p>For more detail on how the IPL Board have worked with suppliers see 'Key Principal Decisions' section below.</p>
<p>We work with our suppliers to improve quality and cost of supplies and drive efficiency of supply chain.</p>	<p>The IPL Board have continued to focus on improving "payment on time" for suppliers. Performance is measured on a weekly basis, which enables areas of concern to be identified so that they can be resolved on a timely basis. As a result of this focus an automated workflow system for invoice approval has been introduced in the year.</p> <p>Walmart operate a responsible sourcing programme that the IPL Board adopt, this gives suppliers access to training material on ethical and social compliance related subjects.</p>

### Customers

IPL's principal customer is ASDA, so the IPL Board focus on improving the value, quality and availability of our products as well ensuring that IPL remain ASDA's lowest cost, sustainable supply chain solution. Our sustainable sourcing model supports ASDA's mission to help their customers to save money and live better lives.

Why we engage this stakeholder?	How we engage and key outcomes
<p>Providing ASDA's customers with a good value, high quality product is critical to ensuring long term success for the IPL business.</p>	<p>The IPL Board monitors external data on the prices of key product lines and works to category-specific targets, agreed with ASDA, for pricing against ASDA's key competitors. This helps the board identify areas to drive targeted value improvements.</p> <p>Throughout 2019 the IPL Board have invested in driving efficiency in our supply chain to ensure the time taken for produce to get from the grower to the ASDA customer is as quick as possible.</p> <p>ASDA customer complaints associated with products supplied by IPL are monitored by the IPL Board and used to drive quality improvements.</p> <p>We consider the demands of the ASDA customer in the products we sell, including reducing pack sizes on items such as potatoes and grapes during 2019.</p>

### Regulators

The Compliance team, under the direction of the Group Legal Director, ensure that IPL comply with relevant regulation and appropriate consideration is given to these regulations in board discussions.

Why we engage this stakeholder?	How we engage and key outcomes
<p>Compliance with regulatory frameworks safeguards our business and builds trust.</p>	<p>All of our IPL, Forza and Kober sites are BRC (British Retail Consortium) accredited to A* or above. All but one of our sites has gone through BRC V8 (new standard) which launched in February 2019.</p> <p>IPL has been AEO accredited since 2016. AEO is an international supply chain security accreditation underpinned by the WCO (World Customs Organisation) demonstrating that an international supply chain is safe, secure and compliant This accreditation was maintained throughout 2019.</p> <p>All IPL Directors complete mandatory health and safety training every two years. Directors are also encouraged to take part in health and safety “walkabouts” across all or our operational sites, in order to engage with colleagues and impress the importance of health and safety.</p>

### Community

Why we engage this stakeholder?	How we engage and key outcomes
<p>The local community provides our colleagues, some suppliers and ASDA customers. A strong relationship with the local community ensures we continue to retain and attract people to our business and make a positive contribution to the local area.</p>	<p>The IPL Board and FareShare have been working together since 2011 to tackle hunger and fight food waste. FareShare are a UK charity which redistributes surplus, good-to-eat food from the food industry, which would otherwise go to waste.</p> <p>Our colleagues have also nominated a charity local to our Head Office, the Well Project, to support with colleague fundraising efforts and volunteering time.</p> <p>IPL Board invest in enhancing the horticultural and food industries in the countries and regions that we source from. This includes running a bursary programme for students to attend Stellenbosch University in South Africa.</p>

### Environment

The Board is aware of the importance of environmental responsibility and the impact that IPL can have on the environment. The Directors have promoted the continued acceleration of innovation and focus in this area to reduce detrimental impacts on the environment and promote sustainability.

Why we engage this stakeholder?	How we engage and key outcomes
<p>IPL have a responsibility to minimise the adverse impact our business activities have on the environment, which will also prevent long-term damage to our reputation.</p>	<p>The IPL Board have set targets across our sites to reduce our use of energy and water. The business as a whole works hard to minimise the volume of waste we produce, operating a zero waste to landfill policy within all IPL operating sites. Food and packaging segregation has been improved by identifying paths to reduce, reuse and recycle water wherever possible.</p> <p>IPL Board continue to engage in projects with our suppliers, farmers and growers to help reduce their impact on the environment. This includes a stringent pesticide analysis programme to allow us to work with suppliers to reduce pesticides and ensure compliance with EU regulations.</p> <p>IPL Board are working with our suppliers to significantly reduce the amount of plastic packaging used on our products and</p>

	improve recyclability. During 2019, IPL launched a fully recyclable growing herb pot, that has resulted in a reduction in plastic usage. Other initiatives in the year included altering the materials used within grape and blueberry punnets.
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**Key Significant Projects/Principal Decisions**

**Investment in financial system**

During the year, the IPL Board have approved and supported the ongoing investment in the development of a new financial system, to replace the existing system. The new system is planned to be implemented across the whole IPL Group to improve the control framework, through the introduction of automation, drive consistency of process and integrity of reporting. This investment decision has been made with consideration to the impact on colleagues, suppliers and the long term growth of the company.

Colleagues across the business have been actively engaged in the design and testing of the new system to ensure it is fit for purpose. Where possible, and still retaining a strong control framework, steps have been taken to ensure the new system is intuitive to use, easy to navigate and should use our colleagues time effectively.

The new system will show a clearer audit trail of supplier orders and invoices, ensuring supplier queries can be addressed effectively and commitments tracked through to payment.

**Operational colleague bonus scheme**

From January 2019 the IPL Board have introduced a monthly bonus scheme for hourly paid operational colleagues. This enabled these colleagues to benefit from any productivity gains generated by the site where they work, improving colleague engagement.

These colleagues previously participated in a half-yearly scheme, however the IPL Board considered it more impactful for colleagues to increase both the frequency of payments, to monthly, and the maximum bonus amount payable by 60%.

IPL Board believe the new operational bonus scheme has driven productivity improvements, which has benefitted our investors, and been beneficial for colleagues.

**Supplier engagement**

During the year, the IPL Board have continued to work collaboratively with our suppliers and have taken a number of significant steps to continue to strengthen compliance controls. These steps included:

- Strategic small group training to procurement, planning, finance and retail functions.
- New training and tools for IPL colleagues to ensure that written and oral communications to suppliers are clear and unambiguous.
- Monitoring to ensure that the terms agreed with suppliers are fully documented, providing both IPL and suppliers with clarity and confidence.
- Controls and processes to ensure forecasting practices are effective and continue to improve.
- A new claims process to support suppliers by enabling them to challenge where appropriate