

## Modern Slavery Statement 2018/19

Slavery and human trafficking are acknowledged to be global problems. According to the Global Slavery Index an estimated 40 million people in the world today live in some form of modern slavery.

We recognise that all businesses have a key role to play in preventing all types of modern slavery in their own business and supply chains through the promotion of ethical business practices and policies.

Staples UK is committed to taking reasonable steps to ensure that slavery and human trafficking are not taking place in any part of our business or supply chain. We expect the same commitment from our suppliers, contractors and business partners.

This statement provides an overview of the steps taken in 2018 to ensure that modern slavery and human trafficking are not occurring within our business and supply chain. It also details our targets for improvement in 2019.

### Organisational Structure and Business Operations

Staples UK Limited is a wholly owned subsidiary of Staples Solutions BV, based in Amsterdam. In February 2017 Staples Solutions BV and all its' subsidiaries were acquired by Cerberus Capital Management LLP. Cerberus are one of the world's leading investments firms with over \$30billion invested.

Operationally, Staples Solutions BV and other subsidiary brands are trading within 12 countries in Europe via Business to Business and Business to Consumer channels; there are also 154 retail stores across four countries for direct sales.

In the UK Staples operates from three sites; a state of the art distribution centre in Rockingham, Corby; Head Office in High Wycombe and Customer Service and Commercial in Birmingham.

Staples is one of Europe's leading providers of business products, services and solutions for the workplace and home office. Our specialist solutions cover furniture, technology, print and facilities, with more than 20,000 products stocked ready for next day delivery.

### Supply Chain

Staples Supply chain is divided into Trade and Non-Trade with Trade being goods and services for resale and Non-Trade being goods and services required for the running of the operation day to day.

#### Trade

Our product range is divided into Staples' own brand, manufactured by designated partners across the UK, Europe and Asia and leading brands sourced direct and via distributors. In 2018 the

majority of trading relationships were managed by the central European Procurement Team with UK specific market requirements met via the UK Merchandising Team. In 2019 supplier relationships will be managed by the UK Merchandising Team and our Central Merchandising function. The split of supplier relationships between the two teams is approximately 50/50.

## Non-Trade

Currently there are 260 Non-Trade suppliers of goods and services for the UK business operation, ranging from manned guarding to credit checking. The relationships with these suppliers are managed within departmental functions.

## **Our policies**

At Staples, we are aware of the need for a culture that is open, honest and transparent. We aim to work and trade ethically and expect that all personnel in our community are treated legally and fairly within a safe workspace. Our **Code of Ethics (April 2017)** supports this ethos and encourages employees to take personal responsibility and 'Speak Up' by raising any concern that they suspect may breach this or other company policies or laws. Supporting the 'Speaking up' process, Staples has a web-based 'Integrity' system whereby employees are able to report concerns and issues across our Business Units.

During 2018 zero concerns were raised in the UK as a result of the Code of Ethics and therefore no concerns about Modern Slavery were raised.

In 2019, following the decentralisation of much of Staples' operation, The Code of Ethics will be reviewed and republished to our employees with greater information on what constitutes Modern Slavery and Human Trafficking and the obligation to raise concerns.

Staples strive to work with suppliers who treat their workers with dignity and respect, adhere to applicable laws and regulations, and manufacture their products in an environmentally sustainable manner. Accordingly, we require each supplier and any third party suppliers and sub-contractors used by them in connection with the manufacture of products and services to comply with the **Supplier Code of Conduct (revision 5, March 2019)**, which is an integral part of the **Supplier Master Agreement (Appendix 3)**.

## **Due Diligence Processes**

In 2019, the revised Supplier Code of Conduct will be issued as follows:

1. At the onboarding stage for new suppliers.
2. To update existing suppliers who must sign, return and agree to the revised code.

Staples UK is committed to ensuring an ethical and sustainable supply chain and as such references all forms of forced labour, including human trafficking and child labour within the Code of Conduct (paragraphs 1&2). Suppliers must confirm their compliance with the code and Staples reserves the right to monitor suppliers through audits by its own employees or a third party designee. If we determine that a particular supplier does not comply with our Code, we typically

strive to work with them to develop and implement an appropriate corrective action plan. Nevertheless, depending upon the circumstances, Staples may elect to end its relationship with a supplier at any time for failing to adhere to our Code.

100% of new Trade suppliers and 80% of existing Trade Suppliers will be targeted with confirmation of compliance with the Supplier Code of Conduct.

Currently, there is no requirement for Non-Trade suppliers of goods and services to Staples to comply with the Supplier Code of Conduct due to the more limited risk of Modern Slavery and exploitation generally. However, during 2019, an Approved Contractor Database will be established to list those suppliers who carry out any form of work across our sites.

Through this process we will take the opportunity to target 60% of non-trade suppliers with compliance with the Supplier Code of Conduct.

## Supplier audits

Some of Staples own brand manufacturers are located within countries at higher risk of modern slavery and child labour, therefore Staples have taken a proactive approach to social and quality auditing in these locations for several years. The 2017 CSR Report, published 2019, demonstrates the various sustainability actions undertaken across the business units and specifically targets own-brand independent audits performed on supplier operations. The aim is to ensure working conditions meet the standards of the Supplier Code of Conduct and reduce risks end to end within our supply chain.

In 2018 the audit activity was as follows:

- 147 supplier audits performed globally
- 100% of supplier factories based in Asia were audited.
- 30 Social Accountability audits took place in Asia and 1 in the Middle East.
- 2 factories were 'On Probation' with a corrective action plan ready for further re-audits.
- The number of social audits reduced by 45% compared to the previous year. This was due to a strategic decision to consolidate suppliers as well as shifting the factory base back to Europe.

No incidence of modern slavery was found.

## **Risks and mitigations**

Management of risks associated with modern slavery and other human rights contraventions to date has been controlled centrally by the Staples Procurement and Merchandising teams. This has resulted in the supplier factory audits carried out both independently and by members of our own teams and is supported by compliance with the Supplier Code of Conduct. From 2019 onwards the management of this process will be divided across those responsible for the various supplier relationships.

Staples UK Leadership Team will consider risks based on information from Global Slavery Index and plan a new approach to risks and mitigations based on business targets for growth areas.

Staples will continue to use reputable distributors, suppliers and manufacturers to ensure that imports are monitored and risks of modern slavery and human trafficking are minimised at each point through the support of robust processes within that supply chain.

Currently the company is satisfied that because of the nature of our business and supply chain the steps taken to date are relative and reasonably in line with the identified risks of modern slavery and human trafficking.

## Training and Awareness

Previously, those involved in Trade and Non-Trade procurement centrally were re-trained on a regular basis to ensure awareness of the risks of modern slavery and human trafficking in the supply chain. With the decentralisation of much of this function, the company is aware of the opportunity to improve the knowledge of responsible teams in the UK.

Training on the risks will be provided for those involved in Trade and Non-Trade supply chain sourcing as well as generalised updates to all employees through regular newsletters; noticeboards and the company intranet.

An update on all areas of this statement will be provided in the next financial year.

In line with Section 54(1) of the Modern Slavery Act 2015, this statement constitutes Staples UK Modern Slavery Statement for the financial year ending February 2019 and is approved by the Leadership Team of Staples UK.



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