

**UK MODERN SLAVERY ACT (MSA)
Statement for the financial year ending July 31, 2019**

Overview

Ferguson plc is the world’s leading specialist distributor of plumbing and heating (HVAC) products serving residential, commercial, civil, and industrial customers primarily in the Repair, Maintenance and Improvement (RMI) markets. Our plumbing product category includes residential and commercial plumbing fixtures and pipe, appliances, lighting fixtures and fire protection products. This statement is made pursuant to the UK Modern Slavery Act 2015, Section 54, and describes the steps that Ferguson plc and its operating subsidiaries (collectively, Ferguson) have taken during the fiscal year ending July 31, 2019 to prevent slavery and human trafficking within our global supply chain.

During FY’19, our primary focus area for enhancing MSA compliance over the prior year included additional due diligence activities performed on international suppliers that will strengthen our business conduct & anti-slavery audit mechanisms, and incorporated such protocols into our international product vendor onboarding process.

Ferguson’s Structure and Supply Chain

Ferguson principally operates in three geographic regions (US, UK & Canada¹) through over 2,200 local branches and showrooms, as well as through e-commerce websites. We employ roughly 35,000 associates and supply over one million customers, primarily local tradespeople who operate within 20 miles of our branches. Whilst collectively Ferguson buys products from approximately 45,000 suppliers in over 40 countries, over 95% of those vendor purchases come from the US, UK and Canada. The chart below highlights key features of our regional supply chains.

	US		UK	Canada
Key Markets	Commercial Plumbing & Mechanical Residential Plumbing RMI Industrial Waterworks Fire & Fabrication Consumer (Showrooms & eCommerce)		Commercial and Residential Plumbing RMI Consumer (eCommerce)	Commercial and Residential Plumbing RMI Industrial Waterworks
Major Product Mix (Products Supplied by Each Regional Business)	Plumbing Pipe, Valves and Fittings (PVF) Heating Ventilation and Air Conditioning (HVAC) Waterworks Fire protection systems Residential goods (e.g., bathroom fixtures, lighting, appliances)		Plumbing HVAC Parts Residential bathroom appliances, fixtures, and accessories	Plumbing PVF HVAC Refrigeration Waterworks
Location of Primary Suppliers (by spend)	US (97%)		UK (98%)	Canada (92%)
Location of Other Suppliers (by spend)	China Canada India	Taiwan Thailand Turkey	US China Taiwan	China US

¹ During FY19, Ferguson sold Soak.com and WASCO. Consequently, this annual statement does not cover anti-slavery compliance activities of these businesses located in the UK and Netherlands, respectively.

Ferguson's Policies to Combat Modern Slavery

A. Our Workforce

Ferguson holds itself to high standards of business integrity and ethical conduct.

Committed to extending the principles of the UN Global Compact and Universal Declaration of Human Rights to our workforce, we have adopted policies to foster a respectful environment where associates have a right to freedom of association, are treated humanely, and are free from harassment or discrimination in safe and secure workplaces. These principles are embedded in our Group Code of Conduct and company-specific Codes of Conduct that have been adopted by our regional operating businesses.

Our Group Code of Conduct was updated during FY'19 and includes Ferguson's commitment to protecting human rights and ensuring that our suppliers adopt fair labor practices. Our associates, including those employed by our sourcing affiliates in China and Taiwan, are trained on our Code of Conduct and are encouraged to "speak up" about any situation or condition that they believe violates our fundamental employee welfare standards. Moreover, the Group Whistleblower Policy and Speak Up! hotline offer a confidential mechanism for associates to report (anonymously, if requested) any incidents of unfair treatment – protected from retaliation by management. In FY'19, the Speak Up! hotline phone numbers for Asia were updated to direct lines for easier access. During this past fiscal year, no hotline reports raised any concerns related to modern slavery or human trafficking at any Ferguson location.

Compliance to our policies is monitored via financial controls, internal audit, management oversight, security procedures, and via Speak Up! hotline reporting. Corrective action for non-compliance with Ferguson policies depends on the severity of the situation, but can range from counseling and training up through termination of employment (or business relationship for non-employee workers).

Of the more than 35,000 workers at Ferguson, 2% are supplier contracted workers and 1% are temporary employees. Temporary employees fill numerous functions across the organization and contracted workers fill mainly IT, security and financial functions. Our temporary employee, contractor and service provider contracts contain provisions that require such persons to comply with our Code of Conduct, which addresses compliance with the Modern Slavery Act.

B. Our Supply Chain

Ferguson also holds our suppliers to high standards of ethical conduct and treatment of workers.

The Group Product Integrity Policy codifies our commitment to source from ethical suppliers to ensure that the products we supply are safe, reliable, and manufactured by companies that share Ferguson's values of integrity and respect for the human dignity of workers. All of our businesses have adopted the Group Product Integrity Policy by including the policy framework in their respective supply chain processes.

Suppliers are contractually obligated to respect human rights – a cornerstone of the ethical component of our product integrity programme. For example, agreement to respect human rights and refrain from use of child, forced, or involuntary labour are explicit contractual provisions in the UK business's terms and conditions of purchase, whilst our Canadian business requires its major suppliers to execute its Supplier Standard Agreement, which requires compliance with human rights laws and ethical standards found in the Group Code of Conduct.

The US business binds its major suppliers to a Supplier Code of Conduct. Amongst other terms, the US Supplier Code of Conduct sets forth minimum standards of human rights and working conditions that are subject to on-site inspections and audits. This Supplier Code also is incorporated in our supply agreements that are negotiated with international suppliers. Roughly 88% of the US business's US program suppliers have signed our Supplier Code of Conduct (or have demonstrated that they operate under their own

comparable business conduct principles, including MSA compliance), with approximately 75% of its non-US suppliers having agreed to the same or similar contractual terms.

During FY'19, Ferguson continued to bring more of its major suppliers under contractual human rights commitments. In total, 1,800 major suppliers have contractually pledged to abstain from the use of child, forced, or involuntary labour in their operations (a nearly 40% year-over-year increase (FY18: 1,300)). Approximately 14% of these 1,800 major suppliers are in countries with a prevalence of modern slavery according to The Global Slavery Index.

We also purchase services (principally performed in the US, UK, and/or Canada) that support our internal operations from vendors that provide for health plan administration, title insurance, transportation, marketing, financial auditing, employment, event planning, and legal and business consulting. Our vendor contracts require compliance with our Supplier Code of Conduct (including MSA requirements) or the vendor must demonstrate that they operate under their own comparable business conduct principles.

Ongoing Due Diligence, Monitoring of Suppliers and Training

Using a third-party software program, Ferguson screens new and existing suppliers for reports of ethical or modern slavery concerns. These recurring monthly screens ensure that we capture new information that comes to light after a supplier is first uploaded in the system. During FY'19, the ongoing screening process identified no red flags of unethical or modern slavery incidents involving any of the more than 22,000 screened suppliers.

All businesses have incorporated, to varying degrees, business conduct and anti-slavery elements in their supplier audit methodologies. For example, our Taiwanese sourcing associates have been trained in-person on modern slavery issues and during FY'19, 49 compliance audits were performed on suppliers in Asia. None of the FY'19 supplier audits identified any material non-compliances with Ferguson's MSA standards.

In addition to the initial audits, we visit and re-audit our suppliers periodically based on risks associated with product integrity and more recently based on the anti-corruption & anti-slavery risk assessment tool described more fully below. These additional touchpoints allow us to monitor the suppliers' continued commitment to our Supplier Code of Conduct, including with respect to any potential business conduct and/or anti-slavery concerns.

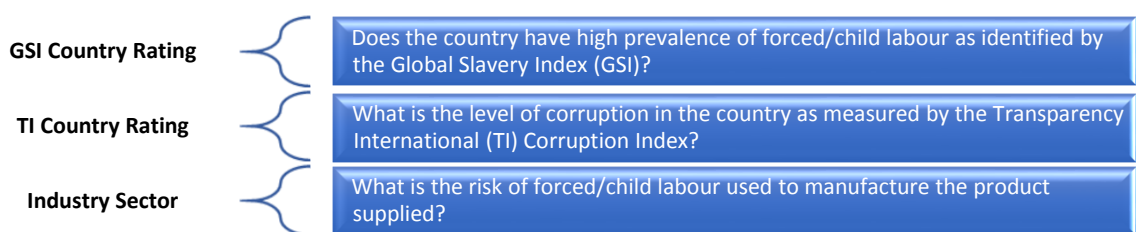
As with product integrity issues, if a potential area of non-compliance with our Supplier Code was identified during an audit, Ferguson would require the vendor to prepare (for our approval) and implement a corrective action plan to address such identified deficiency and to enhance the supplier's prevention mechanisms to avoid any repeat occurrence. If the supplier was unable or unwilling to meet our expected performance standards, we would terminate our business relationship with such supplier and ensure the appropriate reporting of the identified non-compliances.

Although work remains to harmonize practices across the businesses, the addition of business conduct and anti-slavery standards in our audit methodologies has increased our sourcing and product integrity teams' understanding of our global suppliers' operations beyond just quality considerations.

Managing the Risks of Modern Slavery in Ferguson's Global Supply Chain

Ferguson primarily sources manufactured goods from suppliers in North America and Western Europe where the risk of forced, involuntary, or child labour in manufacturing activities is comparatively lower than other parts of the globe. Thus, whilst we have included domestic suppliers in our anti-slavery activities, effective risk management calls for focused attention on international suppliers from outside our core markets.

Accordingly, we further developed a risk assessment tool this year to prioritize our activities. Using extensive research published by human rights NGOs², the tool employs three criteria:



Suppliers are rated using these criteria with the level of company focus and audit engagement correlated to the supplier's rating. For example, application of this tool will direct higher priority engagement to suppliers in China, India, or Turkey as compared to suppliers from Japan or South Korea. Higher priority engagement will entail review of the supplier's employment practices, increased frequency of on-site monitoring and audits, work plans for corrective action, and capacity building activities to support the supplier's adoption of specific anti-slavery controls. Prioritization of our engagement with such higher-risk suppliers (regardless of spend) will ensure the more effective deployment of resources across our anti-slavery compliance program.

To implement this risk assessment tool in the US, a cross-functional team worked to streamline and improve our vendor approval and onboarding processes by adding compliance due diligence steps at several checkpoints and introducing the risk assessment tool to identify applicable compliance requirements (based on the respective vendor's risk level). This updated US process will be finalized in FY'20, and then extended to other Ferguson businesses.

Effectiveness of Ferguson's Anti-Slavery Measures and Corrective Action Approach

With the implementation of our risk-based supplier due diligence and engagement protocols, we intend to have on-going interaction with our higher risk suppliers, which will enable us to better monitor their adoption of anti-slavery controls.

We also continue to monitor best practices as they develop in relevant industry sectors, consulting with external stakeholders as appropriate to help strengthen our efforts. We are members of CSRBoard.org, the Association of Corporate Citizen Professional, and the Boston College Center for Corporate Citizenship. These groups provide resources and guidance regarding detecting and eliminating human rights abuses, both within our businesses and across our supply chain.

As noted above, if credible evidence of modern slavery or human trafficking were found within any of our contracted suppliers, we would take immediate action to work with the supplier to understand and properly resolve the situation, including appropriate reporting of the identified matter. We would work with the supplier to implement corrective actions to help the affected employees and prevent future violations. Unwillingness or inability of the supplier to cooperate and implement proper improvements would result in termination of their contract and selection of an alternate source.

² Sources relied upon in Ferguson's assessment include: Country Profiles in The Global Slavery Index; "Strengthening Protections Against Trafficking in Persons in Federal and Corporate Supply Chains: Research on Risk in 43 Commodities Worldwide," Verité 2017 Report Commissioned by the U.S. Department of State; and Transparency International's Corruption Perceptions Index.

Building Upon Our Progress

Ferguson seeks to continually improve our measures to combat forced, involuntary, or child labour across our global supply chain. Our work to implement and harmonize the risk assessment tool in our supply chain vendor management program will continue in FY'20. As part of this, we are adding additional trained resources to increase our ability to perform supplier audits to meet the increased program demands. These efforts continue to expand the awareness of our global associates about modern slavery risks and how to spot any red flags.

Ferguson remains steadfast in our commitment to detecting and eradicating any form of modern slavery in our global supply chain. By our actions, our suppliers will know that the humane treatment of workers is just as important as the quality of the goods they supply to Ferguson.

This statement is made on behalf of all subsidiaries of Ferguson plc pursuant to section 54(1) of the Modern Slavery Act. It has been approved by the Ferguson plc Board of Directors and signed on its behalf by:

A handwritten signature in black ink, appearing to read "John Martin". The signature is written in a cursive, flowing style.

John Martin
Group Chief Executive