Kingfisher

Ethical Sourcing Requirements: Vendor Guidelines

Contents

About this document

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

This document provides guidance for Kingfisher **Goods For Resale (GFR)** and **Goods Not For Resale (GNFR)** suppliers on our ethical sourcing requirements, including details of how we work with suppliers to monitor their performance.

We classify our **GFR** products/suppliers as follows:
- **Own Exclusive Brand (OEB):** Our own brands (e.g. GoodHome, Cooke and Lewis, Site, Mac Allister etc).
- **International Branded:** Products that carry a widely recognised brand in our markets (e.g. Bosch and Samsung). These generally operate across more than one market.
- **National/Unbranded:** Other products that carry the **vendor's** name on the product and/or packaging that don't fall into our International Branded category. These are also referred to as '**local**' within Kingfisher.

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 above. 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 International Labour Organisation (ILO) fundamental Conventions on **worker** rights.

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 our suppliers and other external stakeholders to build our understanding of issues and collaborate on solutions.

Examples of what we are doing include our partnerships with Slave Free Alliance, to help assess risk in our wider supply chain, and with StrongerTogether, 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 **Responsible Recruitment Toolkit**.

Goods For Resale (GFR)

Monitoring performance of suppliers: Goods For Resale (GFR)

Key requirements for GFR suppliers

How we classify our products/suppliers

We classify our GFR products/suppliers as follows:

- **Own Exclusive Brand (OEB):** Our own brands (e.g. GoodHome, Cooke and Lewis, Site, Mac Allister etc) or products made exclusively for us.
- **International Branded:** Selected branded suppliers that meet the internal eligibility criteria for classification as an 'International Branded Supplier' are invited by Kingfisher to submit a signed Letter of Conformance. These are products that carry a widely recognised brand in our markets. These generally operate across more than one market.
- **National/Unbranded:** These are also referred to as 'local' within Kingfisher. 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 International Branded category. For suppliers with a low turnover (sub £50k p/a) we also follow a Letter of Conformity approach. Eligibility is decided by and is based on elements including turnover, production locations and risk to Kingfisher.

The way we monitor compliance is tailored by the product/vendor classification:

Ethical Programme – detailed requirements for International Brands

For suppliers of **International Branded products** (i.e. products that carry a widely recognised brand), we carry out a desktop review of their approach to ethical sourcing. We require each nominated branded supplier to declare acceptance of and adherence to our requirements through a signed Letter of Conformance; a self-declaration that they have a compliance programme in place. As part of our due diligence approach, we then undertake an annual random sample of the nominated branded suppliers, to check that the branded supplier is in line with our ethical audit requirements (see below).

Any concerns over the suppliers' approach to ethical sourcing (including audits) will be escalated to senior leaders including to the Sustainability Director and Commercial Directors. We will not continue to work with suppliers that do not share our commitment to ethical sourcing.

Ethical Programme – detailed requirements for OEB and National/ Unbranded Suppliers

Ethical Programme – detailed requirements

Our Human Rights Policy and associated Guidelines/Workplace Standards set 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. See Appendix 2 for an overview of our GFR ethical sourcing requirements.

Collaborative platforms – Sedex / amfori BSCI / EcoVadis

Policy requirement
• Use collaborative platforms (either Sedex, amfori BSCI or EcoVadis) 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.sedex.com and www.amfori.org/content/amfori-bsci-platform.

Sedex operates at a supplier and factory/production site level while amfori BSCI operates at a member and factory/production site level. Both platforms enable our suppliers to share information on risks and audits with multiple customers.

It should be noted that our suppliers need to pay an annual membership fee to join Sedex or amfori BSCI. Suppliers can join Sedex as a B Member and create a site for an annual fee. Their factories can join and link to them. Suppliers can join amfori BSCI as a business partner, and there is an annual fee based on turnover. There is no cost for factories/production sites that choose to use the amfori BSCI platform.

We accept EcoVadis as a parallel programme to Sedex/amfori BSCI where a supplier is already a member and using that platform. In order for Kingfisher to accept this as an alternative, the supplier must:
● Share their valid scorecard with us (score above 50 and completed within last 12 months).
● Disclose their production sites to us. Sites are still required to be risk assessed (see next section for further details).

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

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 ethical risk assessment takes into account responses to self-assessment questionnaires, country risk and product risk of the site producing finished goods. See Appendix 3 for how we define production of finished goods. We currently assess country risk and sector risk using data from Maplecroft, Sedex and amfori BSCI. See Risk Matrix for Ethical Audit (www.kingfisher.com/RiskMatrix-EthicalAudits) document for details of the countries and products which we have identified as high risk.

Kingfisher's risk assessment is based on the location of the site that is producing finished goods for us and/or the type of products manufactured that have been identified as high risk (see Appendix 3 for how we define 'production site of finished goods'). Therefore, suppliers that supply multiple products to us that are made in different locations will need to confirm the manufacturing address for each EAN (European Article Number).

We also ask suppliers with production sites on Sedex to complete the Sedex Self-Assessment Questionnaire (SAQ) for every production site. This must be completed to 100% and reviewed/updated on an annual basis. In addition to helping us manage compliance, this data also provides valuable information on our supply chain for our Responsible Business Report and also provides pre-audit information for auditors.

We screen suppliers and factories using our Anti-Bribery and Corruption Process. We screen vendor and factory details through the Dow Jones Risk Centre. This tool screens entities and connected individuals on the following:
● Sanctions List
● Other Official Lists
● State Owned Company
● Politically Exposed Persons
● Special Interest Persons
● Adverse media on the following topics:
  ○ Bribery and corruption issues
  ○ Competition law issues
  ○ Environmental issues
  ○ Workforce issues

Ethical audit

Policy requirement

- Have a valid ethical <u>audit</u> of high-risk production sites.
- Horticulture vendors are subject to further requirements, details below.

Explanation of requirement

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

Audit standard

- Kingfisher accepts the following ethical audits:
  - 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**
  - amfori BSCI audit
  - SA8000 – Social Accountability (SA) 8000
  - FLA – Fair Labour Association
  - ICTI – International Council for Toy Industries
  - Intertek Workplace Conditions Assessment (WCA) Report
  - MPS-SQ
  - RBA – Responsible Business Alliance
  - Global G.A.P. GRASP
  - Plante Bleue (Level 3)

Horticulture suppliers

All horticulture suppliers (e.g. supplying plants, live trees) are required to be registered on a collaborative platform such as Sedex.

It is a requirement for horticultural suppliers to share details of all owned finished product growing sites (direct) and third-party finished product growing sites (indirect) that are planned to be used over the next 12 months, based on the range of products supplied. Any changes to the list of growers should be shared in advance with the Kingfisher Ethical Compliance team, or the relevant banner team.

All finished product growing sites to have a valid ethical audit (see the list of acceptable audits) including the following certifications:
- GLOBAL G.A.P. GRASP
- MPS-SQ
- Plante Bleue

This list is regularly reviewed and updated. See <u>Appendix 1</u> for further guidance on audit standards.

Audit payment

Ethical audit costs (both <u>initial</u> and <u>follow-up</u>) are paid for by our suppliers or production sites. Approved auditors and associated audit costs are provided during the supplier tender process.

Approved audit companies

We require that any new ethical audit conducted for Kingfisher is carried out by an APSCA accredited audit company. 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. Alternatively, please contact your banner or Kingfisher responsible sourcing contact.

Recognised auditors

- If a supplier site has already carried out an ethical audit for another customer, Kingfisher can accept the audit if it is carried out by an APSCA member firm.[1]

Timescales for audit

- Suppliers with an existing audit must share this with us. Audits may be valid for either one or two years (see **Appendix 1**). Audits must be carried out by a recognised auditor (see below). If the site does not already have an audit, they must complete a new audit on request, using one of our approved audit companies (see below). Audits must be reviewed, graded and an approval issued before orders are placed.
- Production sites that we continue to work with are required to have audits on a regular basis. Our re-audit schedule is based on audit results and the status of any corrective actions. Any sites with unresolved 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.

Audit findings

Policy requirement
- Act on the audit findings to close out **non-conformance** issues (in line with timescales outlined by auditor), with a particular focus on Business Critical and Critical non-conformances.

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. Sites are required to implement any corrective actions within the timeframe recommended by the auditor and to report progress to their auditor. The site is responsible for contacting the auditor to show when corrective actions are closed out and '**verified**'. 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 existing sites, or start working with new 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 suppliers to help address any challenges they face. If there are four or more Critical non-conformances identified in an audit, we treat it as a Business Critical and take the same approach as above. Our re-audit schedule takes into account audit findings. See **Appendix 1** for the audit grading matrix. Any sites graded Unsatisfactory are required to have a full re-audit within 12 months. Other sites are required to have a full **re-audit** within 24 months.

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1   https://www.theapsca.org/apsca-member-firms/

Business Critical issues

Policy requirement
● We recognise that <u>Business Critical</u> issues pose a serious risk for <u>workers</u> and therefore we require suppliers to work with us in ensuring decisive and swift actions are taken to cease, prevent or remediate any harm.

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 an imminent risk to workers' safety/risk to life and limb or constitutes a significant breach of workers' human rights (e.g. <u>child labour</u>, forced labour and high-risk issues relating to health and safety). ● An issue which 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, which have already resulted in the blocking of new and existing orders, that have not been addressed or significant improvement has not been demonstrated within 12 months of the issue being identified (e.g. audit date), with the site/supplier showing no willingness to rectify them. ● The site/supplier has continuously refused to implement an agreed <u>Corrective Action Plan (CAP)</u> within 12 months from the date of the issue identified (e.g. audit date), despite the blocking of new and existing orders. ● The site/supplier has continuously refused to engage with us to implement and agree a Corrective Action Plan (CAP) within 12 months from the date of the issue identified (e.g. audit date). ● Access to the site/supplier to undertake an ethical audit is denied. ● The site/supplier refuses to share the results of an audit (<u>initial</u> or <u>follow-up</u>) including SMETA, amfori BSCI or equivalent audit.

Governance and escalation

Policy requirement
● Application of the policy and associated guidelines/work standards.

Our approach to escalation:

● In the instance where an issue has to be escalated, the following approach is taken:
   ○ Sustainability Manager/Director & Commercial Director
   ○ Offer & Sourcing/Banner Board
   ○ Group Executive
● If a supplier continuously fails to demonstrate efforts to address the risk or impact, we reserve the right to terminate our relationship with that supplier. See examples below:
   ○ Failure to share production site details.
   ○ Failure to join and link to Kingfisher on collaborative platforms.
   ○ Failure to remediate a Business Critical audit.

Goods Not For Resale (GNFR)

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 globally. We use EcoVadis to assess our GNFR suppliers and complete ethical audits for high-risk and strategic suppliers.

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.[2] We currently use EcoVadis to assess suppliers.

Explanation of requirement
About the 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. **EcoVadis results** We aim to work with suppliers that demonstrate a strong commitment to sustainability by requiring suppliers to have an EcoVadis assessment as a minimum within 12 months of working with us. 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 24 months and we require reassessment on an annual basis. **Cost** Kingfisher pays an annual subscription fee to assess its suppliers on EcoVadis. 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.

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

Ethical audit

Policy requirement
● Carry out an ethical <u>audit</u> 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 non-governmental organisations (NGOs) and other stakeholders to regularly review risks and these are approved by relevant Directors on a periodic basis.[3]

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 <u>modern slavery</u>. Kingfisher also participated 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 an ethical audit. 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 <u>Appendix 3</u> for a detailed explanation of the terms Announced, Semi-Announced and Unannounced audits). We require suppliers to close out any <u>Business Critical</u> and Critical non-conformances identified in the audit.

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3   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.

Appendices

Appendix 1: **Guidance on audit standards and grades for GFR**

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.

For audits that take place over multiple days, the audit validity date is calculated from the first day of the audit.

How we grade Sedex audit results

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 examples'. 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 the second table below for details of how Kingfisher grades other types of audit results.

Kingfisher Grade	Description	Audit Validity
1 Excellent	There are no Non-Compliance issues and no Observations on this audit.	2 years from most recent full audit date
2 Good	There are no Minor Non-Compliances on this audit. (There is at least one Observation.)	2 years from most recent full audit date
3 Fair	There are no Major Non-Compliances on this audit. (There is at least one Minor Non-Compliance.)	2 years from most recent full audit date
4 Needs improvement	There are three or fewer (i.e. between 1 and 3) Major Non-Compliances on this audit.	2 years from most recent full audit date
5 Unsatisfactory	There are four or more Major Non-Compliances on this audit.	1 year from most recent full audit date
	There are three or fewer (i.e. between 1 and 3) Critical Non-Compliances on this audit.	1 year from most recent full audit date
Fail	There are four or more Critical Non-Compliances on this audit.	Not valid
	There are one or more Business Critical Non-Compliances on this audit.	Not valid

How we grade audit

Kingfisher Audit Grade						
Audit Type	1	2	3	4	5	Fail
SMETA (4 Pillar)	1	2	3	4	5	Business Critical
BSCI			A	B	C	D, E, or Zero Tolerance
SA8000			Valid			Suspended Withdrawn
ICTI					Certified	On Probation
WCA					> 70%	< 70%
MPS-SQ					Valid Certificate	
RBA		Platinum	Gold		Silver	
FLA					Approved	
Global G.A.P. Grasp					Valid Certificate	
Plante Bleue (Level 3)				Valid Certificate		

How we grade audit

Appendix 2: **Overview of GFR ethical sourcing requirements**

Vendor	Ethical Sourcing Guidelines – Shortcut	
	- Register on Sedex, amfori BSCI member or on EcoVadis. - For Sedex registered vendors, **it is recommended to** complete the SAQ (Self-Assessment Questionnaire) to 100% and update this information annually. - Link the Vendor's Sedex account to Kingfisher's Sedex account (ZC3252996). - Link the relevant factories on Sedex indirectly to Kingfisher's Sedex account. - For EcoVadis registered vendors, accept EcoVadis link from Kingfisher. - Provide the valid EcoVadis scorecard (we only accept vendors with a score higher than 50). - Disclose a list of factories (finished goods production sites).	For guidance on Sedex, please visit www.kingfisher.com/SedexGuidance On Sedex, select the correct business type from the following options: **Goods provider** – A company or person producing a physical item for customers, from raw material to finished goods (e.g. garment manufacturing, agriculture). **Service provider** – A company or person providing a service to their customers. There is no physical commodity involved (e.g. security, cleaning, logistics). **Agent** – A company buying goods manufactured by others to supply a retailer or brand. Agents, also referred to as buying agents, do not manufacture or produce any part of the product themselves. **Labour provider** – Also known as an employment agency, is a business that acts as an intermediary and employs **workers** to work at another company's site, on their behalf.

Factory (finished goods production site)	Factory risk level – see our Ethical Audit Risk matrix at www.kingfisher.com/RiskMatrix-EthicalAudits for details for how we define high-risk sites					
	Low risk		**High risk**			
	No ethical audit required		Acceptable audit methodologies all audits must be carried out by an APSCA member firm www.theapsca.org/apsca-member-firms/			
	Sedex (Supplier Ethical Data Exchange)	**EcoVadis**	**SMETA (Sedex Members Ethical Trade Audit)**	**amfori BSCI**	**Other audits:** **SA8000** – Social Accountability (SA) 8000 **FLA** – Fair Labour Association **ICTI** – International Council for Toy Industries **Intertek Workplace Conditions Assessment (WCA) Report** **MPS-SQ** **RBA** – Responsible Business Alliance **Global G.A.P. Grasp** **Plante Bleue (Level 3)**	**EcoVadis**
	• Register on Sedex. • Accept the link between Kingfisher and the factory via the vendor's Sedex account. • Complete the SAQ to 100% as a goods provider and update this information annually.	• For low-risk sites, there are no additional requirements at factory level. (For high-risk sites, please see information to the right, regarding acceptable audit methodologies.)	• Register on Sedex. • Complete the SAQ to 100% as a goods provider and update this information annually. • Accept the link between Kingfisher and the factory via the vendor's Sedex account. • 4-pillar Semi-Announced or Unannounced SMETA audit must be published on Sedex.	• Semi-Announced or Unannounced BSCI audit must be available to view on the amfori platform.	• Ensure that the report is available for review on the relevant platform. • Where a platform is not available, a valid certificate or report must be shared.	• Any production sites identified as high risk through country of manufacture / manufacturing process must have an ethical audit and be given a Kingfisher grade 5 or below before they can supply. Sites must ensure that the report is available for review on the relevant platform. • Where a platform is not available, a valid certificate or report must be shared.
			How long the audit is valid for is determined by the audit findings. For further details, please see our Ethical Sourcing Vendor Guidelines at www.kingfisher.com/EthicalSourcingGuidelines			

Appendix 3: **Definition of terms**

Term	Definition
Agency Worker	Workers who are employed by an employment agency (labour provider/ broker) but who 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.
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.
Audit	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. 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.
	There are three types of audit arrangement – Announced, Semi-Announced and Unannounced (defined below).
	a. **Announced Audits:** A mutually convenient date is agreed with the Employment Site. There is a risk that the Employment Site may make special preparations for the audit.
	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:
	○ A window will be specified during which an audit may take place. Audit windows may range between 3 weeks to 4 weeks.
	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.
	To minimise these risks, the following requirements should be communicated to suppliers and Employment Sites:
	○ Audits may occur at any time on an Unannounced basis.
Business Critical Non-Conformance	Sedex SMETA audits classify any non-conformances identified in the audit as 'Minor', 'Major', 'Critical' or 'Business Critical'.
	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.

Term	Definition
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 (CAP)	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.
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.
European Article Number (EAN)	Code for a distinct type of item for sale.
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. 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 focuses on the issues identified in the Corrective Action Plan.

Term	Definition
Goods For Resale (GFR) / Goods Not For Resale (GNFR)	Products are classified according to the following categories within Kingfisher: a. **Goods For Resale:** Products for sale to our customers. These include International Branded, Own Exclusive Brand (OEB) and National/Unbranded (see separate definitions). 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'.
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 local laws, international agreed standards and Kingfisher's ethical and environmental requirements.
International Branded Products	At Kingfisher, International Branded products are those that carry a widely recognised brand in our markets (e.g. Bosch and Samsung). These generally operate across more than one market and Kingfisher maintains a list of the suppliers that Kingfisher classifies as such.
Local Supplier	A supplier that supplies into a banner(s) but is doing so through the banner commercial team rather than through the central procurement team. Generally, they are negotiating on a local basis and signing individual banner (local) contracts.
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 Slavery	Modern 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-Compliance	A confirmed breach of a local, national or international law or the ETI (Ethical Trade Initiative) base code.

Term	Definition
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. A Collaborative Action Required (CAR) can also be raised in Sedex. This is separate from a Non-Conformance, CARs are raised where a Workplace Requirement has not been met, but the responsibility to mitigate or remediate this requirement lies outside of the direct control of the supplier.
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) or Kingfisher International Products B.V. 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	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). 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. **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.
QMT	Kingfisher's Quality Management Tool (QMT) is used by the Quality Assurance (QA) team when validating products[4] and suppliers 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.

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4 Apart from Screwfix which operates its own quality management approach.

Term	Definition
Recruitment Fees	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. 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 www.stronger2gether.org/stronger-together-360
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	GNFR 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.
Stock Keeping Unit (SKU)	Code for a distinct type of item for sale.
Subcontractor	An individual or a group of individuals to whom a contractor outsources the manufacture of a product or part-product or supply of a service.
Supplier/Vendor	Any contracted partner who has a central head office with management structures that supply Kingfisher with products or services; also referred to as vendors. **Existing Supplier:** Those suppliers where there is a 'live' contract in place and who are actively producing and supplying products and services to Kingfisher.
Supply Chain Workplace Standards	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.
Temporary Worker	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.

Term	Definition
Unbranded	At Kingfisher, Unbranded products are those that do not appear to have any obvious brand associated with them either on the product and/ or the packaging. They are not widely recognised in our market and therefore don't fall into our International 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 15 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.

Kingfisher

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