



# Modern Slavery Act

Transparency Statement  
2020/21



**B&Q**

**SCREWFIX**

**At Kingfisher, we respect human rights and do not tolerate any form of modern slavery in our business or supply chains.**

However, we recognise that no business or supply chain is without risk of modern slavery and it is our responsibility to ensure we understand these risks and work in partnership with others, especially our suppliers, to identify and mitigate them.

## Contents

|    |  |
|----|--|
| 3  | Introduction                               |
| 4  | Company overview                           |
| 5  | Our supply chain                           |
| 6  | Company policies                           |
| 8  | Risk assessment                            |
| 10 | Due diligence processes for modern slavery |
| 14 | Effectiveness of measures                  |
| 16 | Future plans                               |
| 17 | Transparency Statement approval            |
| 17 | Entities covered by this statement         |

# Introduction

## About this statement

**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 covers the six areas outlined in the legislation and takes into account good practice, including Home Office guidance.**

Our statement sets out the steps taken by Kingfisher plc, its UK operating companies and its UK retail banners, to prevent modern slavery in its own business and supply chain for the financial year ending 31 January 2021.

Our approach focuses on:

- Robust policies and governance procedures.
- Risk assessment.
- Due diligence including supplier engagement, training and a programme of ethical audits.
- Setting and monitoring key performance indicators.

We work within our business, with our suppliers and with external partners such as Slave Free Alliance to address modern slavery risks. We also 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 are a signatory to 'Better Retail, Better World', 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 Responsible Business Report.

## Actions and performance in 2020/21

- Worked with a consulting partner to identify our salient human rights issues, across our business and supply chains, as defined by the UN Guiding Principles Reporting Framework.
- Partnered with Slave Free Alliance, a social enterprise developed by anti-slavery charity Hope for Justice, who undertook a gap analysis of our approach to modern slavery.
- Engaged with suppliers to encourage Covid-secure working practices, including carrying out online checks where a physical audit was not possible due to the pandemic.
- 73% of our high-risk production sites of finished goods for resale (GFR) have had an ethical audit in the past two years (see [page 10](#)).
- 60% of goods not for resale (GNFR) suppliers (with whom we spend over £75,000) completed an EcoVadis assessment.

## Responding to the pandemic

The Covid-19 pandemic has impacted our business, supply chain, colleagues, customers and communities during the period covered by this statement. Throughout, we have been focused on ensuring the ongoing health and safety of all our colleagues, customers and suppliers, and remained fully committed to our Responsible Business priorities.

During the initial phases of the coronavirus outbreak in China, and subsequently in Europe, we experienced some modest disruption to our supply chain. Overall, there was a relatively limited impact on the supply of goods to our retail banners from any temporary closures of vendor factories.

However, periods of national lockdown in our markets and sourcing regions and the need to change some working practices to ensure the continued safety of colleagues, customers and suppliers in all our markets, have meant that progress on responsible sourcing has been slower than expected in some areas.

We engaged with the Sedex Working Group to support the use of Sedex Virtual Assessments (SVAs) for factories which could not be visited due to Covid-related restrictions or safe working procedures. We accepted SVAs as an alternative to an ethical audit for existing vendors, with the audit result valid for one year, rather than the usual two years (see [page 11](#)).

# Company overview

**Kingfisher plc is an international home improvement company with approximately 1,386 stores in eight countries across Europe. We operate under retail banners including B&Q, Castorama, Brico Dépôt, Screwfix, TradePoint and Koçtaş, supported by a team of 80,000 colleagues.**

We offer home improvement products and services to consumers and trade professionals who shop in our stores and via our e-commerce channels.

**80,000<sup>†\*</sup>**  
colleagues

**1,386<sup>‡</sup>**  
stores

**8**  
countries

**£12.3 billion<sup>\*</sup>**  
total sales

## Our business structure and strategy

At Kingfisher, our purpose is to make better homes accessible for everyone.

Under our strategic plan, 'Powered by Kingfisher', we utilise our core strengths and commercial assets, and 'power' our distinct retail banners in order to address the significant growth opportunities that exist within the home improvement market, returning the business to growth. To serve customers effectively today, we also need to be digital and service orientated, while leveraging our strong store assets.

Our strong and distinct retail banners address diverse customer needs, operate different models and have a clear positioning and plan to connect with customers and drive loyalty. These differentiated brands are aimed at specific customer segments within their markets. They are powered by Kingfisher, which provides key benefits, such as Group sourcing and buying, differentiated own exclusive brands, technology and partnerships (including joint venture partners, franchisees and marketplaces) and our values and Responsible Business practices. These strengths are underpinned by our experienced, skilled and committed colleagues and the financial scale of the combined Kingfisher Group.

By delivering our strategy and operating as a Responsible Business, we create sustainable value for our customers, our colleagues, our shareholders, our suppliers and broader society.

## Our markets and our stores



1. B&Q UK & Ireland 301, Screwfix UK & Ireland 722.  
 2. Castorama 93, Brico Dépôt 121.  
 \* Turkey joint venture not included.  
 † Total, not full-time equivalent.  
 ‡ The sale of our business in Russia was completed on 30 September 2020.



## Our supply chain

**We work closely with our suppliers to bring the best home improvement products to our customers at great prices while ensuring they meet our ethical standards. We have global sourcing offices in China, other Asian countries and Europe.**

The products we sell are currently sourced from around 2,991 suppliers that are listed on our systems in over 80 countries and there are around 2,824 known production sites that supply us with finished goods.

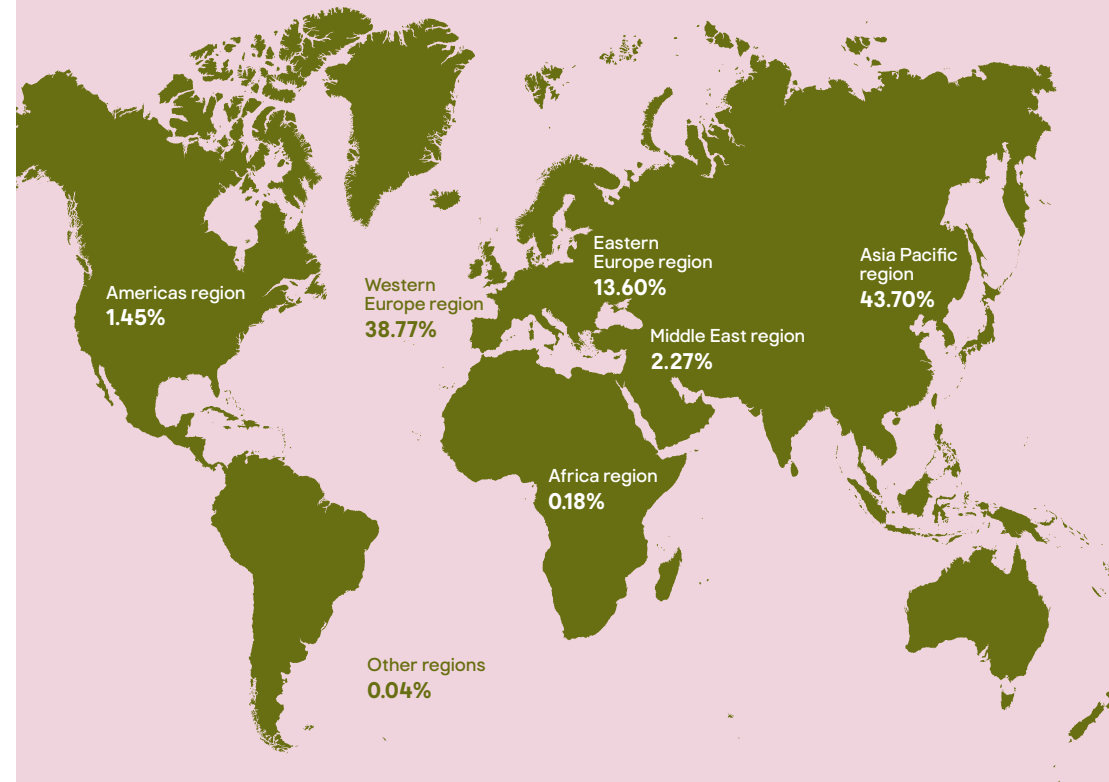
The map shows the percentage of production sites for finished GFR by continent based on data disclosed to us by suppliers via Sedex (the online supplier data exchange). This covers around 62% of GFR suppliers. There are many more indirect suppliers in our extended supply chain, including suppliers of raw materials and component parts used in the products we sell and buy. We do not have visibility of all these suppliers, but have conducted work in higher-risk areas to identify priority indirect suppliers. This includes our supply chains for wood and paper, leather and electroplating. Read more in [‘Assessing risks among materials suppliers’](#).

We also source GNFR which support our business, such as IT equipment for our colleagues and offices, cleaning services and logistics.

With our ‘Powered by Kingfisher’ strategy, we are changing how we source some of our product ranges. Our Group Offer & Sourcing (O&S) team will continue to drive the development and sourcing of our market-leading own and exclusive brand products (OEBs) and manage global relationships with our top international brand suppliers. We will continue to increase our OEB ranges.

Our retail banners will develop the category strategies and product range for their market to reflect local tastes and preferences, and be responsible for buying non-OEB products.

### Goods for resale – supplier production sites by continent (%)



# Company policies

**Our policy framework addresses human rights and modern slavery and is supported by training. Our key policies and standards include:**

## 1. Code of Conduct

Our Code of Conduct helps to promote a culture where transparency, honesty and fairness are the norm. It sets out our personal and shared responsibilities for meeting high ethical standards. It states that all employees have a duty to report any potential breaches of the Code. The Code includes a section on modern slavery and states our commitment to human rights and ethical sourcing.

Our Code forms part of the contractual terms and conditions for all employees and is integrated into training (see [page 7](#)). All colleagues are now required to complete annual training on our Code of Conduct. This covers modern slavery risks and includes information on how to report a concern or escalate issues in relation to modern slavery via our internal reporting mechanisms, whistleblowing hotline or Slave Free Alliance. Our compliance network, including a compliance officer in each retail banner, helps us implement our Code.

Our Group compliance function monitors compliance to the Code requirements. Our internal audit function provides additional assurance on compliance to key aspects of the Code, using a risk-based approach to plan their work. The Audit Committee of the Board of Directors receives regular updates on the outcomes from our internal audits.

## 2. Human Rights Policy

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 states our commitment to implement due diligence procedures to avoid infringing on the rights of others (see '[Due diligence processes](#)').

## 3. Supply Chain Workplace Standards

Our Supply Chain Workplace Standards explain the ethical standards we require from suppliers. These are aligned with the Code used by Sedex in the Sedex Members Ethical Trade Audit (SMETA). This includes the Ethical Trading Initiative (ETI) Base Code and additional elements agreed by the Sedex Stakeholder Forum. They prohibit slavery and child labour and set out our expectations in areas such as health and safety, working hours and wages, and freedom of association.

Our ethical audits check supplier compliance with our Supply Chain Workplace Standards (see '[Due diligence processes](#)').

## 4. Ethical Sourcing Policy

Our Ethical Sourcing and Supplier Workplace Ethical and Environmental Assurance (SWEEA) Policy sets out our approach to ethical audits.

The policy requires all high-risk production sites of finished GFR to have a valid ethical audit annually, or every two years dependant on the grade received at the initial audit. The lower the grade, the sooner we re-audit.

We updated our policy in 2020/21 to require all audits to be carried out by social compliance auditors certified by APSCA (Association of Professional Social Compliance Auditors). This will strengthen our audit programme and improve consistency between locations. To become APSCA certified, auditors must complete training, sign a professional Code of Conduct and have gained a sufficient amount of professional auditing experience.

Our policies have been approved by members of our Group Executive. We aim to review our policies each year and update them where necessary. Our annual review did not take place during 2020 due to the pandemic but will take place during 2021. However, Slave Free Alliance, a social enterprise and membership initiative launched by anti-slavery charity Hope for Justice, undertook a policy gap analysis for policies relating to human rights and modern slavery (see [page 12](#)). We will be incorporating their feedback as part of our policy review in 2021/22.

You can read our policies at [www.kingfisher.com/sustainability/policies](http://www.kingfisher.com/sustainability/policies)

More information on our governance and control framework is in our Annual Report and Accounts, available at [www.kingfisher.com/investors/company-reports](http://www.kingfisher.com/investors/company-reports)

## Embedding our policies into procurement

We embed the requirements of our policies, Code of Conduct and Supply Chain Workplace Standards into our procurement processes in a number of ways:

- Potential new suppliers are informed during the tender process of our Code of Conduct, policies and ethical audit requirements, so they can take these into account when quoting to provide products or services.
- Supplier contracts include clauses on compliance with our Code of Conduct, policies and standards. Our buying offices are required to review compliance with our ethical audit requirements before any vendor is offered a contract to supply GFR.
- Our Vendor Manual for our GFR summarises the key requirements of our policies and ethical audit requirements. It is usually shared with vendors when we request a quotation.
- Our Factory Handbook for China provides details and guidance around our Supply Chain Workplace Standards. It shows how these should be applied in the factory reflecting local circumstances and regulatory requirements, and is available in English and Chinese. Over 300 printed copies of the Handbook have been distributed to suppliers in the Far East. We will publish Factory Handbooks for suppliers in India, Malaysia, Taiwan and Vietnam in 2021 which also summarise key aspects of local labour law. The Handbooks can be downloaded from our [website](#).
- Training for our colleagues (see below) and suppliers (see [page 11](#)).

## Employee training and awareness

We run regular training sessions to build awareness of modern slavery and ethical sourcing risks among key employees, including those responsible for overseeing our modern slavery due diligence and buyers of products and services. All new joiners were required to complete our Code of Conduct training which covers modern slavery risks. On top of that, over 35,000 colleagues also completed a Code of Conduct refresher module, launched during the year. Our buying offices carry out training for appropriate employees on ethical sourcing, which includes modern slavery.

In 2020, we conducted training on modern slavery risks in connection with the recruitment of migrant workers. Thirty colleagues in our Vietnam buying office and Sustainability team attended the training, which was run in conjunction with consultancy Elevate and the UN International Office for Migration.

Slave Free Alliance also carried out a pilot training session with seven buyers in the Kingfisher O&S function. A key component of the pilot was aimed at helping the commercial colleagues identify the potential for exploitation in a commercial context. Further training will take place during 2021.

From 2021/22, our banners will take on more responsibility for sourcing products. We have begun training sessions for buyers in our banners to enable them to implement our responsible sourcing standards. This will continue during 2021/22.

We have held training sessions for our GNFR buyers to introduce them to the EcoVadis platform so they can encourage their suppliers to participate. In 2020, we ran training sessions for new starters to our Group Procurement team.

## Whistleblowing

Our Whistleblowing Policy and procedures enable staff and suppliers to report any concerns, including about modern slavery and any other human rights violations. Our independent and confidential whistleblowing hotline is available to all employees and suppliers. Employees learn about our hotline through our annual compliance training.

All reports to the hotline are reviewed and, where necessary, investigated. The outcome is reported to the Group Ethics and Compliance Committee or, from 2021/22, the relevant local Ethics and Compliance Committee. Twice a year, a summary of outcomes is reported to the Audit Committee of the Board of Directors.

Many employees, including those in our Quality, Buying and Logistics teams, will visit supplier factories in the course of their work. We want them to support our efforts to improve supply chain standards by reporting any unsafe or unethical practices they encounter during these visits.

There were no reports relating to modern slavery made via our whistleblowing line in the 2020/21 financial year.

We raise awareness of the hotline via our annual compliance training. During 2021/22, we will also be running an awareness campaign to ensure employees know about our whistleblowing hotline and are encouraged to use it to report any concerns.

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](#)').

# Risk assessment

**We have a large business and an extensive global supply chain, so we need to take a risk-based approach to managing human rights and modern slavery risks.**

## Our salient human rights issues

We respect human rights and take steps to protect the rights of our employees, workers in our supply chain and others affected by our business activities. As part of this we must ensure that we identify and manage our salient human rights issues. These are the human rights at risk of the most severe negative impact through our activities.

During 2020, we worked with a consulting partner to identify our salient human rights issues, across our business and supply chains, as defined by the UN Guiding Principles Reporting Framework. We identified 10 salient issues. These are:

- Modern slavery.
- Child/underage labour.
- Freedom of association/collective bargaining.
- Health and safety.
- Wages/working hours.
- Land rights.
- Depletion of natural resources.
- Air, water and land pollution.
- Impacts of climate change.
- Discrimination.

We also carried out a detailed risk and gap assessment to ensure we understand where salient risks are most likely to appear in our supply chain and business, and we are addressing and prioritising these. This included consideration of emerging risks such as those related to the Covid-19 pandemic.

This work has confirmed that the most significant human rights risks for our business are found in our GFR supply chain including at the raw material extraction and product manufacturing stages.

To inform the saliency assessment and risk and gap assessment, we engaged with almost 100 colleagues around the business including from our Sourcing, Commercial and Group functions through interviews and structured questionnaires. We also drew on the findings of our previous materiality assessment that considered 25 raw materials present in our products, external human rights frameworks such as the United Nations Guiding Principles on Business and Human Rights, external risk assessment tools, and the findings from our ongoing engagement with civil society and industry organisations including Slave Free Alliance, Elevate and allianceHR.

The results of these assessments have informed our plans for 2021 and beyond. We are also using the findings of this exercise and our work with Slave Free Alliance ([page 12](#)) to further develop our management of human rights risks,

including modern slavery, across our business and business relationships.

We recognise that managing and mitigating human rights risks, and upholding human rights, is a shared responsibility and we will continue to work closely with others, including suppliers, peers, industry bodies, NGOs and governments, to address salient issues and raise standards.

## Risk-based ethical audit programme

We use a number of risk assessment tools to help us ensure we target our supplier ethical audits on the highest-risk countries, sectors and locations. This includes:

- **Ethical risk matrix:** Our ethical risk matrix uses data from Verisk Maplecroft to help identify the high-risk product areas and countries in our GFR supply chain. We are currently focused on risks in our direct supply chain, particularly labour risks among suppliers of finished GFR.
- **Sedex:** We also use Sedex to help us assess risks in our 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 suppliers of GFR to be using the Sedex platform. In total 1,846 suppliers, incorporating 2,824 factory sites, have now

joined the Sedex platform. This equates to around 62% of suppliers of GFR<sup>1</sup>.

Sedex updated and strengthened its self-assessment questionnaire during 2020. We are asking all suppliers to update to the new questionnaire, which is now more comprehensive with a greater number of sector-specific criteria. Around 76% of our high-risk production sites have updated to date.

We use the results of our risk assessment with Stop the Traffik, an organisation dedicated to preventing modern slavery and human trafficking, to help us prioritise risk areas in our GNFR supply chain, as well as our recent saliency assessment and the review by Slave Free Alliance (see [page 12](#)).

We are also developing approaches to reducing risks in the wider supply chain including among raw materials suppliers (see ['Assessing risks among materials suppliers'](#)).

1. This is the percentage of suppliers that had joined the Sedex platform by the end of the Kingfisher financial year (31 January 2021). In order to fully onboard suppliers onto Sedex, Kingfisher also requires that suppliers disclose and link Kingfisher to all production sites of finished goods for resale (including direct and indirect sites) and work is in progress to achieve this.



## We work with EcoVadis, a sustainability ratings platform, to help us assess and manage risk in our GNFR supply chain.

### Goods and services not for resale

We work with EcoVadis, a sustainability ratings platform, to help us assess and manage risk in our GNFR supply chain. Any new suppliers are required to complete the EcoVadis questionnaire covering four themes – labour and human rights, environment, ethics and sustainable procurement. Their responses are reviewed by EcoVadis and a rating provided highlighting strengths, weaknesses and risk areas. We have added the EcoVadis assessment as a requirement in our tender process for new suppliers and set a minimum score threshold which must be achieved within a year of the assessment.

We aim to assess 85% of our GNFR spend (with suppliers with whom we spend over £75,000) by the end of 2021. To date, 60% of our spend has been assessed by EcoVadis. All suppliers who do not meet the EcoVadis Bronze level must put an action plan in place to improve. They are required to redo the assessment within 12 months to demonstrate that they now meet at least Bronze level. We will be supporting low-scoring suppliers to make improvements.

Our contracts with new GNFR suppliers in high-risk categories include a 'right to audit' clause. We have asked some of our suppliers to undergo a third-party ethical audit to help us better understand risks in our GNFR supply chain. We expect to complete several supplier audits during 2021/22. These will focus on suppliers in potentially higher-risk categories such as cleaning services, logistics, uniforms, construction and facilities.

### Assessing risks among materials suppliers

In some cases, we can help to influence standards in our extended supply chain, including among raw material suppliers.

For example, we require the wood and paper used in our products to be responsibly sourced, meaning it is certified to schemes such as FSC and PEFC or is certified/verified recycled. These certification schemes ensure wood is from well-managed forests. FSC and PEFC have also developed clearer requirements to increase protection for workers' rights including strengthening their criteria relating to health, safety and labour issues in the supply chain. These will come into force over the next 18 months.

We have also joined the Leather Working Group to help improve standards and traceability in our leather supply chain. More information on wood and paper and leather is included in our reporting (see our [website](#)).

We previously conducted a materiality assessment that considered 25 raw materials present in our products, to help focus our work on raw materials. This assessed their level of risk for human rights and environmental practices. Our review of salient human rights issues has provided an updated assessment of human rights risks in our materials supply chain.

### Modern slavery risks in our operations

From the analysis we have done through our human rights saliency assessment and with Slave Free Alliance, we believe there is a low risk of modern slavery occurring in our business operations and among our direct employees.

Risks are higher for workers providing contracted services such as construction, cleaning, security and logistics, particularly where labour providers are used. These risks are managed through our GNFR programme (see [page 12](#)).

# Due diligence processes for modern slavery

**Our due diligence on modern slavery issues includes ethical risk assessment, ethical audits, supplier engagement, training and broader collaboration, including with others in our sector and expert partners.**

## Governance of modern slavery risks

Our Modern Slavery Working Group brings together operational managers and ethical sourcing representatives from across our Group functions including procurement (GFR and GNFR), logistics, property, human resources, community, sustainability and legal and compliance. It coordinates implementation of our business-wide modern slavery action plan covering due diligence, ethical audit, supplier and colleague engagement, and training, policy and reporting. The Working Group usually meets three times a year but met twice in 2020/21 due to the pandemic.

In 2019, we established a Modern Slavery Steering Committee made up of senior directors from risk, corporate affairs and procurement of GFR, to respond to the Operation Fort case in the UK (see our ['Modern Slavery Act Transparency Statement 2019/20'](#)). In 2020/21, the Group met twice to review the results of our human rights saliency assessment. We will be reviewing and updating the governance procedures for human rights in 2021/22.

Our Responsible Business Committee (RBC) leads and oversees delivery of our Responsible Business strategy and has overall oversight of modern slavery risks. The Committee's role is integral to setting the ambition, facilitating and monitoring Kingfisher's Responsible Business strategy. The RBC is a committee of the Board and is chaired by Non-Executive Director (NED) Sophie Gasperment. Its members are our CEO, a second NED, our Chief Offer & Sourcing Officer, our Chief People Officer and the CEO of Screwfix.

## Escalation procedure

We have established a protocol for handling any incidents of modern slavery, to ensure we respond quickly, effectively and consistently. This involves escalating issues to senior director level, gathering information and investigating non-compliances, as well as a process for deciding further action or escalation. The protocol means we can co-ordinate a quick response to any concerns raised. It has been communicated to the relevant people in our Risk, Legal and Sourcing teams.

## Progress against our policy

### Ensure all suppliers meet our ethical and environmental standards.

To monitor progress against our policy, we require high-risk production sites of finished GFR to have an ethical audit. In 2020/21, there were 1,318 high-risk GFR production sites listed on Sedex. Of these, 960 production sites have had an ethical audit in the past two years, which equates to 73%.

Under our new strategy we aim to maximise the benefits of our distinct retail banners, which will continue to have their own product ranges and commercial approaches in order to service our customer base effectively. The pandemic has also had an impact as it has made it harder to visit factories and reduced the number of auditors available.

Going forward, we will continue to work with suppliers to achieve compliance with our ethical policies and standards. This will include our O&S function working with our banners to help them prioritise suppliers for engagement and auditing.

We assess our suppliers of GNFR using the EcoVadis assessment. To date, 60% of our priority spend has been assessed by EcoVadis (see [page 15](#)).

## Supplier ethical audits

We continue to roll out our programme of ethical audits for high-risk production sites of finished GFR (see the 'Risk assessment' section for details of how we identify risk). Each production site identified as high-risk is required to have a SMETA audit or equivalent at least once every two years.

The audit reviews suppliers' performance and identifies any instances of non-conformance with our standards relating to labour standards and human rights, health and safety, business ethics and environmental performance. Non-conformances 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. When a business-critical issue is identified, we take the following steps:

- **Escalation and notification** – a member of our responsible Sourcing team will ensure the correct people are notified internally and externally. Our escalation and notification process is reviewed annually.
- **Remediation** – our responsible Sourcing team works with key internal stakeholders and the vendor factory to manage and address the issues identified through a remediation action plan. We agree a

timescale for implementation, usually between six and 12 months.

- **Engagement** – depending on the nature of the issue, a member of our Sustainability or Quality team may visit the factory to help with the remediation plan. We engage with the factory throughout the process and work to ensure the well-being of workers is prioritised.
- **Close out** – we require third-party confirmation, via an ethical audit, that the issues identified have been resolved. We use a tracker to monitor suppliers identified as having business-critical non-conformances. Any factories with business-critical non-compliances are recorded as 'open' until an ethical audit confirms the issues have been addressed and the case is then 'closed'.
- **Follow up** – we continue to work with and monitor the factory post-incident. We carry out spot checks on our suppliers and carry out regular follow-up audits to ensure factories comply with our standards.

We start from a principle that we should work with our suppliers to help them address issues and improve performance. Factories agree to the implementation of a remediation action plan and we agree enough time for them to develop their knowledge and implement changes. As a last resort, we cease to trade with factories if they don't work with us to address business-critical issues.

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](#)').

It was sometimes not possible to carry out physical audits during 2020/21, due to Covid-related travel restrictions and safe working procedures. We engaged with the Sedex Working Group to support the use of SVAs. We accepted SVAs as an alternative to an ethical audit for existing vendors, with the audit result valid for one year, rather than the usual two years.

## Supplier training

Beyond auditing high-risk suppliers, we know that supplier engagement and training is a critical part of any approach to managing and mitigating human rights and modern slavery risks. We want to collaborate with our suppliers to exchange information and best practice, and to help build their knowledge and understanding of human rights issues and how to address them. Examples are included in the section '[In practice: supplier engagement](#)'.

Recruitment and the supply of temporary, contract and seasonal labour have been identified as high-risk areas for modern slavery and human rights. We are sponsoring the Responsible Recruitment Toolkit from allianceHR, a specialist trade organisation. This provides a package of free training and support to help suppliers and their labour providers

to embed responsible recruitment practices. It provides good practice guidance based on global standards and includes a self-assessment process to help suppliers monitor and improve progress among their labour providers.

We have rolled out the Toolkit to suppliers of finished goods in the UK which use recruitment agencies. Eleven suppliers signed up to the Toolkit and commenced using the platform during 2020. We aim to roll the Toolkit out to suppliers in the rest of Europe (when it becomes available in those countries) and to GNFR suppliers, during 2021/22.

We are also working with the consultancy Elevate to provide training for suppliers in Asia on the responsible recruitment of migrant workers.

We have held training sessions for some GNFR suppliers to raise awareness about the EcoVadis platform and answer supplier questions.

## Working with others

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

- We have a partnership with **Slave Free Alliance**, a social enterprise developed by anti-slavery charity Hope for Justice (see box).
- We are a member of an **EDRA** (the European DIY Retail Association) Working Group, which aims to develop a collaborative approach to responsible sourcing within the home improvement retail sector.
- We are members of the **BRC Working Group on Ethical Labour and Responsible Sourcing** and we are signatories to Better Retail, Better World, a collaboration led by the BRC aimed at supporting the UN SDGs in areas including modern slavery and decent work. During 2019, we responded to a government consultation on the Modern Slavery Act with the BRC, supporting proposals to strengthen the UK legislation and we welcomed the Government's subsequent proposals on this.
- We helped establish the **Indirect Procurement Human Rights Forum** to promote collaboration with other businesses and Sedex on ways to understand and address risks associated with GNFR. For example, it has developed a set of standards for labour providers. We are one of 11 core members who meet on a quarterly basis.

We also corresponded with the UK's Independent Anti-Slavery Commissioner during 2020 to update them on our approach to managing modern slavery risks.

## Partnering with Slave Free Alliance

Modern slavery is a complex issue and collaboration with others in the retail sector and beyond is key to raising awareness and creating change.

To help strengthen our capabilities, we are working with Slave Free Alliance, a social enterprise developed by anti-slavery charity Hope for Justice. The Alliance works with victims, law enforcement agencies and businesses to help bring about a slavery-free supply chain.

During 2020, they undertook a gap analysis of our approach to modern slavery covering our policies, risk assessment processes, due diligence and training provision.

They made a number of recommendations for strengthening our approach. Key recommendations included:

- Clarify governance structures and reporting lines through the business.
- Extend provision for training on modern slavery risks for colleagues.
- Strengthen supplier engagement and communication, to reinforce policy requirements.
- Conduct deep dives into high-risk materials supply chains beyond 'finished product' level.
- Increase checks on suppliers, including ethical audits and spot checks.

We used the findings to inform our human rights gap analysis ([page 8](#)) and we will be starting to implement their recommendations during 2021/22.

During 2021/22, we will be working with SFA to implement their recommendations, including, for example, running training for our colleagues and suppliers.

To help strengthen our capabilities, we are working with **Slave Free Alliance**, a social enterprise developed by anti-slavery charity **Hope for Justice**.

**During the pandemic, we have been engaging with suppliers to encourage Covid-secure working practices.**

### Top five non-conformances by category (GFR)

The majority of non-conformances relate to health and safety, which include fire safety issues such as provision of fire extinguishers and number of fire exits. Other common non-conformances include working hours, wages and benefits, and environmental factors.

The number of non-conformances in the table are from ethical audits carried out in the past two years (2019/20 and 2020/21). The data covers production sites registered so far on Sedex.

| Non-conformances                     | Number |
|--------------------------------------|--------|
| Health, safety and hygiene           | 4,290  |
| Working hours                        | 1,037  |
| Wages and benefits                   | 719    |
| Environment                          | 445    |
| Management systems                   | 329    |
| All other non-conformance categories | 484    |

### In practice: supplier engagement examples

#### Covid-secure working procedures

During the pandemic, we have been engaging with suppliers to encourage Covid-secure working practices. We also carried out online checks in some locations to make sure workers' health was being protected.

Where we identified an issue, we followed up with the supplier concerned. For example, an ironmongery factory in India was identified as not complying with our standards including non-Covid-secure working practices. Colleagues from our Sourcing office visited the factory and made a number of recommendations for improvement. After this visit, the factory underwent a SMETA audit which found it had implemented our recommendations and has resolved the non-compliances.

#### Embedding our standards among sub-contractors

Our tools and hardware suppliers often work with a large number of manufacturing sub-contractors. We want to make sure that these sub-contractors meet our responsible sourcing standards.

We are running a pilot project with our tools and hardware suppliers in China to develop our approach in this area. Suppliers are required to disclose the sub-contractors they work with and how they select, manage, audit and review sub-contractors. Where we find that suppliers do not have a robust approach to responsible sourcing, for example due to poor record keeping or failure to implement our policies, we are working with them to address this and agree an action plan to meet our standards. We carry out unannounced site visits to check implementation.

Six suppliers joined the project during 2020.



# Effectiveness of measures

**We aim to drive up ethical standards in our supply chain through our supplier engagement and ethical audits (see ‘Due diligence processes’).**

## Performance indicators

We monitor supplier progress and the effectiveness of our ethical audit programme for production sites supplying GFR using a number of indicators. These include:

- Percentage of suppliers and production sites on the Sedex platform (currently 62%).
- Percentage of sites according to audit grades (see pie chart).
- Number of sites that failed to comply with our minimum standards and the number of these which have been remedied (see ‘Audit results’ on page 15).
- Top non-conformances identified by category (see table).

## Audit grades – goods for resale

We allocate grades based on the results of the most recent ethical audit that has been carried out in the past two years.

We use the Sedex audit grade classifications to develop our own internal grading. The grades are based on the number of non-conformances identified during the audit (see pie chart):

- 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) and
- business critical (business-critical non-conformances or four or more critical non-conformances)

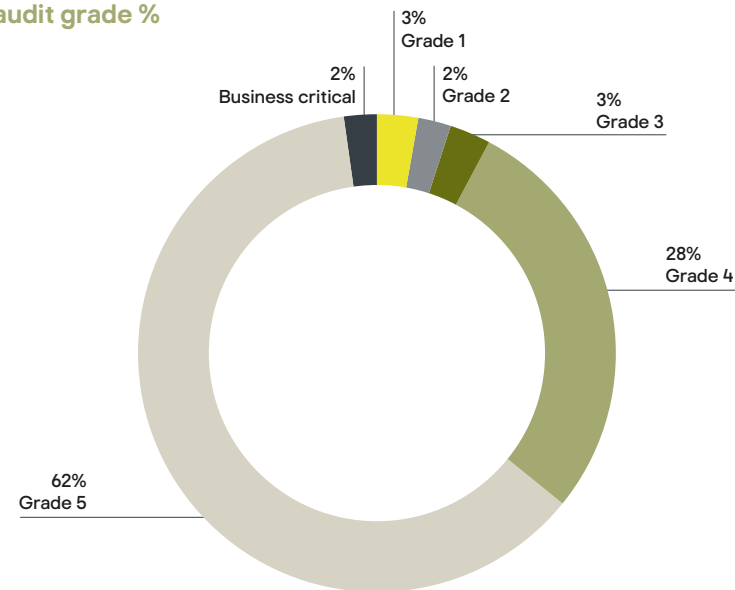
A minor non-conformance (grade 3) represents an occasional or isolated incident, which represents a low risk to workers. A major non-conformance (grades 4 and 5) includes a material breach of local law which represents a danger to workers. A business-critical failing represents the highest level of breach and requires immediate action. It includes non-conformances which present imminent risk to workers’ safety or constitute a significant breach of workers’ human rights.

We aim for our suppliers to improve performance and target suppliers with low grades (5 and business critical) to have an annual re-audit. Grade 1–4 factories are re-audited within two years as set out in our SWEEA Policy.

We follow up with suppliers to ensure the most serious issues are remediated (see ‘Audit results’).

|   |   |
|---|---|
| <p><b>16</b><br/>production sites did not meet our minimum standards (i.e., they achieved a business-critical grade), of these:</p> |   |
| <p><b>15</b><br/>production sites resolved the non-conformance</p>  | <p><b>1</b><br/>production site submitted corrective actions and are pending auditor approval</p> |

**Supplier production sites – GFR by audit grade %**



The chart shows the audit grades for the production sites that have had an audit in the past two years. It includes the results from the latest full audit at each site. It therefore does not reflect any corrective actions taken or results from follow-up audits.

## We monitor supplier progress and the effectiveness of our ethical audit programme for production sites supplying GFR using a number of indicators.

### Audit results: business-critical grades

During 1st February 2020 – 31st January 2021, our buying offices identified 16 production sites of finished GFR that did not comply with our minimum standards (i.e., they achieved a business-critical grade).

We were able to work with 15 of these sites to resolve the non-conformances. One factory is working to close out the issues identified at audit as part of their corrective action plan. Once completed, their compliance with our standards will be confirmed through a follow-up audit.

During 2020/21, ethical audits identified 22 non-conformances under the heading 'employment is freely chosen' (see 'In practice: addressing business-critical issues').

### In practice: addressing business critical issues

#### Child labour

An electronics factory in China was found to be using two underage workers (aged 12 and 13) during the school holidays.

The children were removed from the factory and received medical checks. They returned to school and the supplier provided funding to cover some of the costs of finishing their education. The supplier also made a donation to Save the Children.

The factory was required to update their policies and HR procedures to ensure that children are not hired in future, even for holiday jobs, and that age documents are reviewed as part of the recruitment process.

A follow-up unannounced audit confirmed that the factory has implemented these changes.

### EcoVadis scores – goods not for resale suppliers

By the end of 2021, we aim to have assessed 85% of our GNFR spend (with suppliers with whom we spend over £75,000). To date, 60% of this spend has been assessed by EcoVadis.

The suppliers achieved an average score of 60 out of 100, which is a Silver rating<sup>1</sup>. Our minimum requirement is Bronze.

1. The EcoVadis overall score (0–100) reflects the quality of the company's CSR management system at the time of the assessment. The EcoVadis CSR recognition levels are based upon the percentile ranking of your company's EcoVadis score. Silver represents the top 25% of companies.

## Future plans

**Through our Modern Slavery Working Group, and our wider work on human rights, 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:**

- Onboard all suppliers and production sites of finished GFR on to the Sedex platform.
- Roll out ethical audits to all our high-risk production sites of finished GFR.
- Strengthen our UK due diligence processes, including training for colleagues, through our partnership with Slave Free Alliance.
- Roll out further training and tools on modern slavery to our colleagues in our sourcing regions and our banners.
- Roll out the Responsible Recruitment Toolkit to suppliers in the UK and Europe.
- Conclude our review of our salient human rights issues and high-risk sectors and start to implement actions in line with the findings; this includes going beyond direct suppliers for key high-risk supply chains.
- Continue to roll out EcoVadis assessments to GNFR suppliers and support low-scoring suppliers to improve.
- Work with Elevate and the UN's International Organisation for Migration on a project to help improve working conditions and protect the human rights of migrant workers in the Far East.
- Partner with Sedex on a pilot to assess how worker voice insights can help us to listen to workers, and to respond and improve working conditions and workplace communications.

## Transparency Statement approval

This Transparency Statement was approved in May 2021 by the Boards of Directors of Kingfisher plc, B&Q Limited, B&Q Properties Limited, Kingfisher Information Technology Services (UK) Limited, Kingfisher International Products Limited, and Screwfix Direct Limited.

It is signed by the Kingfisher Chief Executive Officer who is also a member of the Board of Directors.

**Thierry Garnier**  
Chief Executive Officer

## Entities covered by this statement

This statement covers Kingfisher plc and all its subsidiary undertakings. This includes the following UK subsidiaries with a turnover of £36 million or above:

- B&Q Limited
- B&Q Properties Limited
- Kingfisher International Products Limited
- Kingfisher Information Technology Services (UK) Limited
- Screwfix Direct Limited