



Wilko modern slavery statement 2018

Our 2018 statement sets out the steps taken during 2017-18 by the Wilko family of businesses (“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 includes slavery, servitude, human trafficking and forced labour. We recognise that this is a global and growing issue which can exist in all economies and business sectors. We have a zero-tolerance approach to any form of modern slavery, and we’re 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 or supply chains.

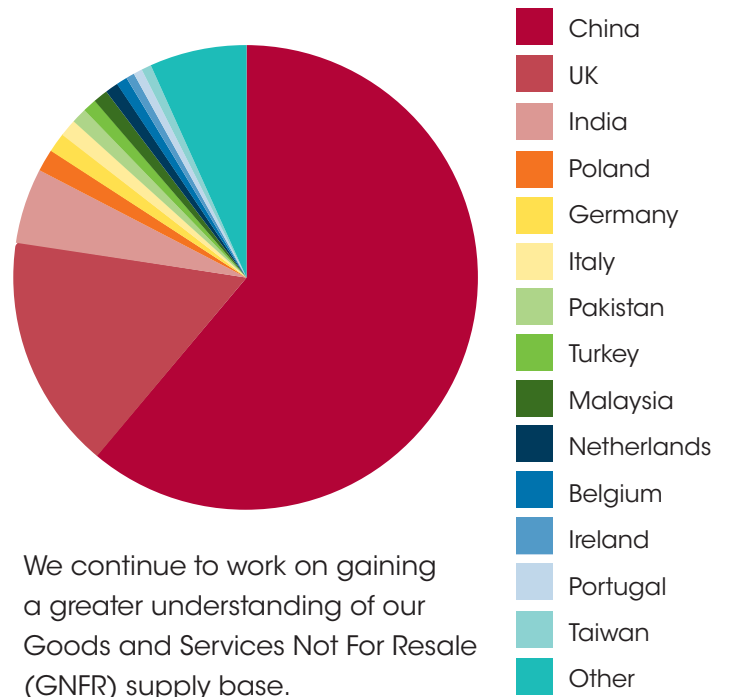
How we do business

As a general stores retailer, we have an annual turnover of £1.9bn, selling a wide variety of products through more than 400 UK stores, as well as online at wilko.com.

We sell over 47,000 products, including over 20,000 wilko branded items, which are produced in over 900 factories located in 42 countries. The majority of our goods for resale (GFR) are sourced from Asia, Europe and the UK.

We’re committed to making sure all employees around the world who are involved in the sourcing and production of our products and services are safe and treated fairly at all times. It’s also our policy to source from factories and suppliers who share this commitment.

Factories producing Wilko brand products split by country



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

We aim to make sure 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
- With as little negative impact on the environment as possible

wilko is a global retailer with
over 4 million
customers each week



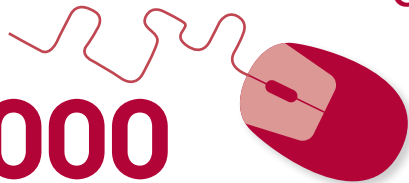
19,000
staff members



400

nationwide stores & counting

over
275,000



people clicked on **wilko.com**
every day last year

We've updated our Goods and Services Not For Resale contract precedents which will place obligations on our suppliers (where appropriate):

- to take steps in investigating and identifying issues relating to 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 make sure it's 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.

At wilko, we're committed to the highest standards of openness, honesty and accountability. As such, we've updated our Whistleblowing policy. We've included specific mention of 'slavery, servitude, forced labour or human trafficking' and have a 'Speak Up' confidential helpline which is run by a third party. This is strictly confidential and can be accessed by wilko team members as well as anyone who works in a factory which manufactures wilko brand products.

We plan to disseminate the Whistleblowing Policy to all our Goods For Resale suppliers and factories and will require that the Speak Up phone number is displayed on notice boards in factories. This will be monitored via our Supplier Management Programme.

We had aimed to have rolled out the new version of our terms and conditions for use with GFR suppliers by September 2017, but due to a corporate restructure we revised this deadline and achieved a roll-out in March 2018. This was to make sure the update received the attention it required.

Our Goods and Services Not For Resale contract precedents have been updated, which will make sure all new contracts contain appropriate obligations when it comes to modern slavery.

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 starts.

Suppliers must provide details of their organisation and their factories, and all will be assessed against the following criteria:

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 our 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 which complies with our Code of Conduct. The wilko SEE audit was updated in May 2015 to include criteria relating to modern slavery.

Our factories are regularly assessed to make sure 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 we'll only exit a factory when they clearly show no willingness or ability to improve.

In 2018 we'll be carrying out a full review of our supplier assessment programme in order to make it more efficient and more effective in picking up non-conformances. We'll also review the process by which we on-board new factories so that we only give business to factories which can show that they share our ethical values.

Measuring effectiveness

We currently track all factories in terms of audit status and factory grading. We complete annual technical scorecards of our suppliers' performances and these incorporate the factory audit status. Our Supplier Scorecard system has been reviewed to make sure it's rigorous enough to differentiate the

quality of our supply chains. It'll be rolled out in 2018 so that we can use it strategically across our businesses to remediate low-performing factories and award more business to high-performing factories and suppliers.

We'll continue to track awareness training through our Learning Management System (LMS) and we'll continue to engage with suppliers through supplier workshops.

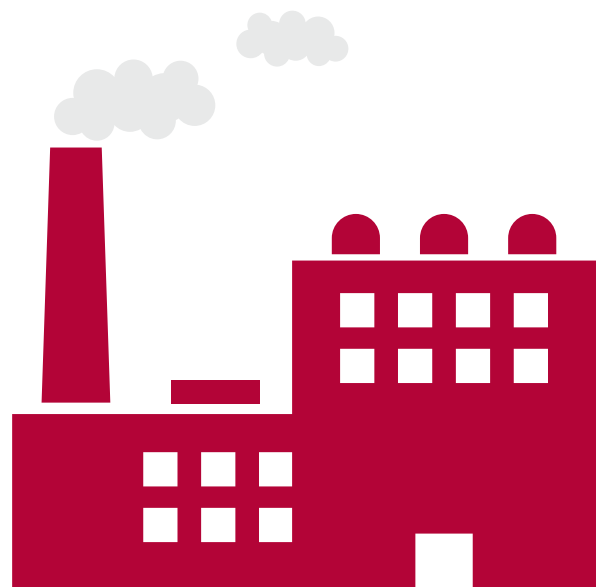
High-level risk areas

We're aware that there are countries, regions and industries which are more susceptible to modern slavery than others. We plan to carry out a risk-based assessment of our supply chains and at the moment we're gathering data to so we'll be able to do that.

In August 2017, Verisk Maplecroft produced the Modern Slavery Index 2017 which showed the UK had moved from the 'low risk' category into 'medium risk'. We also became aware of labour abuse issues, predominantly in the Leicester area but also in London, Manchester, West Yorkshire and the Midlands.

In September, we began a series of unannounced audits on our factories in these areas. Although we didn't find any evidence of slavery or other labour abuses, we uncovered other issues. These were most commonly around Health & Safety, which we were able to work with our factories to resolve.

We'll continue to monitor the situation through the media, NGOs, industry bodies and any other relevant sources, and we'll take proactive steps where we need to.



Update on progress

Gap analysis

We're still working on the two gaps which were previously 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's less obligation on suppliers and service providers to prove their ethical credentials to us.

We've looked at options to use a similar approach with our GNFR suppliers, by using the method that's been applied to own-brand GFR factories. After that, we'll review the measures that we could implement with branded GFR suppliers.

We'd planned to roll out modern slavery awareness posters to be displayed in all employee canteens in 2017, and had produced small cards for all candidates who are invited for interview with us. Due to various restructures within the business we had to put the poster plans on hold. This will now take place later in 2018.

We've identified our distribution centres as high risk for potential labour abuses and modern slavery due to their use of temporary workers sourced through a recruitment agency. The labour provider we use is a Stronger Together business partner, holds a GLA licence and has a robust modern slavery policy. They offer training and ongoing support to team members and managers.

Our Terms & Conditions and standard contract precedents have been updated to reflect what we need from our suppliers. The aim is to oblige suppliers to take all the steps necessary to prevent modern slavery in their own businesses and supply chains.

Training

In October 2017, the Trading Category Management Teams and personnel from our Wilko Worldwide sourcing offices attended an awareness session as part of a sourcing workshop day. The message encouraged CMTs to look beyond the cost per unit at the potential human cost that lay behind it.

Executives in the business were required to complete an awareness course through our Learning Management System (LMS). This will be an annual requirement.

Modern slavery awareness training is also being built into our employee induction programme.



Proposal for 2018-19

We understand that our approach to modern slavery and the assessment of our business and supply chain will require ongoing assessment. We'll do everything we can to reduce the risk within our business in the coming 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:**
 - Our Responsible Sourcing and Ethical Trading policies will be reviewed this year as part of the review calendar of all our Corporate Social Responsibility (CSR) policies.
 - All documentation will be included in the review of GFR and GNFR on-boarding.
- **Wilko Responsible Sourcing policy:**
 - We'll contact all recruitment agencies on our preferred supplier list in order to get copies of their modern slavery policies. This will take place in September 2018.
- **Supplier assessment:**
 - To continue to explore if it will be feasible to apply current processes for own-brand GFR suppliers/factories to our GNFR supply base.
 - A full review of the Wilko Global Supplier Management Programme to ensure it's robust and relevant in an ever-changing landscape. We'll focus particularly on continual improvement.
- **Training**
 - Awareness training continues for specific groups within wilko who've been identified as needing a working knowledge of the issues around modern slavery and forced labour.
 - Individuals and teams will receive awareness training where they've been identified as working in areas of the business where they're most likely to encounter modern slavery or other labour abuses.

Approval

This statement was approved by the boards of Wilkinson Hardware Stores Limited, Wilko Digital Limited, Wilko Retail Limited, Wilko Brands Limited and Wilko Worldwide Limited:

Signed



Sean Toal
Chief Operating Officer
June 2018

