



ETHICAL SOURCING AND SUPPLIER WORKPLACE ETHICAL AND ENVIRONMENTAL ASSURANCE (SWEAA) POLICY GUIDELINES



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Last updated: March 2019

This document is available on the Kingfisher website at

www.kingfisher.com/SWEAAGuidelines

Please check the website for the latest version.

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ABOUT THIS DOCUMENT

Kingfisher's Ethical Sourcing and Supplier Workplace Ethical and Environmental Assurance (SWEEA) Policy (herein referred to as 'Ethical Sourcing Policy'), sets out our overall commitments on ethical sourcing and assurance in our supply chain.

This document provides guidance for Kingfisher procurement functions on Kingfisher's Ethical Sourcing Policy, including scope of policy, explanation of policy requirements and guidance on policy implementation.

Kingfisher also has a Human Rights Policy which sets out our commitment to respect human rights (basic rights and freedoms) of every individual affected by our business. Our Ethical Sourcing Policy provides the detail of how we will implement human rights due diligence in our supply chain.

It should be noted that Kingfisher has a target to 'ensure suppliers meet our ethical and environmental standards by 2020'. These standards are set out in Kingfisher's Ethical Sourcing Policy – and therefore the target helps to drive implementation of the policy.

GUIDANCE ON SCOPE OF THE POLICY

Kingfisher's Ethical Sourcing Policy applies to the sourcing of all goods for resale (referred to as GFR) and procurement of goods and services not for resale (referred to as GNFR).

It should be noted that although the policy is applicable across both GFR and GNFR, there are a number of differences in how the policy is applied across the two functions. This is due to differences in scale of the purchasing, ethical risks and nature of procurement, which includes provision of services for GNFR. We have included a separate section on specific GNFR requirements.

EXPLANATION OF POLICY REQUIREMENTS

Kingfisher's Supply Chain Workplace Standards

Kingfisher's Ethical Sourcing Policy states:

- 'we will source from suppliers that share our commitment to respect human rights and the environment by requiring them to comply with our Supply Chain Workplace Standards'.

Explanation of this requirement:

Kingfisher's Supply Chain Workplace Standards set out minimum standards on labour practices and environment, which are in line with the Ethical Trading Initiative (ETI) Base Code and ILO fundamental Conventions on worker rights. Kingfisher's Supply Chain Workplace Standards are available on our website at www.kingfisher.com/SCWorkplaceStandards.

They have been translated into a number of languages. These are available on our website at www.kingfisher.com/SupplierResources.

Sedex – Supplier Ethical Data Exchange

Kingfisher's Ethical Sourcing Policy states:

- 'we will use Sedex – Supplier Ethical Data Exchange – to promote sharing of supply chain information, including ethical risks and audits'.

Explanation of this requirement:

Sedex is a collaborative platform for sharing responsible sourcing data on supply chains (www.sedexglobal.com).

It enables our suppliers to share ethical audit information with multiple customers, and also provides a common method for risk assessment (Sedex Self-Assessment Questionnaire) and audit (Sedex Members Ethical Trade Audit, referred to as SMETA). See further details below on risk assessment and audit.

There are three types of Sedex membership – A, AB, and B. As a retailer, Kingfisher is a Sedex 'A' member and this gives Kingfisher full visibility of audits for all suppliers' sites that are linked.

There are two membership options for suppliers in Sedex – a 'B' member or 'AB' member. Both types of membership enable suppliers to link Kingfisher to their own production sites (sites linked 'directly' to us) and suppliers' production sites (sites linked 'indirectly' to us). The membership fee for 'B' members is an annual fee per site. The cost of 'AB' membership is turnover based.

Kingfisher has produced a guidance note for Offer and Supply Chain (OSC) suppliers on how to register on Sedex. This is available on our website at www.kingfisher.com/SedexGuidance.

Risk assessment

Kingfisher's Ethical Sourcing Policy states:

- 'we will identify high risk suppliers / sites that require ethical audit (as a minimum, the risk assessment covers all production sites of finished goods to Kingfisher).'

Explanation of this requirement:

In order to identify risk, Kingfisher takes into account geographical location and product sector.

The Sedex platform provides two tools to assess risk. These are:

- Inherent risk assessment - based on the country and sector.
- Risk assessment based on answers to the Sedex self-assessment questionnaire (SAQ)

Sedex provides a score for both the inherent risk and SAQ risk. It also provides a combined risk score – which takes into account both the inherent risk and SAQ risk.

All production sites that produce finished goods (for resale) register on Sedex and complete the self-assessment questionnaire (to a minimum of 95%). We aim to complete this by the end of 2020. Further disclosure of sites in the extended supply chain (e.g. sites producing component parts) may be requested dependant on the risk associated with the country/process used.

We use a different risk assessment process for Goods Not For Resale (GNFR) (see page 8).

Ethical audit process

Kingfisher's Ethical Sourcing Policy states that we will:

- 'require high risk suppliers / sites to have a Sedex members ethical trade audit (SMETA) or equivalent - which is less than two years old.'

Explanation of this requirement:

Type of audit:

We require a SMETA 4 pillar audit or accept audits already conducted by suppliers if they use an equivalent standard. These currently are Kingfisher CSR audit, BSCI – Business Social Compliance Initiative (grade C or above), SA8000 – Social Accountability (SA) 8000, FFC – Fair Factories Clearing House, FLA – Fair Labour Association, ICTI – International Council for Toy Industries, Intertek Workplace Conditions Assessment (WCA) Report. This list is regularly reviewed and updated.

The SMETA 4 pillars are labour standards, health and safety, environment and business ethics.

There are three types of audit arrangement – announced, semi-announced and unannounced (see Appendix 3 for a detailed explanation of these terms). Any new audit (including follow-up, annual or periodic audits) conducted for Kingfisher should be a semi-announced or unannounced audit.

The type of SMETA audit is different for Goods Not For Resale (GNFR). See page 8.

Frequency of audit:

We require that acceptable, existing audits are less than two years old.

High risk supplier sites are required to have a re-audit within two years (except for supplier sites graded 'unsatisfactory', where a re-audit is required within one year).

Audit payment

Ethical audit costs (both initial and follow up) are paid for by our suppliers. Approved auditors and associated audit costs are provided during the supplier tender process (RFX stage).

Approved auditors

New ethical audits requested by Kingfisher must be carried out by Kingfisher's approved audit companies. There are currently two approved audit companies – SGS and Asia Inspection – and an agreement has been negotiated with them which sets out fixed audit fees and conditions, such as lead times. This helps suppliers to find a cost effective and efficient audit company and ensures audits are carried out to Kingfisher's requirements. The pricing schedule is made available to prospective OSC suppliers during the supplier tender process (RFX process). Alternatively, please contact the OSC Head of Responsible Sourcing.

Recognised auditors

If a supplier has already carried out an ethical audit for another customer, Kingfisher will accept the audit if it is carried out by an audit company recognised by Kingfisher. A list of

recognised audit companies is show in Appendix 2. This is a new requirement which applies from May 2018. The list will be regularly reviewed and updated.

It should be noted that the Association of Professional Social Compliance Auditors (ABSCA) is currently developing a certification process for social auditors, that will test and validate that auditors demonstrate the APSCA defined auditor competencies. Therefore, Kingfisher will seek to use this in the future once it's available.

Ethical audit outcome

Kingfisher's Ethical Sourcing Policy states:

- 'we will act on non-conformances'
- 'we will collaborate with suppliers to improve standards over time'.

Explanation of this requirement:

Non-conformances and corrective actions

As part of the SMETA audit process, the auditor will set out corrective actions required to address any non-conformances. It should be noted that the timescale for closing out non-conformances is determined by the auditor and is stated in the corrective action plan of the audit report. Auditors give between 30 to 60 days on average for an issue to be closed out, but the exact timescales depend on the severity and nature of the non-conformance issue.

Suppliers are required to implement any corrective actions within the timeframe recommended by the auditor and to report progress to their auditor. Auditors are responsible for updating Sedex to show when corrective actions are 'verified' as closed out.

Kingfisher conducts regular reviews of corrective actions to check they are closed out and engages directly with suppliers if there are any concerns about implementation.

Supplier grading

SEDEX classifies any non-conformances identified in the audit by criticality - Minor, Major, Critical or Business Critical.

Kingfisher grades suppliers based on the number and criticality of non-conformances (see Appendix 3 for details of the grading methodology). Kingfisher's overall aim is to drive improvement in the supply chain, engaging with suppliers to improve standards over time according to their grade:

- If the grade is "Fair", "Good" or "Excellent": we support and encourage them in maintaining and building on existing good practices whilst addressing any areas of improvement.
- If the grade is "Needs Improvement" or "Unsatisfactory": the site / supplier is required to complete the agreed Corrective Action Plan with the ultimate aim being that the grade improves to at least "Fair". A 'needs improvement' or 'unsatisfactory' grade does not prevent orders being placed.
- Existing orders are blocked and no new orders are placed with sites / suppliers that

are graded as “Business Critical” (i.e. Business Critical points have been identified or there are four or more Critical non-conformance issues). See further details in the section below on ‘consequences for non-conformance’

As well as auditing suppliers, we aim to work with them to drive progress against our sustainability targets, including targets on sustainable home products, responsible sourcing of wood and paper and chemicals.

Consequences for non-conformance

Kingfisher’s Ethical Sourcing Policy states that we will:

- ‘take decisive and swift action in the event that business critical failings are identified.’

Explanation of this requirement:

Business Critical failings represent the highest level of breach and require immediate action. They include:

- An issue which presents imminent risk to Workers’ safety/risk to life and limb or constitutes a significant breach of Workers’ human rights, and/or;
- Represents an imminent threat to the environment or community; or
- A breach of local, national or international law or regulations; or
- A Non-Conformance that has not been addressed or for which no significant improvement has been made by the time of a Follow up Audit, in spite of Supplier commitment to resolve the issue.
- An attempt to pervert the course of the Audit through fraud, coercion, deception or interference.
- A factory refuses to share the results of a SMETA audit (both an initial or follow up) with Kingfisher.

Kingfisher needs to ensure that it is notified quickly of any sites graded as “Business Critical” (i.e. those with Business Critical issues or four or more Critical issues). As part of Kingfisher’s agreement with the audit companies SGS and Asia Inspection, they are required to notify Kingfisher of any Business Critical and Critical issues.

In the event that Business Critical points have been identified, existing orders will be blocked and no new contracts or new orders will be placed until the Business Critical issues have been remediated (or the number of critical issues has been reduced below the threshold amount) and signed off by the audit company that undertook the initial ethical audit.

If any of the following violations occur, the production site / supplier will be placed on a restricted vendor list of factories/ suppliers NOT permitted to supply Kingfisher:

- Business Critical Issues are identified in the audit and the site / supplier shows no willingness to rectify them;
- No Corrective Action Plan (CAP) has been agreed and signed by the supplier during the closing meeting;
- The site / supplier continuously refuses to implement an agreed Corrective Action Plan (CAP);
- Access to the site / supplier to undertake an ethical audit is denied or the factory/production site refuses to share the audit results.

Our wider supply chain

Kingfisher's Ethical Sourcing Policy states that we will:

- 'progressively extend our risk assessment and audit programme to incorporate our wider supply chain.'

Explanation of this requirement:

We recognise that there are ethical risks in our extended supply chain, particularly in the sourcing of certain raw materials. We therefore aim to progressively extend our ethical risk assessment and audit programme to incorporate our wider supply chain.

We are working on some initiatives, such as TFT Responsible Stone programme, but the main priority for 2017/18 is the roll out of Sedex and ethical audits to high risk suppliers of finished goods and direct suppliers of services.

We aim to move beyond audit to more active engagement with suppliers in 2018/19 and then move towards collaborative partnerships in 2019 and beyond.

Specific requirements Goods and Services Not For Resale (GNFR)

There are a number of differences in the way the policy is applied to procurement of goods and services not for resale (GNFR). This is due to differences in the scale of the purchasing, ethical risks and nature of procurement, which also covers provision of services.

Risk assessment: There is a different approach to risk assessment. The Sedex platform is not currently used to identify risk since many of the GNFR suppliers are low-risk and the current Sedex risk assessment tools are not designed for service providers (which account for a significant part the GNFR spend). Instead of using Sedex, an initial ethical / modern slavery risk assessment has been carried out of the GNFR buying categories. This risk assessment was done by Stop the Traffik, an organised dedicated to preventing human trafficking and modern slavery.

It should be noted that Kingfisher is participating in a Sedex Working Group for GNFR to enhance the Sedex products for service providers, including the Self Assessment Questionnaire. In the interim, we have developed our own self-assessment questionnaire for service providers, which we are using to help prioritise suppliers for audit.

Around 300 key suppliers account for nearly 80% of our spend on goods and services not for resale. We prioritise our ethical risk assessment and audit on these key GNFR suppliers.

Type of audit: For suppliers of services identified as high risk, we require a 2-pillar audit (which covers labour standards and health and safety) and encourage suppliers to conduct a 4 pillar audit. It should be noted that Sedex has a separate methodology for service provider audits – described in the SMETA supplement for service providers. Where applicable, it requires that the audit covers head office processes as well as a sample of sites where the service is provided. The head office review may be on an announced basis, but any site visits should be semi-announced or unannounced (see Appendix 3 for a detailed explanation of the terms announced, semi-announced and unannounced audits).

GUIDANCE ON POLICY IMPLEMENTATION

Key stages of procurement process

The requirements of Kingfisher's Ethical Sourcing Policy are incorporated into key stages of the procurement process. These include:

Selection process for new suppliers

- Potential new suppliers are asked to confirm they will comply with Kingfisher's Supply Chain Workplace Standards and ethical risk assessment and audit requirements if they are selected as a supplier. Suppliers are responsible for paying the fee for Sedex membership and audit costs (if required).

Supplier contracts

- Supplier contracts require compliance with the Supply Chain Workplace Standards and ethical risk assessment and audit requirements.

Supplier performance review

- Ethical audit results are continuously monitored and action taken to address non-conformances (see previous sections on ethical audit outcome and consequences for non-conformance).
- Performance reviews of suppliers' cover compliance with our ethical risk assessment and audit requirements.

Communicating with suppliers

Kingfisher's ethical sourcing requirements are clearly documented and communicated to suppliers at relevant stages of the sourcing process.

OSC set out detailed requirements on ethical sourcing in the OSC vendor manual.

APPENDIX 1: KINGFISHER'S ETHICAL SOURCING AND SUPPLIER WORKPLACE ETHICAL AND ENVIRONMENTAL ASSURANCE (SWEEA) POLICY

www.kingfisher.com/EthicalSourcingPolicy

Policy Vision

We are committed to promoting the ethical, environmental and health and safety practices we set within our own business in our supply chain.

The Policy

We will:

- source from suppliers that share our commitment to respect human rights and the environment by requiring them to comply with our Supply Chain Workplace Standards.
- use Sedex – supplier ethical data exchange (www.sedexglobal.com) – to promote sharing of supply chain information, including ethical risks and audits.
- identify high risk suppliers / sites that require ethical audit (as a minimum, the risk assessment covers all production sites of finished goods to Kingfisher).
- require high risk suppliers / sites to have a Sedex members ethical trade audit (SMETA) or equivalent¹ - which is less than two years old - and act on non-conformances.
- take decisive and swift action in the event that business critical failings are identified.
- collaborate with suppliers to improve standards over time.
- progressively extend our risk assessment and audit programme to incorporate our wider supply chain.
- develop strategic community programmes in our key sourcing regions.

Related documents

- Supply Chain Workplace Standards
www.kingfisher.com/SCWorkplaceStandards
- Ethical Sourcing and SWEEA Policy Guidelines
www.kingfisher.com/SWEEAGuidelines
- Guidance note for suppliers on how to register on Sedex and link to Kingfisher
www.kingfisher.com/SedexGuidance

¹ We require a SMETA 4 pillar audit. However, we will also accept audits already conducted by suppliers if they use an equivalent standard. These currently are: Kingfisher CSR audit, BSCI – Business Social Compliance Initiative (grade C or above), SA8000 – Social Accountability 8000, FFC – Fair Factories Clearing House, FLA – Fair Labour Association, ICTI – International Council for Toy Industries, Intertek Workplace Conditions Assessment (WCA) Report. This list is regularly reviewed and updated.

APPENDIX 2: LIST OF RECOGNISED AUDIT COMPANIES

If a supplier has carried out an ethical audit for another customer, Kingfisher will accept the audit if it is carried out by an audit company recognised by Kingfisher.

A list of audit companies recognised by Kingfisher is shown below. This list is regularly reviewed and updated.

New ethical audits requested by Kingfisher must be carried out by Kingfisher's approved audit companies (see page 5).

List of recognised audit companies

Audit company - name on Sedex	Sedex ZC Code	Type
ABS Quality Evaluations Inc.	ZC1019611	Commercial
ALGI	ZC1086642	Commercial
Pedro Fernandes (APCER)	ZC1094873	INDEPENDENT
Susana Pacheco APCER	ZC3606120	INDEPENDENT
BSI Group	ZC1021464	Commercial
Bureau Veritas (click Company Name to choose the Region)	ZC1091802	Commercial
Centre Testing International Corporation	ZC1062835	Commercial
DNV GL	ZC1060431	Commercial
EUROCERT SA (click Company Name to select local office)	ZC1051950	Commercial
Globalgroup Certification Limited	ZC1086435	Commercial
HKQAA HKQAA ZU250764	ZC1094097	INDEPENDENT
HKQAA HKQAA ZU3339946	ZC3339947	INDEPENDENT
Institute of Quality and Control	ZC5101776	Commercial
IQC - Institute of Quality and Control	ZC5101776	Commercial
INTERTEK HQ (click Company Name to select local office)	ZC1047750	Commercial
IQ Net Ltd	ZC1079222	Commercial
LRQA Ltd	ZC5004984	Commercial
LSQA	ZC1024589	Commercial
RINA SERVICES S.p.A	ZC1016854	Commercial
SGS	ZC1080534	Commercial
TUV NORD CERT GmbH	ZC1069303	Commercial
TUV Rheinland	ZC1084214	Commercial
TÜV SÜD	ZC1058104	Commercial
Asia Inspection Ltd	ZC1056704	Commercial
Elevate Limited	ZC1030583	Commercial
CSR SOLUTIONS LIMITED	ZC1078692	Commercial

APPENDIX 3: SUPPLIER GRADING METHODOLOGY

How we score audits

- Sedex assigns a criticality ('minor', 'major', 'critical', 'business critical') to each of the different non-conformances.
- Kingfisher uses the default criticality assessment, agreed by the Sedex Stakeholder Forum for most of the non-conformances.

How we grade sites

- Kingfisher allocates a grade to each production site which is based on the audit results (number and criticality of non-conformances).
- The table shows the grades and criteria we use to allocate the grades.

Grading summary

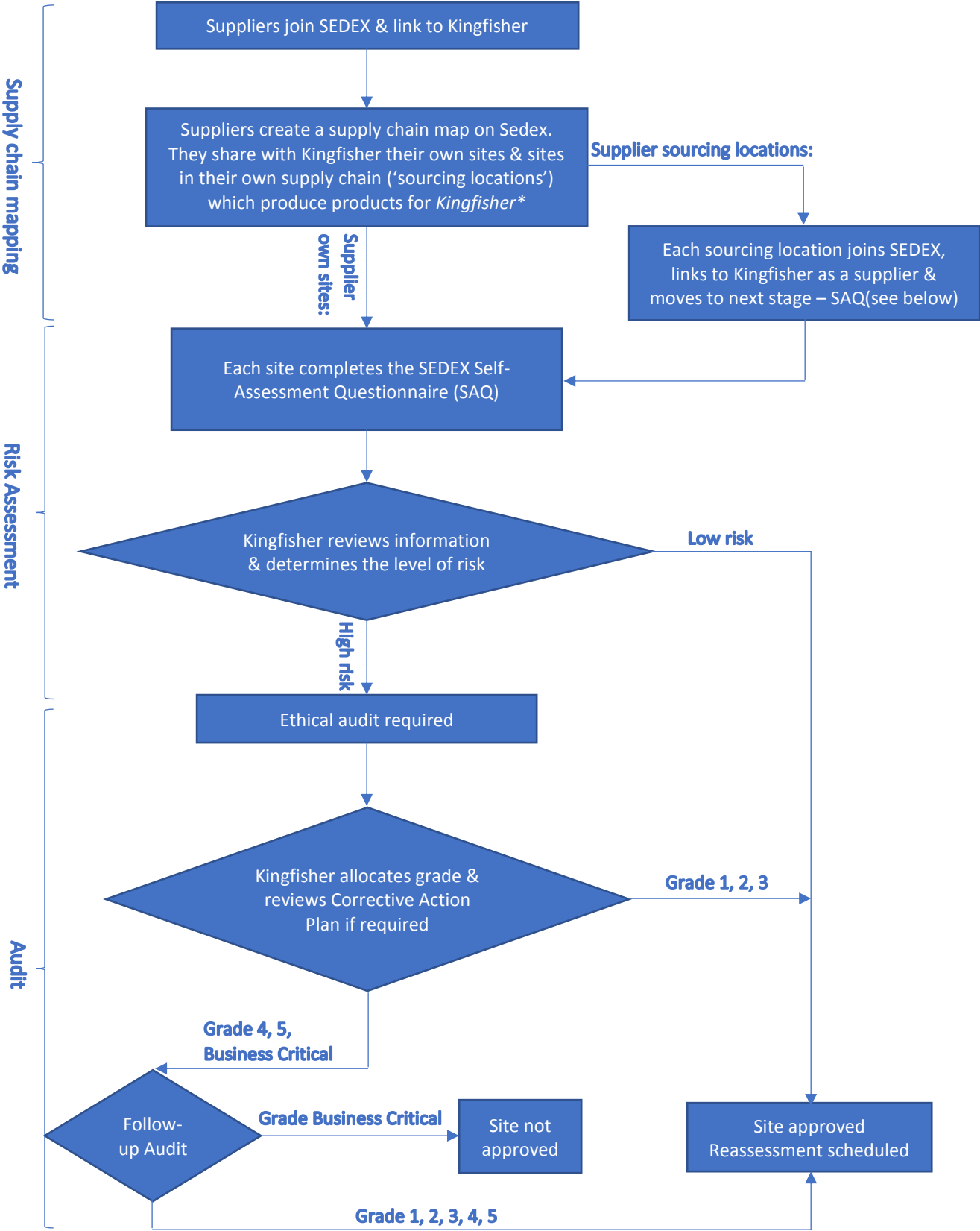
Grade	Description	Validity
1 Excellent	There are no Non-Compliance issues and no Observations on this audit.	Most recent audit
2 Good	There are no Minor Non-Compliances on this audit. (There is at least one Observation.)	Most recent audit
3 Fair	There are no Major Non-Compliances on this audit. (There is at least one Minor Non-Compliance.)	Most recent audit
4 Needs improvement	There are three or fewer (i.e. between 1 and 3) Major Non-Compliances on this audit.	Most recent audit
5 Unsatisfactory	There are four or more Major Non-Compliances on this audit.	Most recent audit
	There are three or fewer (i.e. between 1 and 3) Critical Non-Compliances on this audit.	Most recent audit
Business Critical	There are four or more Critical Non-Compliances on this audit.	Most recent audit
	There are 1 or more Business Critical Non-Compliances on this audit.	Most recent audit

Grading detail

Grade	Observation	Minor	Major	Critical	Business Critical
1 Excellent	0	0	0	0	0
2 Good	> 0	0	0	0	0
3 Fair	> = 0	> 0	0	0	0
4 Needs improvement	> = 0	> = 0	1-3	0	0
5 Unsatisfactory	> = 0	> = 0	> = 4	0	0
	> = 0	> = 0	> = 0	1-3	0
Business Critical	> = 0	> = 0	> = 0	> = 4	0
	> = 0	> = 0	> = 0	> = 0	> 0

APPENDIX 4: OVERVIEW OF ETHICAL SOURCING PROCESS

OVERVIEW OF ETHICAL SOURCING PROCESS



*As a minimum, we will require suppliers to identify all sites producing finished goods for Kingfisher.

APPENDIX 5: DEFINITION OF TERMS

Term	Definition
Agent / Importer	Intermediaries directly contracted by a Group Company to source, import and supply products for sale or use but do not actually produce the products themselves.
Agency Worker	Workers that are employed by an employment agency (labour broker) but that undertake work for one of the employment agency's clients (e.g. an Employment Site). Typically, Agency Workers are paid by the employment agency and the labour user (e.g. the Employment Site) will pay the employment agency a fee for the use of its workers.
Audit	<p>Systematic, independent and documented process for obtaining evidence and evaluating it objectively to determine the extent to which ethical and environmental standards criteria are met.</p> <p>There are three types of audit arrangement – announced, semi-announced and unannounced (defined below). Any new audit (including follow-up, annual or periodic audits) conducted for Kingfisher should be a semi-announced or unannounced audit.</p> <p><u>a) Announced Audits:</u> A mutually convenient date is agreed with the Employment Site. Kingfisher does not accept announced audits for any new audits to avoid the risk that the employment site may make special preparations for the audit.</p> <p><u>b) Semi-Announced Audits:</u> The Employment Site is aware that Audit will take place during a given time period, but the actual date of Audit is not communicated. Semi-Announced audits reduce the risks to the commercial relationship and increase the ability of the Group Company to remediate. The Group Company should clearly communicate the requirements on Semi-Announced Audits to Suppliers and Employment Sites, which includes the following:</p> <ul style="list-style-type: none"> • A window will be specified during which an Audit may take place. Audit windows may range between 2 weeks to 3 weeks. • All Employment Sites are required to provide up-to-date and accurate pre-audit and self-assessment information at the beginning of the window. • Auditors presenting the correct credentials during the Audit window should be allowed full access to the Employment Site. • The necessary records should be kept at the Employment Site during the window. <p><u>c) Unannounced Audit:</u> The Employment Site has no prior warning of the Audit. Unannounced Audits allow auditors to assess the conditions at an Employment Site in their normal state, since the Employment Site has not had the opportunity to make</p>

Term	Definition
	<p>any special preparations. However there is a risk that the Employment Site will perceive unannounced auditing as deceitful, that the auditor will not be able to gain access to the facility and/or that the necessary information and personnel may not be available on the day of the visit to complete the Audit.</p> <p>To minimise these risks, the Group Company should clearly communicate the requirements on Unannounced Audits to Suppliers and Employment Sites. The requirements should state that:</p> <ul style="list-style-type: none"> • Audits may occur at any time on an unannounced basis • All Employment Sites are required to provide both pre-audit and self-assessment information on a regular basis and this information must be accurate • Auditors presenting the correct credentials should be allowed full access to the Employment Site • The necessary records should always be kept on the Employment Site or readily available. <p>Note: Whilst Unannounced Audits are extremely effective at identifying an accurate picture of working conditions at the Employment Site, and may help uncover high risk issues, their use can undermine the relationships along the supply chain, reducing the ability of Kingfisher to remediate. Unannounced Audits should be reserved for Due-Diligence checks or to investigate specific issues (critical issues suspected, lack of commitment/involvement of the suppliers, suspicion of fraud).</p>
Capacity Building	The strengthening of internal structures, systems and processes, management, leadership, governance and overall staff capacity to successfully manage sustainability issues and improve their sustainability performance.
Casual Worker	Workers who are not part of the permanent workforce, but who supply services on an irregular or flexible basis, often to meet a fluctuating demand for work.
Child Labour	Child Labour: defined either by the national minimum age for employment or the age of completion of compulsory education or any otherwise specified exceptions; and any person under the age of 15, whichever of these is higher. If however, local minimum age law is set at 14 years of age in accordance with developing country exceptions under ILO Convention 138, this lower age may apply.
Civil Society Organisation	Non-governmental (NGOs) and not for profit organisations that have a presence in public life, expressing the interests and values of their members or others, based on ethical, cultural, political, scientific, religious or philanthropic considerations. These organisations include community groups, NGOs, trade unions, indigenous groups, charitable organisations, faith-based organisations, professional associations and foundations.

Term	Definition
Corrective Action	Measures taken to eliminate a Non-Conformance identified during an Audit.
Corrective Action Plan	A plan of action drawn up at the end of an Audit that records what measures have to be taken and within what timescale to remedy the Non-Conformance.
Business Critical point	Define the minimum entry standard for all Suppliers as a condition of supply.
Due-Diligence	The investigation or Audit of a potential business partner (individual or company) before entering into a contract, in order to determine the ethical and environment including corruption or bribery risks of the engagement.
Employment Site	Employment Sites are sites used in connection with producing and supplying items to Kingfisher Group Business Units. These include final finishing and assembly locations, subcontractors and homeworkers and locations used to store and distribute finished goods. An employment site could be an individual / specific production site, farm, quarry, mine, service site etc (including where applicable Subcontractors / Homeworkers) producing, distributing or supplying products and services to Kingfisher's Supplier.
Follow-up Audit	An Audit to assess the effectiveness of Corrective Actions, undertaken to address non-conformances from a previous Audit. A Follow-up Audit can be either a Full or Partial Follow-up Audit. <ul style="list-style-type: none"> a) Full follow-up audit: An Audit to assess the effectiveness of Corrective Actions, undertaken to address non-conformances from a previous Audit. The Audit should include a full review of all areas of the standard Audit process, including the complete re-sampling of documents, conducting interviews and the Employment Site tour. b) Partial Follow-up Audit: An Audit to assess the effectiveness of Corrective Actions, undertaken to address non-conformances from a previous Audit. The Audit does not include a full review and only focusses on the issues identified in the Corrective Action Plan.
Global Social Compliance Programme	Global Social Compliance Programme (GSCP) is a business-driven programme for the continuous improvement of working and environmental conditions in global supply chains. The GSCP was created by and for global buying companies wanting to work collaboratively on improving the sustainability (social and environmental) of their often-shared supply base. To this end, these companies are working on harmonising existing efforts to deliver a shared, global and sustainable approach based on consensus and best existing practice.
Group Business Units	All business entities and subsidiaries of Kingfisher plc, including Operating Companies, Offer and Supply Chain (OSC), Joint Ventures where Kingfisher plc has a holding of 50% or more. 'Kingfisher Group Business Units' has been used as the preferred term throughout, unless a specific Business Unit is identified in the text.

Term	Definition
Homeworker	A Homeworker is someone who, for a fixed rate of remuneration, carries out work in their home for an employer who is not the final consumer of the product or service provided.
Human Trafficking	<p>The movement of a person from one place to another into conditions of exploitation, using deception, coercion, the abuse of power or the abuse of someone's vulnerability. It is possible to be a victim of trafficking even if consent has been given to being moved. Although human trafficking often involves an international cross-border element, it is also possible to be a victim of human trafficking within the victims own country.</p> <p>From the first draft of the business guidance for the transparency in supply chains (TISC) provision in the Modern Slavery Act 2015 which provides the following definition of human trafficking: "An offence of human trafficking requires that an individual arranges or facilitates the travel of another person with a view to that person being exploited. The offence can be committed even where the victim consents to the travel. This reflects the fact that a victim may be deceived by the promise of a better life or may be a child who is influenced to travel by an adult. The exploitation of the potential victim does not need to have taken place for the offence to have been committed, simply that the movement of the individual was with a view to exploiting them either for sexual exploitation or non-sexual exploitation, including labour."</p>
Initial Audit	The first Audit undertaken on an Employment Site which assesses conformance against Kingfisher's ethical and environmental requirements.
Migrant Worker	A person who is engaged in remunerated activity, who has moved to a country, province or region of which they are not a native, where they are not eligible to or do not intend to become permanent residents.
Modern Day Slavery	Modern Day Slavery is a collective term used to describe forms of slavery that still exist today, even after traditional slavery has been outlawed everywhere. It covers a range of abuses, debt bondage, serfdom, forced labour, child slavery, sexual slavery, forced or early marriages etc.
Non-Conformance	A confirmed breach of Kingfisher's Supply Chain Workplace Standards. Sedex classes non-conformances by criticality - Business Critical, Critical, Major Non-Conformance or Minor.
Non-Compliance	A confirmed breach of a local, national or international law or regulation.
Preventive Action	Actions implemented in response to the identification of potential sources of Non-Conformance or to prevent occurrence of a similar Non-Conformance elsewhere in the facility or in the company's other operations.
Product Categories	<p>Products are classified according to the following categories within Kingfisher:</p> <ul style="list-style-type: none"> • <u>International Brand</u>: Supplier of branded products not unique or exclusive to Kingfisher Group Business Units <u>and</u> sold internationally (more than one jurisdiction). • <u>Manufacturer / Vendor Brand</u>: branded products not unique or exclusive to Kingfisher or its Kingfisher Group

Term	Definition
	<p>Business Units, the brands do not operate in more than 1 geography. Increasingly referred to as Unified Local (UL).</p> <ul style="list-style-type: none"> • <u>Own-Brand</u>: brands owned by Kingfisher Group Business Units (e.g. Diall, Mac Allister, Castorama, Screwfix etc) and/ or products with the name of the brand or Kingfisher / Group Companies identifiable on the product and / or packaging. • <u>Exclusive Brand</u>: branded products made exclusively for Kingfisher Group Business Units for sale in stores either indefinitely or a defined period of time. • <u>Unbranded</u>: often referred to as 'No Name' a product with no brand or has no major national presence. For the sake of this Group Standard we intend to treat unbranded products on a par with own-brand & exclusive brand products • <u>Goods Not for Resale (GNFR)</u>: Otherwise known as 'indirect procurement' and refers to goods and services that enable Kingfisher Group Business Units to function and operate (i.e. anything that is not sold to customers). • <u>Packaging</u>: Materials used for the containment, protection, handling, delivery and preservation of goods from the producer to the user or consumer.
Production Site	Synonymous for the purpose of these Guidelines with 'Employment site' or 'Workplace'.
QMT	Quality Management Tool (QMT) is used by the Quality Assurance (QA) team when validating products and vendors against a range of technical and sustainability requirements. The QMT has an ethical audit module and a QMT/Sedex interface inputs data from Sedex into QMT.
Re-audit	A new Audit which is performed on an Employment Site that has already been audited against Kingfisher's Supply Chain Workplace Standards.
Recruitment fees	Migrant workers frequently pay fees to agencies and brokers for recruitment and placement in jobs abroad. These fees may cover costs including the recruitment itself, travel, visa and administrative costs, and often other unspecified 'fees' and 'service charges'. These fees are often substantial and are sometimes set up as loans with high rates of compound interest. As a result many workers are already exploited and vulnerable before they even arrive at their place of work.
Root Cause	A Root Cause is the underlying reason behind a Non-Conformance and should be permanently eliminated through process improvement. Root Cause analysis is a collective term that describes a wide range of approaches, tools, and techniques used to uncover the underlying cause of problems.
Service Provider	Suppliers who have a central head office with management structures to administer the provision of staff to provide services which could be on other third-party sites or sites owned by Kingfisher Group Business Units. Examples include general and

Term	Definition
	specialist cleaning companies, waste management, installation or servicing of equipment, professional services, and transport and logistics services.
Supplier	Any contracted partner which supplies a Group Company with products or services. <u>Existing Supplier:</u> Those Suppliers where there is a 'live' contract in place and are actively producing and supplying products and services to Kingfisher Group Business Units.
Subcontractor	An individual or a group of individuals to whom a contract outsources the manufacture of a product or part-product or supply of a service.
Supply Chain Workplace Standards	Kingfisher's Supply Chain Workplace Standards set out ethical and environmental standards for suppliers. We audit suppliers against the standards set out in the SMETA audit protocol, which are in line with our standards.
Temporary Worker	A Temporary Worker is a Worker who is employed directly by the employer, but on a contract that is for a specified period of time. When the contract ends there is no obligation for the employer to continue the employment agreement.
Top Supplier (OSC)	Suppliers in scope for the Top Supplier programme as defined and amended from time to time by Offer and Supply Chain. Kingfisher Group Business Units who work with 'Top suppliers' on more strategic and / or long-term basis, can clarify with the Director of Sustainability, Offer and Supply Chain what requirements would be needed to leverage the strategic nature of these suppliers. This might involve integrating our ethical and environmental requirements into a longer-term, strategic plan and should set the direction, strategy and action for the Supplier's implementation of sustainability requirements. The aim of any strategy might include elements of: <ul style="list-style-type: none"> • Improve performance and risk management; • Build capacity; • Foster commitment to sustainability; and • Improve the flow of reliable sustainability information from supplier to Group Company
Verification	Examination of claims made about the actual observance of code or standard provisions by Suppliers or of claims made about the activities that a company undertakes to give effect to its code. Verification implies that participating companies must have internal auditing or monitoring systems in place.
Young Worker	Any worker between the ages of 16 and 18 years old. Dependant on local laws they may be entitled to work, as long as the work is not hazardous, at night or at height.
Worker	A person working on an Employment Site in any capacity.
Workplace	Synonymous for the purpose of this Group Standard with 'Employment site'