



## WH Smith PLC Modern Slavery Statement 2016/17

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 2017 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 2017, the business operated from 815 units (2016: 768 units) mainly in airports, railway stations, motorway service areas, hospitals and workplaces. 233 of these units (2016: 192 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 2017, the business operated from 611 High Street stores (2016: 612 stores), located in almost all of the UK's most significant high streets.

WHSmith also reaches customers online via [www.whsmith.co.uk](http://www.whsmith.co.uk) and its specialist personalised greetings cards and gifts websites, [www.funkypigeon.com](http://www.funkypigeon.com) and [www.funkypigeon.ie](http://www.funkypigeon.ie).

WHSmith employs approximately 14,000 colleagues.

WHSmith currently operates 233 stores in 27 countries outside of the UK. These stores 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. The policy is available at [www.whsmithplc.co.uk/corporate\\_responsibility](http://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 responsibility for modern slavery issues as part of this remit. The Group Risk Committee and Group Board receive regular updates on modern slavery risks and controls.

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.

### **Due diligence**

We assess the modern slavery risks within our business and supply chains based on operating country, sourcing country and product category. As part of our assessments, we use external guidance such as that provided by the Global Slavery Index and organisations like Stronger Together, the data collected by our audit teams and local management teams, and other desk-based research.

Key suppliers and business partners are required that they confirm their compliance with WHSmith's Ethical Trade Code of Conduct and Human Rights Policy. For any suppliers identified as high risk from a slavery perspective, we put additional controls in place, 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. In these higher risk sourcing countries we have put additional controls in place to check modern slavery risks, paying particular attention to the recruitment practices for migrant workers. If issues are identified, appropriate investigative and remedial actions are taken. During 2016/17, 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 include modern slavery issues as part of regular Internal Audit reviews of all business divisions, including international operations and sourcing operations. During the year, Internal Audit have reviewed the modern slavery risks in our operations in Qatar, Malaysia and within our UK recruitment partners. Modern slavery assessments are also included as part of the unannounced audits for WHSmith franchisees.

Our local management teams and our Internal Audit team work together to conduct regular reviews of modern slavery risks within the employee base in each country.

### **Assessment of modern slavery risk within our supply chain**

We assess modern slavery risks across the WHSmith Group, in terms of the different geographical territories we operate in and source from, and their relative risk of slavery, and we also consider the relative risks in different industries/sectors and take this into account in our overall risk assessment. Our risk assessment continues to suggest that the majority of WHSmith's operations and supply chain are in countries with relatively low perceived levels of modern slavery risk.

During 2016/17, we have prioritised our modern slavery work programmes in those part of the business with the greatest risk or scale of activity. In Qatar and Malaysia, we have worked closely with local management teams to ensure that they understand WHSmith's obligations and the controls which need to be in place. We have introduced a system of worker interviews to better understand any modern slavery risks, using this for both our retail operations as well as within our supply chain. China remains a focus for us given the large scale of sourcing that we undertake there and we continue to monitor our audit findings closely, as well as taking various proactive steps to increase the channels available to workers to voice any concerns they may have.

Although we do not believe our UK business to be high risk in terms of modern slavery, due to the large scale of our operations within the UK, we continue to pay particular attention to any possible risks in our UK supply chain. During the year, our Internal Audit team have completed a review of the modern slavery risks for our key recruitment provider. As part of the review, we have made various recommendations for the training of recruitment teams to be strengthened to ensure that there are specific procedures to be followed during the interview stage of recruitment to identify indicators of potential victims of modern slavery practices. We have also carried out a review of the modern slavery controls in place for our key chilled food supplier as we have identified this as a high risk industry. We will continue our dialogue with this supplier to monitor the risks for the business.

### **Further steps taken to prevent modern slavery in our supply chains**

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. Calls to this line are closely monitored so that appropriate actions are taken if any suspected cases of modern slavery are reported. During 2016/17, we have not had any suspected cases of modern slavery reported.

During 2016/17, WHSmith has been proactively working with key factories to increase the channels which workers have to voice any concerns they may have over labour standards or modern slavery issues. As part of this, we have worked with suppliers to set up confidential worker hotlines in 12 key Chinese factories, provide a channel for workers to report any concerns regarding possible exploitation. The hotline is independently administered by an NGO partner, and uses popular social media technology to make it accessible to workers. All of the issues reported to the hotline are fully investigated by WHSmith to ensure that remedial action is taken, if appropriate. None of the issues reported to the hotline during 2016 were related to modern slavery.

We are also running a project with 16 Chinese factories to improve worker representation by setting up elected worker representative committees. In many of WHSmith's Chinese factory sites, there is no forum for workers to raise and resolve issues about their working conditions and pay, or which could indicate concerns about modern slavery. Factory management have received training on how to ensure worker representatives are freely elected, how to set an agenda for a meeting, how to collect suggestions from all employees, and how to report back on outcomes from the meeting. WHSmith monitors the worker committees closely, looking at their agendas and meeting minutes. During 2016/17, there were no reports of any issues related to modern slavery as part of these meetings.

Further detail on this project is available in WHSmith's 2017 Corporate Responsibility Report available at [www.whsmithplc.co.uk/corporate\\_responsibility](http://www.whsmithplc.co.uk/corporate_responsibility).

### **Assessment of effectiveness in preventing modern slavery**

We recognise that modern slavery risk continues to evolve and we continue to work to strengthen our risk assessment tools and controls. Our ongoing focus will be on suppliers and WHSmith operations in territories and industry sectors where we believe the risk of slavery to be the greatest.

In the coming year, we will roll out additional employee training on modern slavery issues. We will aim to ensure that all new line managers receive training on modern slavery legislation, WHSmith's responsibilities and how to identify modern slavery risks. In addition, we will provide training for our UK buyers to use Sedex 3<sup>rd</sup> party audit reports to assess human rights risks associated with current and new suppliers and use these tools as a factor in making buying decisions.

We will seek to extend our modern slavery controls further across our global business, notably to our Indian and Australian operations. At the same time, we will continue with our regular reviews of modern slavery risks in Qatar, India and Malaysia operations, working with our local management teams to assess these risks.

Within our own-brand supply chain, we will continue to review and strengthen our audit process, especially in countries like India and Malaysia which we have identified to be higher risk. Our Far East audit team will also continue to use our proactive projects with suppliers in China to promote better worker representation and access to confidential hotlines and thereby give workers the opportunity to raise concerns.

In the year ahead, our actions will be measured against a number of Key Performance Indicators to enable us to better monitor our progress in managing slavery risks within our business and supply chains. These KPIs will include:

- Staff training on modern slavery risks
- Actions taken to strengthen our audit procedures and extend these across our global operations
- Investigation of any reports of modern slavery and remedial action taken

We will report progress against these KPIs in our next Statement.

This statement was approved by the Board of WH Smith PLC

Signed

A handwritten signature in black ink, appearing to be 'Stephen Clarke', written in a cursive style.

Stephen Clarke  
Chief Executive Officer, WH Smith PLC