



WH Smith PLC Modern Slavery Statement 2015/16

This statement has been published in accordance with the Modern Slavery Act 2015 and outlines the work undertaken by WH Smith PLC during the year ending 31 August 2016 to prevent modern slavery and human trafficking in its business and supply chains.

Our business and supply chains

WH Smith PLC is one of the UK's leading retailers and is made up of two core businesses – Travel and High Street.

- WHSmith Travel sells a range of products to cater for people on the move or in need of a convenience offer. As at 31 August 2016, the business operated from 769 units (2015: 736 units) mainly in airports, railway stations, motorway service areas, hospitals and workplaces. 193 of these units (2015: 163 units) are outside the UK.
- WHSmith High Street sells a wide range of Stationery, Books, Newspapers, Magazines and Impulse products, with a presence on most of the significant high streets in the UK. As at 31 August 2016, the business operated from 612 High Street stores (2015: 615 stores), located in almost all of the UK's most significant high streets.

WHSmith also reaches customers online via www.whsmith.co.uk and its specialist personalised greetings cards and gifts websites, www.funkypigeon.com and www.funkypigeon.ie.

WHSmith employs approximately 14,000 colleagues.

WHSmith has operations in 24 countries, with 1188 UK stores & 193 stores in international locations, which are either operated directly by WHSmith or under a franchise or joint venture model.

WHSmith has over 1000 product suppliers, of which around 300 are suppliers of WHSmith own-brand product. The majority of these own-brand suppliers are based in China. In addition, WHSmith has over 2000 suppliers of non-merchandise goods and services.

All of the operations and supply chains described above are included within the scope of this Modern Slavery Statement.

Policies

WHSmith's existing Ethical Trade Code of Conduct and Human Rights Policy is based on the Ethical Trading Initiative's Base Code and covers the key issues associated with modern slavery. This policy has been updated to include a specific reference to modern slavery and foreign migrant workers. The policy is available at www.whsmithplc.co.uk/corporate_responsibility.

Group Chief Executive, Stephen Clarke, is the designated Board member with responsibility for ethical trade issues and he has taken responsibility for modern slavery issues as part of this remit.

WHSmith's Ethical Trade Code of Conduct and Human Rights Policy is included in all standard supplier contracts and agreements and in the business policies document which WHSmith's franchise and joint venture partners are required to sign each year.

WHSmith is a long-standing member of the Ethical Trading Initiative and, as such, benefits from dialogue with other companies, NGOs and trade unions on best practice in managing and reporting on modern slavery issues. We have also had dialogue with Anti-Slavery International to advise on modern slavery risks and approach.

Due diligence

A risk assessment has been conducted looking at risk, based on operating country, sourcing country and product category, and using external guidance provided by the Global Slavery Index.

During the year, we have contacted all key suppliers and business partners regarding the modern slavery legislation and required that they confirm their compliance with WHSmith's updated Ethical Trade Code of Conduct and Human Rights Policy and to provide details of the approach they are taking to assess and manage modern slavery risks within their own business and supply chains. For any suppliers identified as high risk from a slavery perspective, WHSmith is holding meetings with the supplier management to review their modern slavery approach in detail and agree any improvements which might be considered appropriate.

WHSmith operates a long-established, in-depth supply chain audit process to assess and manage ethical trade risk for WHSmith's own-brand suppliers in the Far East. Audits are conducted by our in-house, specialist audit team based in China who have been trained on modern slavery risks and conduct specific checks on modern slavery issues as part of these audits. Audits are often unannounced and include confidential worker interviews, inspection of worker accommodation and extensive document checks. Special attention is paid to modern slavery risks, especially in those sourcing countries where the risks of slavery are considered greater, for example Malaysia and India. For European suppliers, independent 3rd party audit reports are used to assess human rights and slavery risks. During 2015/16, ethical audits have not recorded any findings related to forced labour, child labour or bonded labour.

In addition to the controls set out above, WHSmith's Internal Audit team has been trained on the requirements of the 2015 Modern Slavery Act and internal audit checklists have been updated to include modern slavery issues as part of regular Internal Audit reviews of all business divisions, including international operations and sourcing operations. Modern slavery assessments are also included as part of the checklists for unannounced audits for WHSmith franchisees.

Assessment of modern slavery risk within our supply chain

In response to the legislation, we have undertaken a review of modern slavery risks across the WHSmith Group, looking specifically at the different geographical territories we operate in and source from, and their relative risk of slavery. We are mindful that certain industries/sectors have a higher potential risk of slavery and this has been a factor in our risk assessments. Our risk assessment suggests that the majority of WHSmith's operations and supply chain are in countries with relatively low perceived levels of modern slavery risk.

We have focused particular attention on China, given the large scale of sourcing that we undertake there. Our review has also focused on territories such as Qatar and Malaysia, where despite our sourcing and store operations being of more limited scale, we know that there is a higher relative risk rating for slavery. Due to the large scale of our operations within the UK, we have also focused our attention on our UK business looking specifically at the recruitment policies for distribution centre employees, and at our chilled

food supply chain, in recognition of the fact that there have been certain reported instances in the food industry of forced or trafficked labour.

Further steps taken to prevent modern slavery in our supply chains

We have updated the guidance we provide for our line managers to give them background on the modern slavery risks and help them to understand how to identify these risks for themselves and what steps they should take in such an instance.

All WHSmith employees, both directly-employed and agency staff, have access to our confidential hotline where they can report any concerns they may have about any aspect of their work at WHSmith. Training has been provided for personnel handling calls to this line to ensure that they understand how to identify any suspected cases of modern slavery and the actions they should take to escalate this so that appropriate steps can be taken.

WHSmith also funds NGO-operated confidential worker hotlines in our ten largest Chinese factories (representing over a third of our purchasing spend), providing a channel for workers to report any concerns they may have over their employment conditions. We are also working with 16 of the largest Chinese factories that we deal with on a project to help improve worker representation by setting up elected worker representative committees. These committees are a forum for workers to voice any potential concerns on any employment issues. During 2015/16, there have been no issues raised by workers through the confidential helplines or the worker committees related to modern slavery. Further detail on this project is available in WHSmith's 2016 Corporate Responsibility Report available at www.whsmithplc.co.uk/corporate_responsibility.

Assessment of effectiveness in preventing modern slavery

We recognise that modern slavery risk continues to evolve and we will develop our risk assessment tools and controls in the coming year to ensure that we continue to strengthen our approach. We will focus our efforts on suppliers and WHSmith operations in those territories and industry sectors where we believe the risk of slavery to be the greatest. An area of continuing focus will be the review of slavery risks and controls within our Qatari operations and our Malaysian operations and supply chain, with specific regard to the recruitment and employment of workers. In our UK business, we will maintain a regular dialogue with suppliers operating in sectors with a higher risk of slavery, and aim to also encourage key UK suppliers to build their own capacity to manage this complex issue through participation in modern slavery training.

During the year, we are continuing to develop appropriate Key Performance Indicators to measure and report on our progress in managing slavery risks within our business and supply chains.

This statement was approved by the Board of WH Smith PLC

Signed



Stephen Clarke
Chief Executive Officer, WH Smith PLC