

modern slavery act

transparency statement 2017/18

At Kingfisher we respect human rights and do not tolerate any form of modern slavery. However, we recognise that no supply chain is without risk of modern slavery and it is our responsibility to ensure we understand these risks and work in partnership with our suppliers to identify and mitigate them.

This statement has been published in accordance with the UK Modern Slavery Act, which requires businesses to disclose the steps they are taking to tackle slavery, servitude, forced labour and human trafficking (together known as modern slavery). It sets out the steps taken by Kingfisher plc and its UK operating companies¹, to prevent modern slavery in its own business and supply chain for the financial year ending 31 January 2018. Our statement covers the six areas outlined in the legislation and takes into account good practice, including Home Office guidance².

Our business structure

Kingfisher plc is an international home improvement company with 1,280 stores in 10 countries across Europe, Russia and Turkey, supported by a team of 78,000 colleagues. We offer DIY and home improvement products and services to nearly six million customers who shop in our stores and through our digital channels every week. Our customers are everyone wanting to improve their home, as well as the experts and trade professionals who help them.

Company overview

78,000
Colleagues^{3,4}

1,280
Stores⁴

10
Countries

6 million
Customers every week

£11.7 bn
Total sales

¹ All references in this statement to 'Kingfisher', 'We' and 'Our' cover the Group including Kingfisher plc and its Operating Companies, including those legally required to produce a Transparency Statement under the Modern Slavery Act. These are B&Q plc, Kingfisher Information Technology Services (UK) Limited, Kingfisher International Products Limited and Screwfix Direct Limited.

² Transparency in Supply Chains, A Practical Guide. Published by the Home Office, 2017.

³ Total headcount, not full time equivalent.

⁴ Turkey joint venture not consolidated.

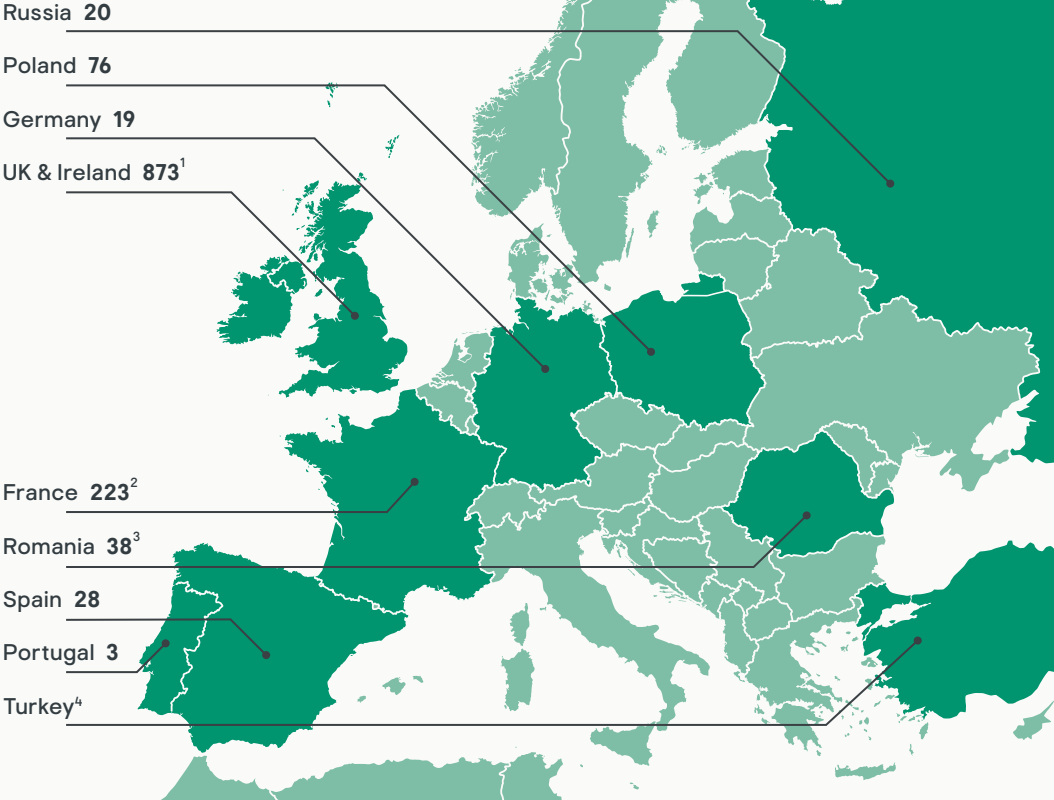
Our markets

We believe everyone should have a home they feel good about. For us, that means not only making home improvement accessible for everyone, but also giving our customers confidence that the products they buy from us are responsibly sourced.

We are currently transforming our business to operate as ONE Kingfisher. Our plan is to leverage the scale of the business by creating a unified company, where customer needs always come first. It means operating in a totally different way and, as part of this, we are unifying our ranges and supply chains, making the best products from around our business available in all our markets.

This brings opportunities to develop closer and deeper relationships with a smaller number of suppliers, giving us more visibility over our supply chain and ability to work in closer partnership with suppliers to implement our ethical and sustainability standards.

Our stores



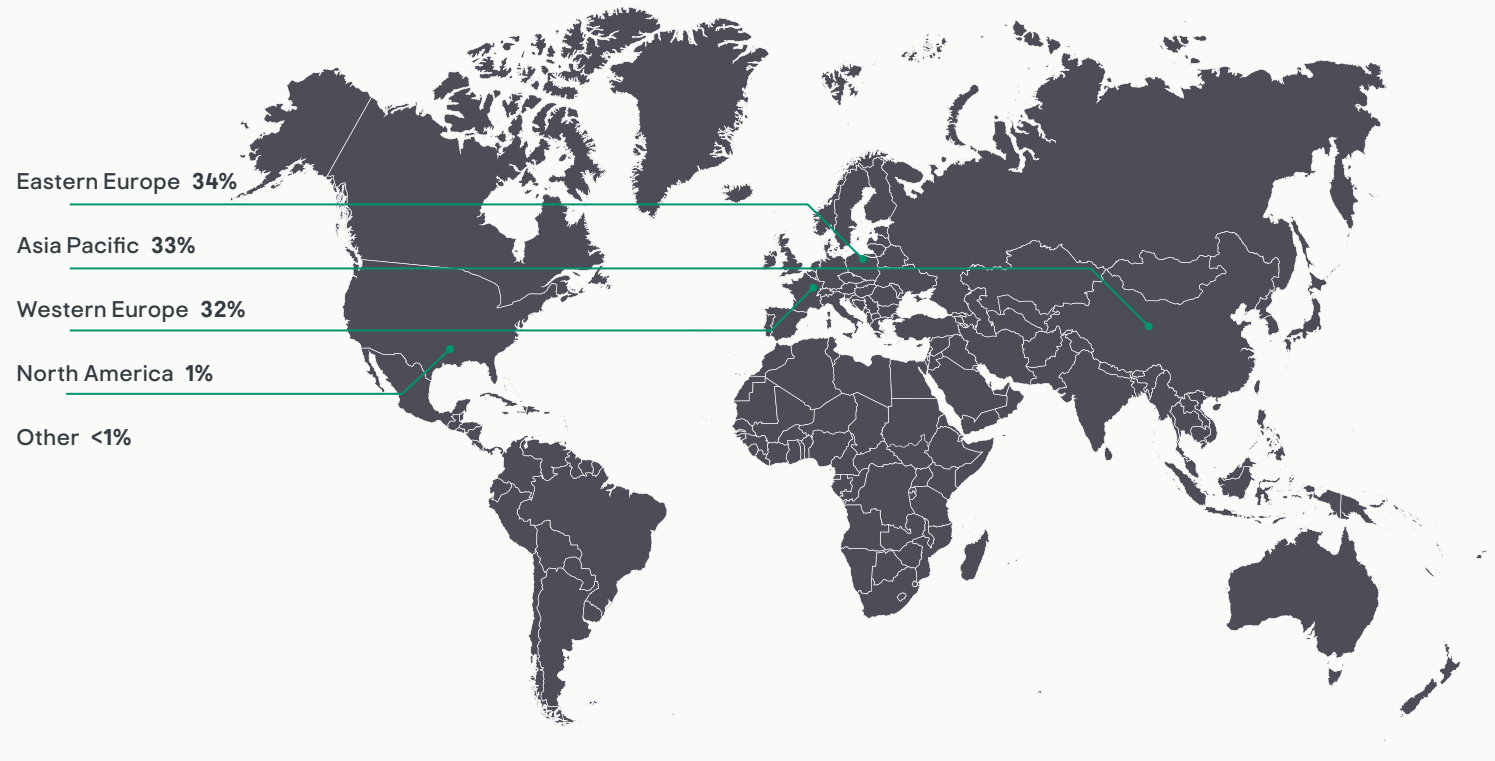
1 B&Q UK & Ireland 296, Screwfix 577.
 2 Castorama 102, Brico Dépôt 121.
 3 Brico Dépôt 15, Praktiker 23 (excludes 3 Praktiker Romania stores that will be closed).
 4 Turkey joint venture not consolidated.

Our supply chain

As a retailer, our products are currently sourced globally from around 4,300 suppliers and there are around 5,500 production sites¹ that supply us with finished goods. The map shows the percentage of production sites by continent. We also source goods and services not for resale from around 300 key suppliers².

There are many more indirect suppliers in our extended supply chain, including suppliers of raw materials and component parts used in the products we sell and buy.

Goods for resale – Supplier production sites by continent (%)



¹ Data covers production sites that our Buying Offices source from directly, and those disclosed to us by suppliers through the Sedex platform. We aim for all our suppliers to be using Sedex by the end of 2020, and to disclose to us all production sites that supply us with finished goods.

² Around 300 suppliers account for nearly 80% of our spend on goods and services not for resale.

Our targets and commitments

Our commitment to human rights is integrated in our sustainable growth plan – our sustainability roadmap up to 2025 – which sets out the next stage of our journey towards becoming a net positive business (See www.kingfisher.com/sustainability). This includes two targets designed to promote human rights and address modern slavery risks:

- Ensure all suppliers meet our ethical and environmental standards by 2020¹.
In order to meet our standards, we require high risk production sites that supply us with finished goods for resale to have an ethical audit by 2020. We have also developed an action plan for improving our due diligence on human rights and modern slavery which also covers our goods not for resale (see [Due diligence processes](#) section for further details of our ethical audit programme and action plan).
- Establish strategic community programmes to achieve positive change in key sourcing regions by 2025.
Many of our community programmes help to support and promote human rights. We have started engaging with key suppliers and stakeholders in Poland and Turkey to help identify where we can make a difference (see [Due diligence processes](#) section for further details of our engagement).

We support a number of external initiatives that aim to protect and promote human rights. We are committed to playing our part in working towards the United Nations Sustainable Development Goals (SDGs) and have signed up to the British Retail Consortium (BRC) commitments on the goals. We are also a member of the UN Global Compact and report progress against its 10 principles annually in our Sustainability Report.

¹ This target covers our goods for resale suppliers and our 300 key suppliers of goods and services not for resale.



Company policies

Our **Human Rights Policy** sets out our commitment to respect human rights, in line with international agreements and guidelines including: the United Nations Guiding Principles on Business and Human Rights; the International Bill of Human Rights (which includes the Universal Declaration of Human Rights); the UN Global Compact; the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work; the Children's Rights and Business Principles and UN conventions on the elimination of discrimination. It also sets out our commitment to implement due diligence procedures to avoid infringing on the rights of others (see [Due diligence processes](#)). Our **Ethical Sourcing and Supplier Workplace Ethical and Environmental Assurance (SWEEA) Policy** sets out our approach to ethical audits (see [Due diligence processes](#)).

We explain the ethical standards we require from suppliers in our **Supply Chain Workplace Standards**. These are aligned to the Global Social Compliance Programme (GSCP) Reference Code and Ethical Trading Initiative (ETI) Base Code, which are based on the ILO fundamental Conventions on worker rights. For example, they prohibit slavery and child labour and set out our expectations in relation to issues such as health and safety, working hours and wages, and freedom of association. Our ethical audits check compliance against the standards (see [Due diligence processes](#)).

A number of other policies and procedures help to embed our commitment to human rights. Our **Code of Conduct** includes a commitment to respect each other's human rights, both within our organisation and in our relations with all our stakeholders. Our internal audit function monitors compliance of all businesses within Kingfisher to the requirements set by our Code,

supported by our compliance network which includes a senior compliance officer in each operating company.

Our **whistle blowing policy** and procedures enable staff and suppliers to report any concerns about modern slavery and any other human rights violations. Our independent and confidential whistleblowing service, In Touch, is available to all employees (intouchfeedback.co.uk/kingfisher) and suppliers (intouchfeedback.co.uk/kfsupplier). All reports to the helpline are fully investigated and followed up and the outcome reported to the Audit Committee of the Board of Directors. There were no reports relating to modern slavery made via our whistleblowing line or other reporting channels in the 2017/18 financial year. We require suppliers to maintain a means by which workers can openly communicate and share grievances with management, without fear of reprisal, intimidation or harassment. This requirement is included in our Supply Chain Workplace Standards and our ethical audits check that suppliers have grievance mechanisms in place (see [Due diligence processes](#)).

Our human rights and ethical sourcing policies were updated in 2017, as part of our annual review of sustainability policies. This review is led by our sustainability policy manager, with input from key internal stakeholders, including members of our Modern Slavery Working Group. The policies were updated to align with our revised sustainability strategy, and our human rights policy was significantly updated to make it broader in scope (it previously focused on employees and now covers all stakeholders affected by our business activities). All updated policies were approved by our Group Executive. Our Code of Conduct will be updated in 2018.

We communicate the requirements of our policies, Code of Conduct and Supply Chain

Workplace Standards to suppliers and employees in a number of ways:

- Supplier contracts include clauses on compliance with our policies and standards¹;
- Potential new suppliers are informed during our supplier tender process, so they are aware of our requirements when they quote to provide products or services;
- Our Vendor Manual for our goods for resale summarises the key requirements of our policies and standards;
- We brief suppliers on our ethical requirements at workshops and supplier conferences;
- Our modern slavery and ethical sourcing training programmes cover our policies and standards (see [Due diligence processes](#) and [Training and awareness](#)).

Read our policies

www.kingfisher.com/sustainabilitypolicies

- Human Rights Policy
- Ethical Sourcing Policy
- Supply Chain Workplace Standards
- Code of Conduct

¹ This includes contracts with suppliers of group sourced products and services, including unified ranges.

Due diligence processes

In 2017, we set up our Modern Slavery Working Group to oversee due diligence and disclosure on human rights and modern slavery. This meets three times a year and brings together key representatives from our sustainability, ethical sourcing, purchasing, supplier management, legal and compliance teams.

We aim to identify and manage 'salient' human rights issues, as defined by the UN Guiding Principles Reporting Framework. These are the human rights at risk of the most severe negative impact through our activities. Our Modern Slavery Working Group has agreed an action plan for improving our due diligence on salient human rights and modern slavery issues, including training, ethical risk assessment and supplier engagement and audit (see below).

Our most significant human rights and modern slavery risks are in our supply chain. We are rolling out a programme of ethical audits for high-risk production sites that supply us with finished goods (see [Risk assessment](#) section for details of how we identify risk). Each production site identified as high-risk is required to have a Sedex Members Ethical Trade Audit (SMETA) or equivalent at least once every two years. Sedex is the online supplier data exchange (www.sedexglobal.com).

The audit reviews suppliers' performance and identifies any instances of non-conformance. These are prioritised according to the Sedex classifications of minor, major, critical and business critical. Any instances of modern slavery or child labour would be classified as business critical – the most serious breach of our standards.

We require suppliers to act swiftly to address non-conformances and to ensure the welfare of workers. We monitor the effectiveness of our audit programme by grading suppliers and tracking the number and type of non-conformances that are found and remedied

(see [Effectiveness of measures: supplier audit results](#)). 1,178 production sites have had an ethical audit in the past two years. We aim for all high-risk production sites to be audited by 2020.

We are collaborating with suppliers to help build their knowledge and understanding of human rights issues and how to address them. For example, we gave a presentation on our sustainability and ethical requirements at our UK supplier conference, attended by around 100 suppliers. Our Asia buying office held a number of workshops for suppliers on human rights and ethical sourcing which were attended by 565 companies and 917 individuals. Our ethical sourcing team also make regular visits to supplier sites where potential concerns or issues have been raised, for example by an ethical audit. As part of our community strategy, we have started engaging with key suppliers and stakeholders in Poland and Turkey, such as workers, community groups, education organisations and trade unions, to understand the issues they face and find ways to promote the rights of workers and support local communities where we operate.

We are also identifying and addressing risks in our procurement of goods and services not for resale (GNFR). See [Risk assessment](#) for further details. Within Homefit, our B&Q kitchen and bathroom installation service, we have started to work on a number of initiatives to raise awareness of modern slavery for tradesmen, for example, engaging with Which! Trusted Traders (the endorsement scheme we use to approve tradesmen) to add a briefing on modern slavery to their assessment process for new tradesmen.

We participate in several partnerships aimed at improving standards across the retail sector. For example:

- We are a member of an EDRA (the DIY retail association) working group, which aims to develop a collaborative approach to responsible sourcing within the home improvement sector.

- We are members of the British Retail Consortium (BRC) Working Groups on Ethical Labour and Responsible Sourcing.
- We worked with other retail members of Sedex to help establish a Working Group on GSNFR (Goods and Services Not For Resale). This aims to create new Sedex tools for service providers and to work together to engage suppliers and share best practice.
- In one of our supplier factories in Southern India, we sponsored the HERproject, led by BSR, the sustainability organisation, that strives to improve standards in global supply chains by empowering low-income women (<https://herproject.org>).



Risk assessment

We have an extensive global supply chain so we need to take a risk based approach, focusing on the highest risk countries and sectors for modern slavery and human rights issues. We have an ethical risk matrix, which uses data from Maplecroft, to help identify the high-risk product areas and countries in our goods for resale (GFR) supply chain. Examples of high risk product areas include horticulture (global), natural stone (India, China and Brazil) and rug manufacture (India and Pakistan).

We also use Sedex to help us assess risks in our goods for resale (GFR) supply chain. Sedex provides two indications of risk for each production site – an inherent risk (based on sector and country) and a self assessment risk (based on a site's response to the Sedex risk assessment questionnaire). We aim for all our finished goods suppliers to be using the Sedex platform by the end of 2020 and 40% have joined so far¹.

We are working on a number of projects to identify and address salient human rights issues in our extended supply chain including among raw material suppliers. For example, we are working with the TFT Responsible Stone Programme, to improve ethical and environmental standards in quarries and stone processing factories in developing countries. Over 97% of the wood and paper used in our products is now responsibly sourced, meaning it is certified to schemes such as FSC and PEFC or is recycled. These certification schemes ensure wood is from well-managed forests, and also include criteria for the monitoring of health, safety and labour issues in the supply chain.

We have worked with Stop the Traffik, an organisation dedicated to preventing modern slavery and human trafficking, to help us identify and address risks in our procurement of goods and services not for resale (GNFR). We have identified a number of GNFR buying categories as higher risk including uniforms, catering, cleaning, labour providers, construction, and logistics/transportation. We have started to engage with suppliers in these categories to improve our understanding of the risks and ways we can work together to address them. For example, we have asked our UK logistics providers to complete a modern slavery questionnaire, and are trialling a Sedex ethical audit with one of our UK contractors of cleaning and catering services. We have drafted ethical audit requirements for new uniform suppliers.

¹ This is the percentage of suppliers that have joined the Sedex platform by the end of the Kingfisher financial year (31 January 2018). In order to fully onboard suppliers onto Sedex, Kingfisher also requires that suppliers disclose and link Kingfisher to all production sites that supply us with finished goods (including direct and indirect sites) and work is in progress to achieve this.



Effectiveness of measures: supplier audit results

We aim to drive up ethical standards in our supply chain through our supplier engagement and ethical audits (see [Due diligence processes](#)).

We monitor the effectiveness of our ethical audit programme by grading supplier sites according to their performance (see pie chart) and tracking the number of non-conformances that have been identified (see bar chart) and remedied. Over time, we aim for our suppliers to improve to at least grade 3, which means that there are no major or more serious non-conformances. We allocate grades based on the results of the most recent ethical audit that has been carried out in the past two years¹.

The majority of non-conformances relate to health and safety, which include fire safety issues such as provision of fire extinguishers. Other common non-conformances include wages and benefits, working hours, management systems and environment.

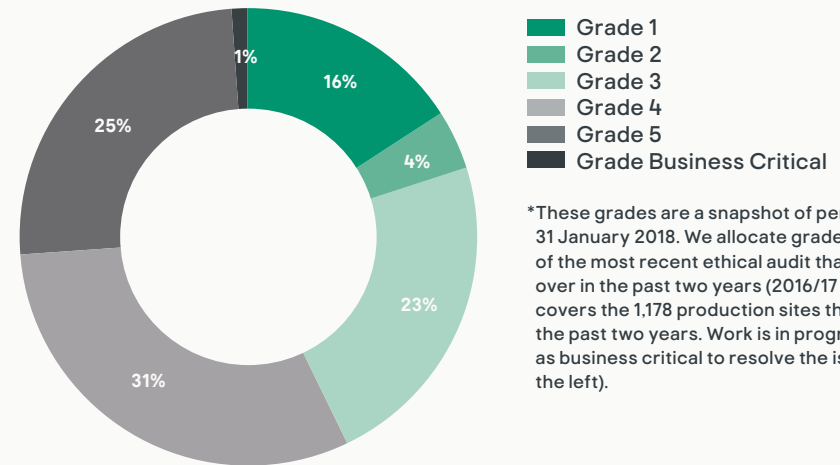
Work is in progress with sites graded as business critical to resolve the issues. Our audit programme identified one incident of underage labour in a factory in Asia, and we applied our remediation programme to ensure the children were safe and no longer work at the factory, and engaged with the factory managers to determine the root cause. Other issues classed as business critical included blocked fire exits and insufficient exits from buildings.

¹ The grades are based on the number of non-conformances identified during the audit e.g. grade 1 (no non-conformances), grade 2 (some observations), grade 3 (minor non-conformances), grade 4 (1-3 major non-conformances), grade 5 (4 or more major non-conformances or 1-3 critical non-conformances), business critical grade (business critical non-conformances or 4 or more critical non-conformances).

During the reporting year, ethical audits identified 14 non-conformances under the heading 'employment is freely chosen'. These non-conformances involved failures to comply with minimum workplace standards, such as workers being charged deposits for work tools and clothing, delays in wage payments to workers who leave, and workers required to pay for a health check report as a condition of employment. There were no cases of modern slavery identified.

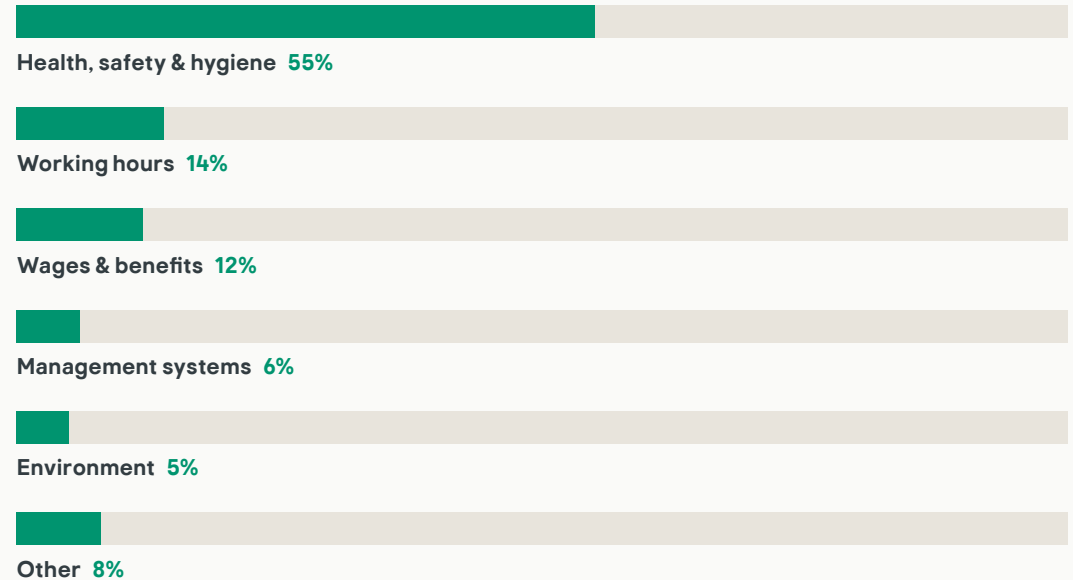
As part of our audit programme, we follow up with suppliers to ensure the most serious issues are remediated. As a last resort, we cease to trade with factories if they don't work with us to address business critical issues.

Supplier production sites by grade (%)*



*These grades are a snapshot of performance on 31 January 2018. We allocate grades based on the results of the most recent ethical audit that has been carried over in the past two years (2016/17 and 2017/18). The data covers the 1,178 production sites that have had an audit in the past two years. Work is in progress with sites graded as business critical to resolve the issues (see details to the left).

Top five non-conformances by category (%)†



†The % of non-conformances are from ethical audits carried out in the past two years (2016/17 and 2017/18). The data covers production sites registered so far on Sedex.

Training and awareness

We are working to build awareness of modern slavery and ethical sourcing issues among employees, particularly those responsible for overseeing our modern slavery due diligence as well as buyers of products and services.

At the first meeting of our Modern Slavery Working Group in November 2017, we worked with Stop the Traffik to provide a detailed briefing on modern slavery to ensure that all members of the working group understand the issues and risks relevant to our business.

It's particularly important that our procurement teams are able to spot warning signs of modern slavery and also understand the potential impact of our actions on workers in our supply chain. For example, employees should avoid unrealistic delivery schedules that could encourage excessive overtime.

Our buying offices carry out training for appropriate employees on ethical sourcing, which includes modern slavery. During the year, 122 employees from our Asia buying office (38%) attended a training session on ethical sourcing and we plan further training next year.

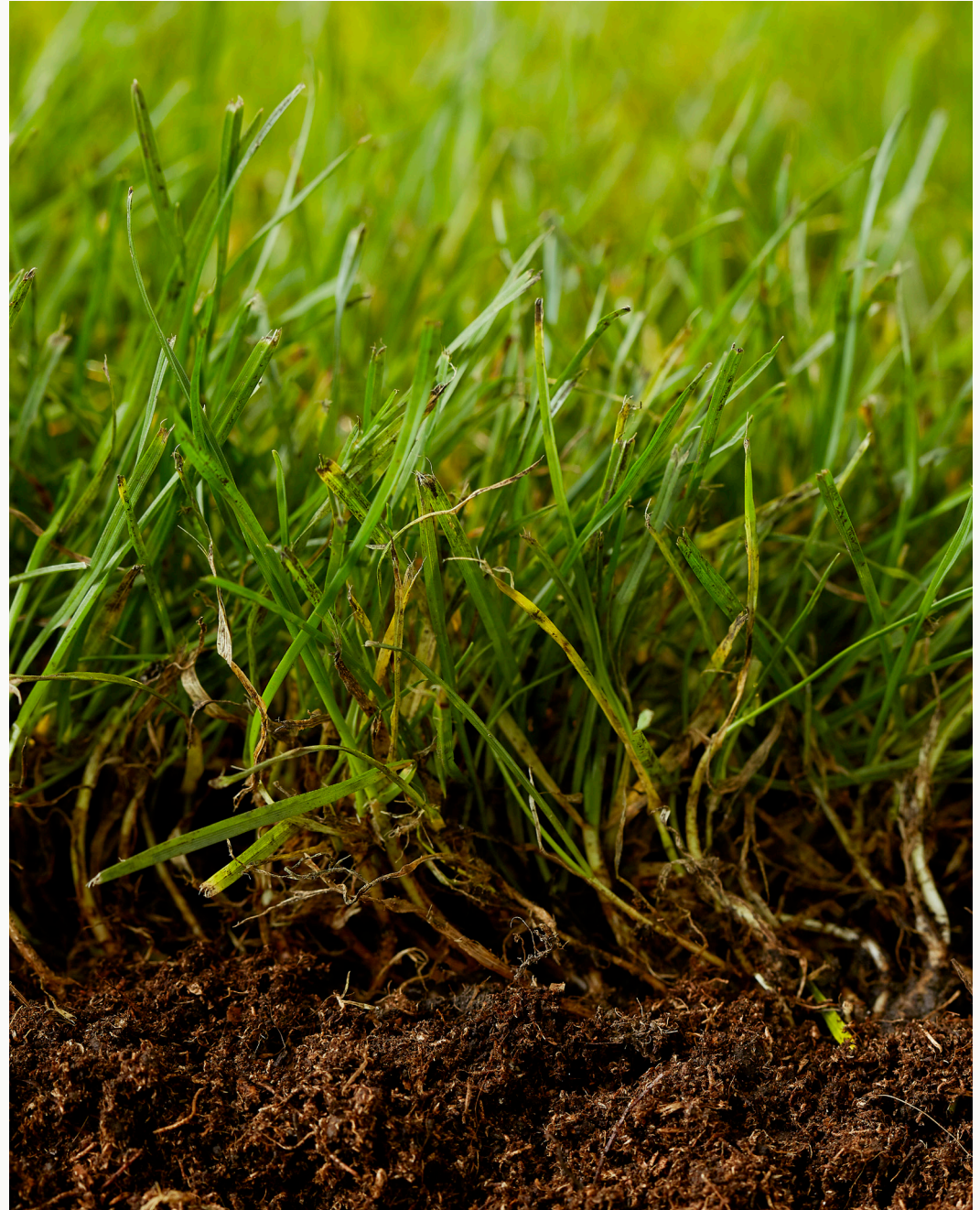
We also organised two training workshops on modern slavery, with Stop the Traffik, for our buyers of goods and services not for resale (one in France and one in the UK). Further workshops will be held next year.

Future plans

Through our Modern Slavery Working Group, we will continue to identify risks and implement due diligence to help tackle modern slavery. Over the next two years, our key priorities are to:

- Roll out ethical audits to all our high-risk production sites that make finished goods;
- Further develop and roll out our modern slavery and ethical sourcing training programmes to cover appropriate employees;
- Continue to develop our modern slavery due diligence programme for our goods and services not for resale (GNFR) – focusing on high risk areas such as labour providers and uniform suppliers.

We look forward to reporting on our progress again next year.



Transparency Statement approval

This Transparency Statement was approved by the Board of Directors of Kingfisher plc, B&Q plc, Kingfisher Information Technology Services (UK) Limited, Kingfisher International Products Limited and Screwfix Direct Limited.

It is signed by the Kingfisher Chief Executive Officer.

Véronique Laury
Chief Executive Officer

12 June 2018

As we transform our business to become ONE Kingfisher, this provides an important opportunity for us to build closer relationships with suppliers that share our values and ethical standards. We are committed to working with our suppliers and partners to play our part in stamping out modern slavery.

See our Sustainability Report (kingfisher.com/SustainabilityReporting) for further details of our progress, including our report on progress against the principles of the United Nations Global Compact.