



Ethical Sourcing: Vendor Guidelines

Contents

About this document	1
Overview of our policy requirements on ethical sourcing	1
Monitoring performance of suppliers: Goods For Resale (GFR)	3
Key requirements for GFR suppliers	3
Monitoring performance of suppliers: Services and Goods Not For Resale (GNFR)	9
Key requirements for GNFR suppliers	9
Appendix 1: How we identify high-risk GFR suppliers	11
Appendix 2: Guidance on audit standards and grades	13
Appendix 3: Overview of GFR ethical sourcing process	15
Appendix 4: Definition of terms	16

About this document

Kingfisher's Human Rights Policy (www.kingfisher.com/HumanRightsPolicy) sets out our commitment to ethical sourcing and assurance in our supply chain.

This document provides guidance for Kingfisher suppliers on our policy requirements on ethical sourcing, including details of how we work with suppliers to monitor their performance.

It should be noted that ethical sourcing is sometimes referred to within Kingfisher as Supply Chain Workplace Ethical and Environmental Assurance (SWEEA).

Overview of our policy requirements on ethical sourcing

As set out in our Human Rights Policy, we have identified our supply chain as a key area of risk and seek to address this risk through ethical sourcing. The table shows our policy commitments on ethical sourcing and provides some further explanation on what these mean for vendors.

Kingfisher policy requirements on ethical sourcing	Explanation of requirements
<p>Require all suppliers to comply with our Supply Chain Workplace Standards (as stated in our Code of Conduct and we expect it to be stipulated in supplier contracts).</p>	<p>Kingfisher's Supply Chain Workplace Standards (available at www.kingfisher.com/SCWorkplaceStandards) 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. We also seek to ensure they are aligned to any additional requirements included in the audit standards set by Sedex and Amfori BSCI.</p> <p>Translations of the Standards into languages used across our markets are available at www.kingfisher.com/ResponsibleBusinessPolicies</p>
<p>Monitor performance of suppliers to address key risks.</p>	<p>The way we monitor performance is tailored to our two different categories of vendor – those supplying us with Goods For Resale (GFR) and those supplying us with services and Goods Not For Resale (GNFR).</p> <p>We seek to use monitoring tools that provide us with an independent assessment of supplier performance. We currently use Sedex and Amfori BSCI for GFR and EcoVadis for GNFR. See next section on monitoring performance for further details of the approach we take for GFR and GNFR.</p>
<p>Support suppliers to manage human rights / modern slavery risks with training and capacity building to improve standards over time, with a focus on suppliers of Own Exclusive Brand (OEB) products.</p>	<p>We seek to work in collaboration with our vendors to improve standards over time. For example, we provide regular workshops/training sessions for our OEB vendors in Asia.</p>

Kingfisher policy requirements on ethical sourcing	Explanation of requirements
Work in partnership with external stakeholders (including other companies and non-governmental organisations) to find solutions to human rights issues across our supply chain – taking an approach that goes ‘beyond audit’.	<p>We recognise that there are many complex challenges and issues in our supply chain, many of which we can't solve alone. We therefore seek to work in partnership with other external stakeholders to build our understanding of issues and collaborate on solutions.</p> <p>Examples of what we are doing include our partnerships with Slave Free Alliance, to help assess risk in our wider supply chain, and with AllianceHR, to promote and share the Responsible Recruitment Toolkit through parts of our supply chain. We encourage GFR and GNFR suppliers to sign up to the Responsible Recruitment Toolkit, especially where they are using labour providers; see https://responsiblerecruitmenttoolkit.org</p>

Monitoring performance of suppliers: Goods For Resale (GFR)

The way we monitor performance of suppliers against our Supply Chain Workplace Standards (referred to as 'ethical and environmental assurance') is tailored to our two different categories of vendors – those supplying us with Goods For Resale (GFR) and those supplying us with services and Goods Not For Resale (GNFR).

Key requirements for GFR suppliers

How we classify our products/vendors

We classify our GFR products / vendors as follows:

- **Branded:** Products that carry a widely recognised brand in our markets (e.g. Black & Decker, Bosch). These generally operate across more than one market. A list is maintained by Kingfisher.
- **Own Exclusive Brand (OEB):** Our own brands (e.g. Site, Mac Allister) or products made exclusively for us. These will have the name of Kingfisher International Products (KIPL) on the product and/or packaging.
- **Other/Unbranded:** Other products that carry the vendor name on the product and/or packaging but are not widely recognised brands in our market and therefore don't fall into our Branded category.

We require all GFR suppliers to comply with our Supply Chain Workplace Standards. The way we monitor compliance is tailored by the product/vendor classification.

Tailored approach by product/vendor classification

Our Human Rights Policy sets out specific requirements for suppliers on ethical audit (also referred to as 'ethical and environmental assurance'). Our detailed approach is tailored by the product/vendor classification:

- For suppliers of **Own Exclusive Brand (OEB)** and **Other/Unbranded** products, we require suppliers to share with us details of production sites and ethical audits – so we can check they meet our ethical audit requirements (see below).
- For suppliers of **Branded** products (i.e. products that carry a widely recognised brand), we carry out a desktop review of their approach to ethical sourcing. We check that the vendor has a broadly equivalent ethical sourcing process to our own which is in line with our ethical audit requirements (see below).

Further details of our approach to ethical audit are outlined below.

Ethical audit – detailed requirements

Our Human Rights Policy sets out detailed requirements covering collaborative platforms, risk assessment, ethical audit and audit findings. We have set out guidance below on our requirements and our approach to monitoring by product/vendor classification.

Collaborative platforms – Sedex / Amfori BSCI

Policy requirement

- Use collaborative platforms (either Sedex or Amfori BSCI) to share supply chain information with us, including details of ethical risks and audits.

Explanation of requirement

Sedex and Amfori BSCI are collaborative platforms for sharing responsible sourcing data on supply chains; see www.sedexglobal.com and www.amfori.org/content/amfori-bsci-platform

They enable our suppliers to share information on risks and audit with multiple customers.

Kingfisher is a full member of both Sedex and Amfori BSCI and therefore suppliers can share information with us via either platform.

It should be noted that our suppliers need to pay an annual membership fee to join Sedex or Amfori BSCI.

Kingfisher has produced a guidance note for suppliers on how to register and share information on Sedex; see www.kingfisher.com/SedexGuidance.

Our approach to monitoring compliance – by product/vendor classification:

- **Branded:** We encourage suppliers of Branded products to share information with us using Sedex or Amfori BSCI (or a recognised alternative platform).
- **Kingfisher Own Exclusive Brand (OEB):** We require suppliers of OEB goods to share information with us using Sedex or Amfori BSCI (linking us to their production sites and sharing ethical audits where required); see next sections on risk assessment and audit.
- **Other/Unbranded:** We require suppliers of Other/Unbranded goods to share information with us using Sedex or Amfori BSCI (linking us to their production sites and sharing ethical audits where required); see next sections on risk assessment and audit.

Risk assessment

Policy requirement

- Engage with us so that we can assess the risk of all production sites that supply us with finished goods; this is to enable identification of high-risk sites for ethical audit.

Explanation of requirement

Kingfisher's risk assessment takes into account country risk and sector risk of the site producing finished goods. We currently assess country risk and sector risk using data from Maplecroft, Sedex and Amfori BSCI. See **Appendix 1** for details of the countries and sectors which we have identified as high risk.

It should be noted that Kingfisher's risk assessment is based on the location of the site that is producing finished goods for us (see **Appendix 4** for how we define 'production site of finished goods'). Therefore, vendors that supply multiple products to us which are made in different locations will need to share the location for each site.

We also ask suppliers that share information with us via Sedex to complete the Sedex Self-Assessment Questionnaire (SAQ) for every production site. This must be completed to 100%. This provides valuable information on our supply chain for our Responsible Business report and also provides pre-audit information for auditors.

Our approach to monitoring compliance – by product/vendor classification:

- **Branded:** We carry out a desktop review of suppliers of Branded products; this review checks if the supplier has a risk assessment process to identify high-risk production sites.
- **Kingfisher Own Exclusive Brand (OEB):** We require suppliers to share with us the location for each site that is producing OEB goods for Kingfisher, so we can identify if there are any high-risk sites that require ethical audit. Suppliers that use Sedex are also required to complete the Sedex Self-Assessment Questionnaire (SAQ).

- **Other/Unbranded:** We require suppliers to share with us the location for each site that is producing Other/Unbranded goods for sale in our markets, so we can identify if there are any high-risk sites that require ethical audit. Suppliers that use Sedex are also required to complete the Sedex Self-Assessment Questionnaire (SAQ).

Ethical audit

Policy requirement

- Have a valid ethical audit of high-risk production sites.

Explanation of requirement

Kingfisher requires an ethical audit of high-risk production sites that meets the following criteria:

Audit standard:

- Any new audits for Kingfisher must be one of the following:
 - SMETA (Sedex Members Ethical Trade Audit) 4-Pillar audit. The SMETA 4 pillars are labour standards, health and safety, environment and business ethics. Note – we do not accept SMETA 2 Pillar.¹
 - Amfori BSCI audit.
- If a supplier has already had an ethical audit conducted prior to our request, Kingfisher may accept this if it uses a standard which Kingfisher recognises as equivalent. These currently are:
 - 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
 - MPS-SQ (must have the SQ component)
 - RBA – Responsible Business Alliance

This list is regularly reviewed and updated. See [Appendix 2](#) for further guidance on audit standards.

Type of audit arrangement:

- There are three types of audit arrangement – announced, semi-announced and unannounced (see [Appendix 4](#) for a detailed explanation of these terms). We only accept semi-announced or unannounced audits.²

Timescales for audit:

- Suppliers with an existing audit must share this with us. We only accept audits that are less than one year old and are carried out by a recognised auditor (see below). If the supplier does not already have an audit, they must complete a new audit on request, using one of our approved audit companies (see [below](#)). We aim to review audits before orders are placed.
- Suppliers that we continue to work with are required to have audits on a regular basis. Our re-audit schedule takes into account audit results. Any sites with Business Critical issues, Critical issues or four or more Major issues are required to have a full re-audit within 12 months. Other sites are required to have a full re-audit within 24 months.

¹ For suppliers who have an existing 2-Pillar SMETA, a 'top up' audit to include the remaining two pillar elements would be sufficient; however, confirmation should be sought from Kingfisher before commencing this approach.

² We will currently accept an announced audit if it is an audit that has already been done for another customer. However, we will not accept any announced audits from January 2022.

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 audit companies

- We request that any new ethical audit conducted for Kingfisher is carried out by SGS or QIMA; Kingfisher has an agreement with SGS and QIMA including 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 suppliers during the supplier tender process (RFx process). Alternatively, please contact the O&S 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 a Sedex Affiliate audit company³ (see www.sedex.com/join-sedex/auditor) or by an auditor on the BSCI Directory of Auditors⁴ (see www.bsci-directory.org/auditors/view/index-fa.php).

Our approach to monitoring compliance – by product/vendor classification:

- **Branded:** We carry out a desktop review of suppliers of Branded products; this review checks if the supplier carries out ethical audits for high-risk sites and the processes used to manage their supply chain.
- **Kingfisher Own Exclusive Brand (OEB):** We require suppliers to share with us their ethical audits for high-risk sites that make OEB goods, so we can check they meet our criteria for a valid ethical audit.
- **Other/Unbranded:** We require suppliers to share with us their ethical audits for high-risk sites that make Other/Unbranded goods, so we can check they meet our criteria for a valid ethical audit.

Audit findings

Policy requirement

- Act on the audit findings to close out Critical and Business Critical non-conformance issues (in line with timescales outlined by auditor).

Explanation of requirement

Non-conformances and corrective actions

As part of the audit process, the auditor will identify any non-conformances and set out corrective actions required to address these. It should be noted that the auditor also provides a recommended timescale for closing out non-conformances (which varies according to the type of non-conformance), and this is stated in the Corrective Action Plan of the audit report.

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 and Amfori BSCI to show when corrective actions are 'verified' as closed out.

On the Sedex platform, any non-conformances identified in the audit are classified as either 'Minor', 'Major', 'Critical' or 'Business Critical' and there are also 'observations' and 'good practices'. These classifications (for every potential type of non-conformance) are assigned by Sedex. Other audit standards (including Amfori BSCI) have a different way of grading audits; see [Appendix 2](#) for details of how Kingfisher grades other types of audit results.

³ Sedex Affiliate audit companies must be members of APSCA (Association of Professional Social Compliance Auditors).

⁴ BSCI auditors must be SAAS accredited to be included in the BSCI Directory of Auditors.

Kingfisher's overall aim is to drive improvement in the supply chain, engaging with suppliers to improve standards over time. We require suppliers to act on any serious non-conformances identified in the audit, including Business Critical and Critical issues:

- If the supplier has any **Business Critical** non-conformances in the audit, we require suppliers to take decisive and swift action (see next section). We will not place new orders with sites that have Business Critical non-conformances and we will block existing orders until these are resolved.
- If the supplier has any **Critical** non-conformances in the audit, we require these issues to be resolved within the recommended timeframe set by the auditor. We seek to work in partnership with OEB suppliers to help address any challenges they face. It should be noted that if there are four or more Critical non-conformances identified in an audit, we take the same action as for Business Critical non-conformances i.e. not place new orders and block existing orders until these are resolved, since a significant number of critical issues is an indicator of a breach of our standards.

Our re-audit schedule takes into account audit results. Any sites that have audits with Business Critical issues, Critical issues or four or more Major issues are required to have another full re-audit within 12 months. Other sites are required to have another full re-audit within 24 months.

Our approach to monitoring compliance – by product/vendor classification:

- **Branded:** We carry out a desktop review of suppliers of Branded products; this review checks if the supplier has a process to close out non-conformance issues, including the most serious issues (those identified in the audit as Business Critical and Critical).
- **Kingfisher Own Exclusive Brand (OEB):** We monitor audit findings (via Sedex or Amfori BSCI) to check that Business Critical and Critical non-conformances are closed out.
- **Other/Unbranded:** We monitor audit findings (via Sedex or Amfori BSCI) to check that Business Critical and Critical non-conformances are closed out.

Business Critical issues

Policy requirement

- We recognise that Business Critical issues pose a serious risk for workers and therefore we expect suppliers to take decisive and swift action where these are identified.

Explanation of requirement

Business Critical issues represent the highest level of breach and require immediate action.

Examples of Business Critical issues identified in ethical audits include:

- An issue which presents imminent risk to workers' safety/risk to life and limb or constitutes a significant breach of workers' human rights.
- Represents an imminent threat to the environment or community.
- A breach of local, national or international law or regulations.
- An attempt to pervert the course of the audit through fraud, coercion, deception or interference.

In addition, the production site/supplier will **NOT** be permitted to supply Kingfisher if any of the following occur:

- Business Critical issues are identified in the audit that have not been addressed or which no significant improvement has been demonstrated 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.
- The site/supplier refuses to share the results of an audit (initial or follow-up) including SMETA, Amfori BSCI or equivalent audit.

Our approach to monitoring compliance – by product/vendor classification:

- **Branded:** Any concerns over the suppliers' approach to ethical sourcing (including audits) will be escalated to Commercial Directors and we will not continue to work with suppliers in the long-term that do not share our commitment to ethical sourcing.
- **Kingfisher Own Exclusive Brand (OEB):** We will block any existing orders and will not place new orders until the most serious issues have been remediated.
- **Other/Unbranded:** We will block any existing orders and will not place new orders until the most serious issues have been remediated.

Monitoring performance of suppliers: Services and Goods Not For Resale (GNFR)

We use many suppliers for services such as logistics, IT, facilities management and construction. We also buy goods not for resale (GNFR) such as staff uniforms, stationery and home delivery packaging.

We take a different approach to ethical sourcing for these suppliers, many of which are service providers that are based in our markets across Europe. We use a combination of supplier assessments (using EcoVadis) and SMETA audits (where there are specific risks).

This section shows the key requirements in our policy for monitoring GNFR suppliers on ethical and environmental issues and an explanation of these requirements.

Key requirements for GNFR suppliers

EcoVadis assessment

Policy requirement

- Regularly assess the environmental and ethical performance of our key suppliers.⁵ We currently use EcoVadis to assess suppliers.

Explanation of requirement

About EcoVadis assessment

We require suppliers (where our annual spend is over £75,000) to have an EcoVadis assessment. This assessment covers four areas – labour and human rights, environment, ethics and sustainable procurement.

- New suppliers are required to share with us an EcoVadis assessment. If the supplier does not already have an EcoVadis assessment for other customers, they must complete one for Kingfisher.
- Suppliers that we continue to work with will be required to have a reassessment on an annual basis or once every two years (depending on the score); see section below on frequency of reassessment.

EcoVadis results

We aim to work with suppliers that demonstrate a strong commitment to sustainability by achieving a rating of 'silver' or above in the EcoVadis assessment.

As a **minimum** standard, we require suppliers to achieve a 'bronze' rating. If the first assessment does not meet our minimum standard, we ask suppliers to work on actions to improve their score by the next assessment in 12 months. Please note that EcoVadis identifies corrective actions needed to improve the score as part of the assessment feedback.

Frequency of reassessment

The EcoVadis scorecard is valid for 12 months. In order to drive improvement among suppliers with low scores and recognise the progress of suppliers achieving high scores, Kingfisher has set the following timescales for reassessment:

- Kingfisher suppliers that achieve a high score – 'silver', 'gold', 'platinum' – will be required to have a reassessment within 24 months.
- Kingfisher suppliers that achieve 'bronze' or below will be required to have a reassessment within 12 months.

⁵ We define our key GNFR suppliers as those where our annual spend is over £75,000.

Cost

The EcoVadis assessment is co-financed by Kingfisher and its suppliers. Kingfisher suppliers need to pay an annual subscription fee directly to EcoVadis (this fee depends on the company size). This ensures that our suppliers own the results of the assessment and can share it with other customers.

Suppliers can register for the EcoVadis assessment at <https://invite.ecovadis.com/en/kingfisher/>.

Ethical audit

Policy requirement

- Carry out a Sedex ethical audit for high-risk suppliers of services and goods not for resale. Kingfisher's risk assessment takes into account the sector risk, country risk and spend. We work with NGOs and other stakeholders to regularly review risks and these are approved by relevant Directors on a periodic basis.⁶

Explanation of requirement

Our risk assessment for GNFR buying categories takes into account the sector risk, country risk and spend. We regularly update our risk assessment, with input from external specialists on human rights and modern slavery.

Kingfisher also participates in the Indirect Procurement Human Rights Forum (IPHR), to promote collaboration with other businesses on ways to understand and address risks associated with GNFR. For example, we have worked with the IPHR to develop Minimum Standards for Labour Providers and we require our logistics partners (where labour agencies are widely used) to comply with these.

Type of audit:

For suppliers of goods not for resale (GNFR) identified as high risk (e.g. suppliers of uniforms), we follow the same approach to auditing production sites as GFR.

For suppliers of services identified as high risk, we require a Sedex Members Ethical Trade Audit (SMETA) that is in line with 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 4** for a detailed explanation of the terms announced, semi-announced and unannounced audits). We accept a 2-Pillar audit (covering labour standards and health and safety) for service providers and encourage suppliers to conduct a 4-Pillar audit.

We require suppliers to close out any Business Critical and Critical non-conformances identified in the audit.

⁶ On a periodic basis, the high-risk areas for GNFR are reviewed and confirmed by the Group Responsible Business Director, together with the Chief Financial Officer and Group Procurement Director.

Appendix 1: How we identify high-risk GFR suppliers

Kingfisher's risk assessment for GFR suppliers takes into account country risk and sector risk of the site producing finished goods. We currently assess country risk and sector risk using data from Maplecroft, Sedex and Amfori BSCI. We also retain the right to audit any supplier if we consider they are high risk for other operational reasons.

The list of countries and sectors we have identified as high risk are shown below. These lists are regularly reviewed and updated.

Countries we have identified as high risk

Note: Countries highlighted in green were added in 2021.

Extreme Risk	High Risk						
Eritrea	Afghanistan	Chad	Ghana	Kuwait	Morocco	Rwanda	Togo
North Korea	Algeria	China	Guatemala	Kyrgyzstan	Mozambique	Saudi Arabia	Tunisia
Somalia	Angola	Comoros	Guinea	Laos	Myanmar	Senegal	Turkey
South Sudan	Azerbaijan	Congo	Guinea-Bissau	Lebanon	Nepal	Sierra Leone	Turkmenistan
Syria	Bangladesh	Côte d'Ivoire	Haiti	Lesotho	Nicaragua	Sri Lanka	Uganda
Yemen	Bahrain	Cuba	Honduras	Liberia	Niger	Sudan	Ukraine
	Belarus	Djibouti	India	Libya	Nigeria	Suriname	Uzbekistan
	Benin	Dominican Republic	Indonesia	Madagascar	Occupied Palestinian Territory	Swaziland	Venezuela
	Bolivia	DR Congo	Iran	Malawi	Pakistan	Taiwan	Vietnam
	Brazil	Ecuador	Iraq	Malaysia	Papua New Guinea	Tajikistan	Zambia
	Burkina Faso	Egypt	Jordan	Maldives	Paraguay	Tanzania	Zimbabwe
	Burundi	El Salvador	Kazakhstan	Mali	Peru	Thailand	
	Cambodia	Ethiopia	Kenya	Mauritania	Philippines	The Gambia	
	Central African Republic	Gabon	Kosovo	Mexico	Russia	Timor-Leste	

Sectors that we have identified as high risk

Product Type / Manufacturing Process Type	Commodity	Affected Country of Manufacture	Reason for high-risk rating
Horticulture (Plant Growers)		Global	Labour force
Electroplating	Metals	Global	Process, Chromium VI
Dyeing		Global	Process, Chemicals
Paper Making	Wood + Paper	Global	Labour force, Process, Deforestation
Casting/Forging	Metals	Global	Process
Natural Stone	Minerals	India, China, Brazil, Vietnam, Turkey, various African nations	Child Labour, Bonded Labour, Extraction Process
Tungsten	Minerals	Russia, Bolivia, Rwanda, Democratic of the Congo	Process
Natural Diamonds	Minerals	Russia, Botswana, Democratic Republic of the Congo, Zimbabwe, Angola	Process
Cobalt	Minerals	China, Democratic Republic of the Congo, Russia, Zambia, Philippines	Process
Cotton	Textiles	China, India, Pakistan, Uzbekistan, Brazil, Turkey	Labour force, Bonded Labour, Child Labour, Chemicals
Manufacturing of Textiles	Garments, Wall/Floor Coverings, Decorative Accessories	Global	Labour force, Bonded Labour, Child Labour
Mica	Minerals	India	Process
Charcoal	Wood + Paper	Namibia, South Africa, Brazil	Process, Deforestation
Fencing, Sheds, Mouldings	Timber	United Kingdom	Labour force
PPE (Personal Protective Equipment)	Rubber, Textiles, Leather	Global	Labour force, Chemicals, Process, Deforestation
Leather & Accessories	Footwear, Bags, Belts	Global	Labour force, Process, Deforestation

Appendix 2: Guidance on audit standards and grades

- Any new audits for Kingfisher must be one of the following:
 - SMETA (Sedex Members Ethical Trade Audit) 4-Pillar audit. The SMETA 4 pillars are labour standards, health and safety, environment and business ethics. Note – we do not accept SMETA 2-Pillar.⁷
 - Amfori BSCI audit.
- If a supplier has already had an ethical audit conducted prior to our request, Kingfisher may accept this if it uses a standard which Kingfisher recognises as equivalent. These currently are:
 - 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
 - MPS-SQ (must have the SQ component)
 - RBA – Responsible Business Alliance

This list is regularly reviewed and updated.

We have our own grading system which we use internally. The first table shows how we allocate grades based on Sedex audit classifications of 'Minor', 'Major', 'Critical' and 'Business Critical' non-conformances. The second table shows how we grade other types of audit.

How we grade Sedex audit results

Kingfisher 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
Fail	There are four or more Critical Non-Compliances on this audit.	Most recent audit
	There are one or more Business Critical Non-Compliances on this audit.	Most recent audit

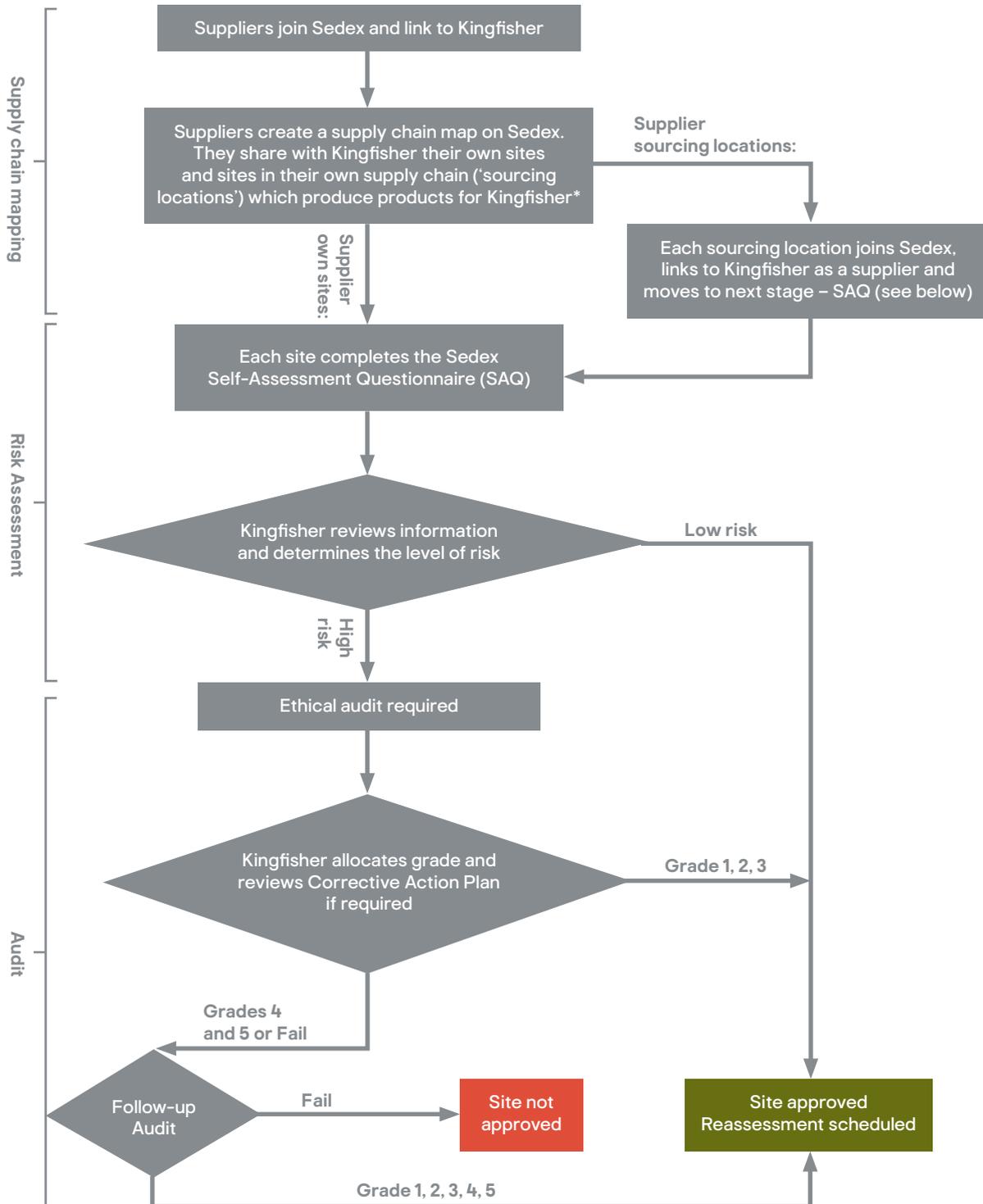
⁷ For suppliers who have an existing 2-Pillar SMETA, a 'top up' audit to include the remaining two pillar elements would be sufficient; however, confirmation should be sought from Kingfisher before commencing this approach.

How we grade other types of audit

Audit Type	Kingfisher Audit Grade						Review Date
	1	2	3	4	5	Fail	
BSCI	-	-	A	B	C	D	C – Annually from Audit date B/A – 2 years from Audit date
SA8000	-	-	Valid	-	-	-	Certificate validity to be checked biannually (1st January/ 1st July)
ICTI	-	-	-	-	A, B, C	On Probation	Annually from Audit date
WCA	-	-	-	-	Above 70%	≤ 70%	Annually from Audit date
MPS-SQ				Valid certificate			Annually from Audit date
RBA		Platinum	Gold		Silver		Annually from Audit date
FFC					Approved		Annually from Audit date
FLA					Approved		Annually from Audit date

Appendix 3: Overview of GFR 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 4: Definition of terms

Term	Definition
Agent/Importer	Intermediaries directly contracted by Kingfisher 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). Kingfisher only accepts semi-announced or unannounced audits.</p> <p>a. Announced Audits: A mutually convenient date is agreed with the Employment Site. We do not accept this type of audit to avoid the risk that the Employment Site may make special preparations for the audit.</p> <p>b. Semi-Announced Audits: The Employment Site is aware that an audit will take place during a given time period, but the actual date of the audit is not communicated. Semi-Announced audits reduce the risks to the commercial relationship and increase the ability of Kingfisher to remediate. The following process should be followed for semi-announced audits:</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>c. Unannounced Audit: 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 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 following requirements should be communicated to suppliers and Employment Sites:</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.

Term	Definition
Audit (continued)	<ul style="list-style-type: none"> ○ 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>
Branded Products	At Kingfisher, Branded products are those that carry a widely recognised brand in our markets (e.g. Black & Decker, Bosch). These generally operate across more than one market.
Business Critical Non-Conformance	<p>Sedex SMETA audits classify any non-conformances identified in the audit as 'Minor', 'Major', 'Critical' or 'Business Critical'.</p> <p>Business Critical non-conformances represent the most serious breach of standards. Kingfisher requires suppliers to take immediate action to close out any Business Critical non-conformances.</p>
Capacity Building	The strengthening of internal structures, systems and processes, management, leadership, governance and overall staff capacity to improve performance on ethical and environmental issues.
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	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.
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.

Term	Definition
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 environmental, including corruption or bribery, risks of the engagement.
Follow-up Audit	<p>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.</p> <p>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.</p> <p>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.</p>
Goods For Resale (GFR) / Goods Not For Resale (GNFR)	<p>Products are classified according to the following categories within Kingfisher:</p> <p>a. Goods For Resale: Products for sale to our customers. These include Branded, Own Exclusive Brand (OEB) and Other/Unbranded (see separate definitions).</p> <p>b. Goods Not For Resale (GNFR): These are the goods and services that enable Kingfisher and its Retail Banners to function and operate (i.e. anything purchased that is not sold to customers). Examples include staff uniforms, home delivery packaging, service providers, e.g. logistics and facilities management. Sometimes referred to as 'indirect procurement'.</p>
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	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 victim's own country.
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.

Term	Definition
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 or Minor non-conformance.
Non-Compliance	A confirmed breach of a local, national or international law or regulation.
Own Exclusive Brands (OEB)	At Kingfisher, Own Exclusive Brands are our own brands (e.g. Site, Mac Allister) or products made exclusively for us. These will have the name of Kingfisher International Products (KIPL) on the product and/or packaging.
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.
Production Site of Finished Goods	<p>Kingfisher requires ethical audits for high-risk production sites of finished goods. These are the sites that manufacture finished goods/products (sometimes referred to as factories or tier 1 suppliers). It should be noted that any site which exclusively carries out packaging activities (and is not manufacturing any goods/products) is not included in the scope of this audit requirement.</p> <p>Note: There are also other Employment Sites across Kingfisher's extended supply chain which are used in connection with producing and supplying items to Kingfisher. 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.</p>
QMT	Kingfisher's 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.

Term	Definition
Recruitment fees	<p>Fees charged by recruitment agencies and brokers can leave workers vulnerable to exploitation and forced labour. Examples of recruitment fees include the costs of 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.</p> <p>Kingfisher supports the Employer Pays Principle, i.e. the cost of recruitment should be borne by the employer and not by the worker, meaning that no worker should pay for a job. There is a section on 'Responsible Recruitment' in our Supply Chain Workplace Standards which states that 'no workers pay recruitment fees at any stage of the recruitment process' and we also encourage suppliers to use the Responsible Recruitment Toolkit; see https://responsiblerecruitmenttoolkit.org</p>
Root Cause	<p>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.</p>
Service Provider	<p>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. Examples include general and specialist cleaning companies, waste management, installation or servicing of equipment, professional services, and transport and logistics services.</p>
Subcontractor	<p>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.</p>
Supplier	<p>Any contracted partner who supplies Kingfisher with products or services; also referred to as vendors.</p> <p>Existing Supplier: Those suppliers where there is a 'live' contract in place and who are actively producing and supplying products and services to Kingfisher.</p>
Supply Chain Workplace Standards	<p>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. We also seek to ensure they are aligned to any additional requirements included in the audit standards set by Sedex and Amfori BSCI.</p>
Temporary Worker	<p>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.</p>

Term	Definition
Unbranded	At Kingfisher, Unbranded products are those that carry the vendor name on the product and/or packaging, but are not widely recognised brands in our market and therefore don't fall into our Branded classification.
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.
Worker	A person working on an Employment Site in any capacity.
Young Worker	Any worker between the ages of 16 and 18 years old. Dependent on local laws they may be entitled to work, as long as the work is not hazardous, at night or at height.

Document owner: **Kingfisher Director of Responsible Business and Offer & Sourcing
Sustainability Director**

Last updated: **October 2021**

This document is available on the Kingfisher website at
www.kingfisher.com/EthicalSourcingGuidelines
Please check the website for the latest version.



Kingfisher plc
3 Sheldon Square, Paddington, London W2 6PX
Telephone: +44 (0)20 7372 8008
www.kingfisher.com



castorama



SCREWFIX

