



Wilko modern slavery statement 2017

This statement sets out the steps taken by the Wilko group ("Wilko") and is published in accordance with section 54(2) of the Modern Slavery Act 2015 and the Modern Slavery Act 2015 (Transparency in Supply Chains) Regulations 2015.

Business & supply chains

Introduction

Modern slavery encompasses slavery, servitude, human trafficking and forced labour. Wilko recognises that this is a global and growing issue which exists in all economies and business sectors. We have a zero-tolerance approach to any form of modern slavery, and are committed to acting ethically and with integrity. We aim to put effective systems and controls in place to prevent any form of modern slavery taking place within our business and supply chains.

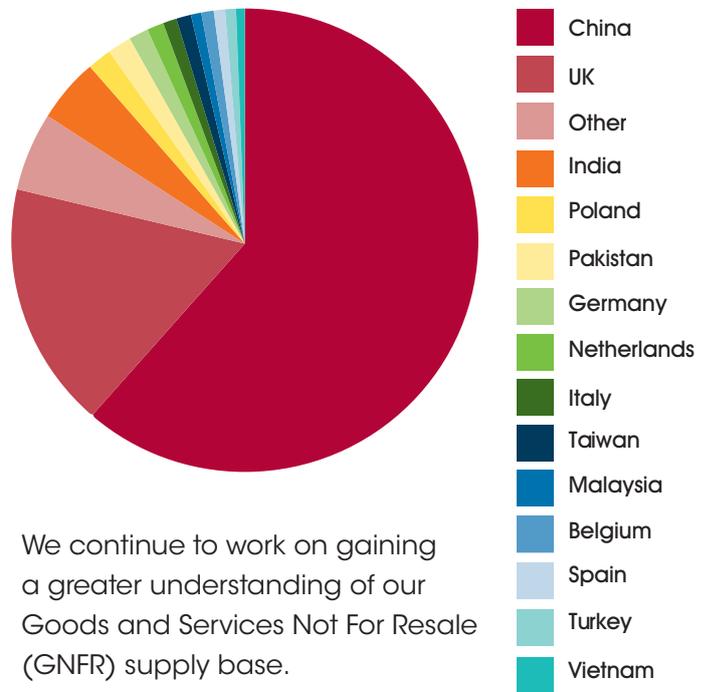
How we do business

As a general stores retailer, Wilko has an annual turnover of £1.5bn, selling a wide variety of products through more than 400 stores in the UK and online at wilko.com.

Wilko sells 28,000 products, including 14,500 own-brand items, which are produced in over 900 factories in 41 countries. The majority of our goods for resale (GFR) are sourced from Asia, Europe and the UK.

Wilko is committed to ensuring the safe and fair treatment of all employees around the world who are involved in the sourcing and production of our products and services. It is also our policy to source from factories and suppliers who share our commitment.

No. own brand GFR factories by country



We continue to work on gaining a greater understanding of our Goods and Services Not For Resale (GNFR) supply base.

We strive to ensure that our products are made:

- Lawfully, through fair and honest dealing
- By adult workers who are properly paid and treated with respect
- In factories and sites where there are decent working conditions
- Where any negative impact on the environment is minimised

wilko is a global retailer with
over 7 million
customers each week



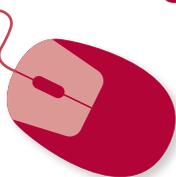
23,000
staff members
and growing



400

nationwide stores & counting

over **150,000**
people clicked on **wilko.com**
every day last year



We have amended our standard GFR terms and conditions to include obligations on our suppliers:

- To comply with the Modern Slavery Act
- To notify us immediately if they become aware of any issues within their supply chains

Policies and contracts

Our **Code of Conduct** has the Wilko Values at its heart and draws on the International **Labour Organization (ILO) Convention**, the **Ethical Trade Initiative (ETI) Base Code** and the **United Nations Global Compact**, to ensure it is in line with internationally accepted principles and guidelines. It includes Critical Failure Points that we will NOT condone. These include the use of slavery in any form, the use or threat of intimidation, harassment or abuse and the use of child labour.

In light of the Modern Slavery Act, we have reviewed and amended our Code of Conduct and, in turn, the requirements of our social, ethical and environmental audits. Currently, our Whistleblowing Policy only applies to Wilko team members. However, we are reviewing our Whistleblowing Policy and procedure to allow workers from the factories we use to confidentially report any wrongdoing, which extends to the violations of human rights, e.g. modern slavery.

We have amended and reissued our Responsible Sourcing (previously Sustainable Procurement) and Ethical Trading policies to give them a much broader remit, encompassing businesses as well as individuals, and the procurement of services and goods not for resale. The policy will be reviewed within 18 months as part of the review calendar of all Wilko's Corporate Social Responsibility (CSR) policies.

We aim to have rolled out the new terms and conditions to our GFR suppliers by September 2017.

Our Goods and Services Not For Resale contract precedents are also being redrafted. This will aim to place obligations on our suppliers (where appropriate) to take steps in relation to investigating and identifying issues relating to modern slavery. We are aiming for all our precedent contracts to incorporate such provisions by the end of our 2017-2018 financial year.

Global supplier assessment programme

The Wilko Global Supplier Assessment Programme requires that all own-brand suppliers of goods for resale and their factories must be approved before production commences.

Suppliers must provide details of their organisation and their factories, and all will be assessed:

a) Factories will be assessed:

- Against their ability to consistently produce goods to the required standard and specification
- Against their compliance with the Wilko Code of Conduct

b) Suppliers will be assessed for their ability to manage their factories

GFR factories can be approved either by having third-party certification (according to Wilko's list of acceptable accreditation schemes) or by undertaking a Wilko Social, Ethical & Environmental (SEE) audit. The SEE audit assesses if a product will be made in a factory that complies with the Wilko Code of Conduct. The Wilko SEE audit was updated in May 2015 to include criteria relating to modern slavery.

Our factories are reassessed on an ongoing basis to ensure minimum standards are consistently met and to encourage continuous improvement. From time to time, existing suppliers will drop below our minimum required standards. We work with these suppliers to raise and maintain standards and will only exit a factory when there is clearly no willingness or ability to improve.

High-level risk areas

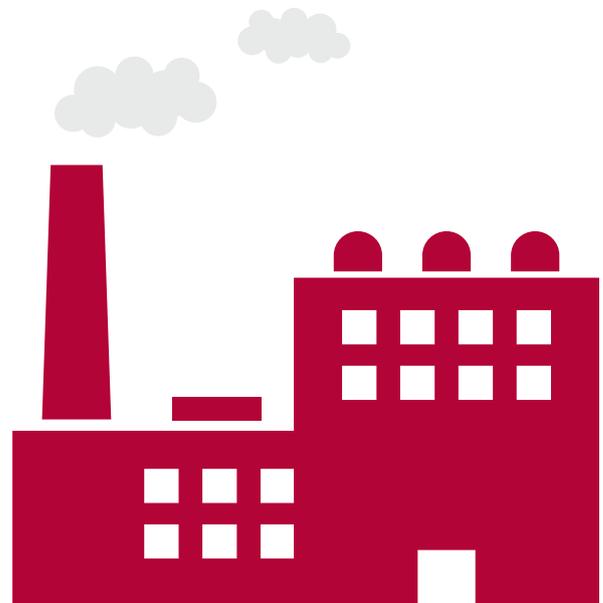
Wilko is aware that there are countries, regions and industries that are more susceptible to modern slavery than others. We plan to carry out a risk-based assessment of our supply chains and are currently gathering data to enable us to do that.

With recent focus on labour practices in Turkey, particularly involving Syrian refugees, we placed extra focus on our factories based there, ensuring all accreditation and audit requirements are fully up to date. We are also raising awareness amongst our Technical and Trading teams about the increased risk in UK factories and will monitor these closely, potentially carrying out unannounced visits where a concern exists. We will continue to monitor via the media, NGOs, industry bodies and any other relevant sources and will take proactive steps where necessary.

Measuring effectiveness

Currently, all factories are tracked in terms of audit status and factory grading. We complete annual technical scorecards of our suppliers' performances, which incorporate the factory audit status. Over the next 12 months we will be reviewing our Supplier Scorecard system to ensure it is rigorous enough to differentiate the quality of our supply chains. It can then be used strategically across Wilko's businesses to remediate low-performing factories and award more business to high-performing factories and suppliers.

We will track awareness training via our Learning Management System (LMS) and will continue to engage with suppliers via our supplier workshops.



Action taken so far

Gap analysis

In our analysis, two gaps were identified. One around recruitment, where there was a lack of awareness surrounding the issues of modern slavery, and the other in procurement (both GNFR and branded GFR), where there is less obligation on suppliers and service providers to prove their ethical credentials to Wilko.

We also intend to employ a similar approach with our GNFR suppliers, by using the same approach that has been applied to own-brand GFR factories. Thereafter, we will review the measures that could be implemented with regard to branded GFR suppliers.

Resourcing has created modern slavery awareness posters to be displayed in all employee canteens, and has produced small cards for all candidates who are invited for interview at Wilko. All Resourcing employees have received modern slavery awareness training, too.

Wilko's Terms & Conditions and standard contracts are being amended to reflect what we need from our suppliers. This will ensure they are taking all the necessary steps to prevent modern slavery in their own businesses and supply chains.

Training

Our Quality Assurance team, who lead on supplier and factory approval, have been given awareness training and are regularly briefed on emerging issues. Training commenced with GFR Buyers and Supply Chain employees, with a particular emphasis on the issues that may arise by putting pressure on factories to manufacture product within short timescales and/or in large quantities. HR employees working in our distribution centres and in our retail stores have also received awareness training, which has been cascaded to their teams.

Modern slavery awareness training is being built into our employee induction programme. It is also being provided to individuals who are deemed to require a working knowledge of the issues or are employed in increased risk areas, such as our retail business and service centres.

Key personnel from Quality Assurance, Procurement and Resourcing have attended training by Stronger Together – a multi-stakeholder initiative that aims to reduce modern slavery. They have taken key elements back to the business, including signs to look out for, ways of assessing the risk of modern slavery in our supply chains and how to deal with any instances they become aware of.

We have engaged our main supporting employment union (GMB), and awareness training has been provided to union representatives.



Proposal

We understand that our approach to modern slavery and the assessment of our business and supply chain will require ongoing assessment. We will endeavour to mitigate the risk within our business in the forthcoming year. To do this, we aim to address the following key areas and will report on them in our next statement:

- **Responsible Sourcing and Ethical Practices policies:**
 - To revise existing policies and align them with other related business policies – including a review of any required amendments to incorporate both GFR and GNFR.
- **Wilko Responsible Sourcing policy:**
 - To sign up and review tier 1 GFR suppliers (suppliers who invoice Wilko) and service providers.
 - To review the policy with consideration for the GNFR supply base
- **Recruitment agencies:**
 - To implement Wilko's requirement that all have their own auditable policies and procedures in place with regard to modern slavery.
- **Recruitment procedures:**
 - To carry out an assessment of procedures and take steps to be more robust with regard to modern slavery.
- **Supplier assessment:**
 - To review the feasibility of applying current processes for own-brand GFR suppliers/factories to our GNFR supply base.

Approval

This statement was approved by the boards of Wilkinson Hardware Stores Limited, Wilko Retail Limited, Wilko Asia Limited and W'innovate Limited:

Signed



Sean Toal
Chief Operating Officer
June 2017

