



Modern Slavery Statement 2021

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Slavery, servitude, forced labour, human trafficking and modern slavery are issues of increasing global concern, affecting regions and economies. Modern Slavery is fundamentally unacceptable within our business and supply chains and is an important element in our overall approach to business and human rights.

This is our sixth statement on Modern Slavery and Human Trafficking and is made in accordance with Section 54(6) of the Modern Slavery Act 2015 and covers AO World plc and its UK (United Kingdom) incorporated subsidiaries which include AO Retail Limited, AO Recycling Limited, Expert Logistics Limited, Elekdirect Limited, AO Mobile Limited, Electrical Appliance Outlet Ltd and AO Deutschland Limited. The Modern Slavery statement is for the financial year ended 31 March 2021. The statement applies to all subsidiaries regardless of size. The statement sets out the steps taken, and those which AO intends to take in the future to prevent modern slavery and human trafficking in our supply chains or in any part of our business.



Introduction

The UK Modern Slavery Act 2015 (the 'Act') requires businesses to state the actions they have taken during the financial year to ensure modern slavery is not taking place in their operations and supply chains.

At AO World plc ("AO") we are fully committed and support the government's objectives to eradicate modern slavery and human trafficking.

We believe that our trade with suppliers across the countries we source from should have a positive impact, creating jobs and opportunities for people in the UK and all over countries which we operate. Since we published our first statement in 2016, we have gained greater insight into risk and trends relating to modern slavery, which has enabled us to strengthen our approach.

Our Business

We are a leading online retailer, selling electricals in the UK and Germany, and delivering them with amazing service via our in-house logistics infrastructure. Head Quarters in Bolton, the Group consists of the listed holding company AO World Plc and a number of subsidiaries.

Via our state-of-the-art recycling facility, we are also able to carry out the recycling of waste appliances in the UK. We have our own logistics company which allows us to deliver from our own warehouses and outbases. We also provide ancillary services such as the installation of new and collection of old products and offer product protection plans and customer finance. For further details on the structure of our business and our sustainability work please see the latest annual report available at www.ao-world.com/investor-centre/annual-report.

£1.6bn Group Revenue

4,400 employees

8,500 different products

10 million customers

Our Structure & Our Supply Chains

Our business structure has a range of expertise and services which includes retail, recycling, logistics through to financial services and B2B. We understand that each of these streams can have complex supply chains.

AO's supply chain network covers Goods for Resale (i.e., electrical products) that we sell online, and Goods Not for Resale (GNFR) suppliers which include logistics, distribution companies, service providers, contractors, and labour providers at all levels of the supply chain (collectively referred to as 'suppliers') in our day-to-day operations.

The electrical products we sell on our markets are generally purchased from local subsidiaries of larger global organisations in those markets. These relationships are managed by dedicated teams based in each of our markets.



Governance and Commitment

AO recognises the importance of, and is committed to, high standards of Corporate Governance, aligned with the needs of the Company and the interests of all the stakeholders. The Modern Slavery and human rights agenda sit within the ESG team under the legal department who work with the Risk department to monitor ESG risks. The Company secretary and the Legal Director along with the Head of Risk and Audit reports to the Chief Financial Officer (CFO) further reporting to the Chief Executive officer (CEO). The AO Board has collective responsibility for managing ESG and is advised by the Board's ESG Sub-Committee on AO's ESG strategy, including the approach to modern slavery and climate related risks and opportunities.

The Risk and Audit Committee meet quarterly to discuss and maintain engagement with senior leadership throughout the year. The Risk and Audit Committee plays a key role in monitoring and evaluating the compliance and risk management processes, providing independent oversight of our external audit and internal control programmes which includes Modern Slavery and ensures the Board are kept informed.

In the past year the business has recruited a Head of ESG (Environmental, Social and Governance) under the Legal department whose focus includes Modern Slavery.

Organisational Policies

AO respects international principles of Human Rights, including the UN (United Nations) Declaration of Human Rights, United Nations Guiding Principles and those principles contained within the Modern Slavery Act 2015. We have a number of policies that exist, or which are being updated, with ownership at company board level, with the aim to protect the employee welfare and basic human rights within our business and our supply chains. The policies reflect our commitment to acting ethically and with integrity in all our business relationships, helping to ensure that slavery and human trafficking is not taking place anywhere in our business. We expect all those in our supply chains to comply with this approach. Some of the key policies that are under review or being updated include:

- AO Modern Slavery Policy
- AO Supplier Code of Conduct
- Anti-Bribery Policy
- Whistleblowing policy

We take any breach of our policies or allegations of labour abuse extremely seriously. We provide an independent and confidential whistleblowing hotline that enable our colleagues, suppliers, and their staff to raise concerns.



Salient Risks

Salient risks are human rights issues that have the potential for severe negative impact through the Group's activities or business relationships. AO currently tracks these risks through the Risk and Audit Committee who maintain a business risk register for each working subsidiary and which includes legal, supply chain and people risk registers. Salient risks monitored through the risk register include people wellbeing, trade union representation and work council recognition. The legal risk register highlights the risk of Modern Slavery and ethics in the logistics & procurement functions. Further due diligence improvements have been identified to be made in our supply chains and will be implemented in the coming year. This includes performing increased checks on suppliers and service providers during onboarding resulting around working conditions and modern slavery.



Due Diligence

We are establishing a supplier due diligence process to identify any higher risk suppliers including those that may present which enables us to tailor our supplier due diligence accordingly, to address Modern Slavery indicators. We are continuing to refine this process.

This year we took an evaluation of our processes and systems including our policies to understand the gaps and risks. At the onset, we will be strengthening many of these policies which includes our supplier code of conduct.

All suppliers currently go through a risk assessment process as a part of the group Supplier onboarding which includes our product suppliers, Goods Not for Resale suppliers and service providers. The risk-based approach is to target those suppliers who are deemed to be exposed to a higher risk of unethical practices. Prior to entering into agreements with suppliers, AO issues them with a compliance form which is designed to assess areas of potential risk within the supply chains and aims to ensure that manufacturers, suppliers, or service providers have their own clearly defined ethical working practices including suitable anti-slavery and human trafficking policies and processes within their businesses. This includes confirmation that they comply with the requirements of the Modern Slavery Act 2015. Where any red flags are identified further discussions will take place with these suppliers and relations assessed as required.

During the year we used an independent third-party sustainability consultancy, Anthesis, to review the GNFR Procurement Process, key supply chains and identify risks. As a part of this we have reviewed the risk assessment process including the questionnaire with new social and environmental requirements. We have not identified any suppliers where there is evidence of Modern Slavery, but we have identified those that may present a potential risk and will carry out further due diligence on those suppliers.

It is intended to roll out a new Supplier Code of Conduct during the year which includes clear requirements on Modern Slavery. The Code will be rolled out initially to suppliers that have been assessed for potential higher risk of modern slavery.

The Code states that AO reserves the right to check compliance, for example through self-assessments and audits which may be carried out by AO or through a third party. We will continue to assess any instances of non-compliance on a case-by-case basis and tailor any remedial action appropriately. In case a breach is identified, the supplier will be required to create an incident report and present a corrective action plan.



Training and Capacity Building

Raising awareness of modern slavery, both within our business and our supply chains, is an important part of our ESG strategy. We know that identifying potential and actual cases requires up-skilling colleagues and suppliers to understand the drivers and indicators of modern slavery. We have conducted training to some of our key members of staff to increase awareness to better ably identify the signs of modern slavery within our supply chains to reinforce know how to report any concerns. This includes reminder communications of AO's whistleblowing helpline and the government's Modern Slavery helpline. This year we have commenced structuring an online training module targeted at colleagues in our business who have direct interactions with temporary staff in our own operations as well as suppliers. This will include:

- Tailored Modern slavery training as a part of the e-learning module for all UK colleagues in the distributions and logistics division procuring retail labour services as well as direct labour.
- Promoting our Modern Slavery e-learning training to commercial colleague's including those who are responsible for IT and product procurement.
- Further training has been planned for senior executives and directors within the business.

Stakeholder relationship

AO are members of the British Retail Consortium (BRC) and follow their guidance on Modern Slavery. We have also worked with industry experts like Anthesis who provide support into the sustainable procurement and Human Rights. Additional stakeholders will be identified during the latter part of this year.

Forward looking objectives

During the next 12 months we will strengthen our approach to managing the risk of Modern Slavery within our business and our supply chains to ensure that our ESG strategy is responsive to changing risks. We will act and address immediately any concerns that are identified. We have identified four key objectives which will form our Key Performance Indicators for the next year. They are as follows:

- 1 Reviewing the Supplier Onboarding Process as a part of responsible procurement & raise awareness to suppliers on Modern Slavery & human rights due diligence.
- 2 Continue monitoring Goods Not for Resale suppliers through our improved risk base approach to due diligence.
- 3 Reviewing high risk supplier's worker rights through our onboarding questionnaires
- 4 Review our training systems to include Modern Slavery awareness and due diligence.

The statement has been approved by the AO World plc Board of Directors who will review and update it on an annual basis.

Geoff Cooper
Chairman
AO World plc
27 July 2021