

## Modern Slavery Statement 2022

### Introduction

This is Halfords 5<sup>th</sup> Modern Slavery statement which outlines the steps we take as a business to prevent slavery and human trafficking in our own operations and supply chains. Previous Statements can be found on our [Group website](#).

As defined by the UK Government guidance<sup>1</sup>, modern slavery encompasses slavery, servitude and forced or compulsory labour; and human trafficking. Our commitment to human rights, including modern slavery extends through our Group policies and Global Sourcing Code. We recognise our responsibility in managing our business and supply chains responsibly to mitigate and remediate where necessary, the risks of modern slavery.

This statement has been published in accordance with the Modern Slavery Act 2015 (“MSA”). It sets out the steps taken by Halfords Group Plc (“Halfords”) during the financial year ended 1 April 2022 to prevent modern slavery and human trafficking in its business and supply chains.

### Our business and supply chain

We are a market-leading business, with unique and differentiated products and services. Our unique mix of stores across the UK and Ireland, garages, mobile vans and home delivery throughout the UK means we can offer customers unparalleled convenience in the motoring and cycling markets.



- 400 Halfords Retail
- 3 Performance Cycling stores
- 606 garages
- 185 ‘Halfords Mobile Expert’ vans,
- 68 ‘National’ Tyre fitting vans
- 192 Commercial vans
- Customer Contact Centre
- Click & Collect
- Integrated Web Platform
- B2B Offering

We know that our customers want us to be there for them, when they need us. That means our stores and garages are open early and late, we offer a proposition which is mobile and comes to them wherever they are, and we offer convenient delivery options to meet their needs.

As our business continues to grow, the integration of newly acquired businesses into the Halfords Group is incredibly important to ensure consistency in our governance approach.

<sup>1</sup> <https://www.gov.uk/government/publications/transparency-in-supply-chains-a-practical-guide/transparency-in-supply-chains-a-practical-guide#the-modern-slavery-act-2015>

As detailed within our FY22 Annual Report and Accounts, our FY23 focus is to continue integrations of policies and procedures for our more recent acquisitions. This statement covers the work of subsidiaries within the Group.

## Our supply chain

We have two distinct supply chains; Goods for Resale (GFR) and Goods Not for Resale (GNFR), which includes the products and services we procure for the everyday running of our business.

The products we sell are sourced from a broad range of national and international suppliers. We source from countries including Taiwan, China, Cambodia, Thailand, Vietnam and Portugal. Our international supplier relationships are managed by a dedicated Halfords Global Sourcing (“HGS”) team with colleagues based in Hong Kong, Taiwan, Shanghai and the UK.

## Our policies and governance

We are committed to maintaining high ethical standards within our business and supply chain. We have clear policies that ensure a consistent approach to the standards of operations and behaviours we expect from our colleagues and business partners. These policies include, but are not limited to, health and safety, environmental management, global sourcing code and data protection. Colleagues are required to complete mandatory learning to ensure policies are understood.

The Environmental Social Governance (ESG) Committee comprises Non-Executive Directors and is a committee of the Board. The Committee’s remit is to ensure our ESG strategy remains effective; sets appropriate targets; and monitors progress against key targets and initiatives. The ESG Committee asked for regular updates on the supply chain ethics and have remained informed of developments made throughout the year on the ongoing due diligence developments.

*“We met as a Board to review and approve the revised Global Sourcing Code (the “Code”). Along with investment in systems, the revised Code will support strengthening due diligence processes, ensuring we remain compliant with increasing supply chain transparency requirements. This is a notable improvement, ensuring we continue to drive the right behaviours and culture to deliver long-term sustainable growth.”*

**Helen Jones**  
**Chair of the ESG Committee**

During the year, we revised our Global Sourcing Code (“Code”) which sets out the principles that are instrumental in enabling our commercial and responsible sourcing goals.

Our Code supports our commitment to respect human rights and uphold international standards, including the United Nations (“UN”) Guiding Principles on Business and Human Rights and the Organisation for Economic Cooperation and Development (“OECD”) Guidelines for Multinational Enterprises.

Our commitment to respect human rights is based on the International Bill of Human Rights consisting of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights; and the International Labour Organization’s (“ILO”) Declaration on Fundamental Principles and Rights at Work.

The Code details the minimum standards to which we expect our suppliers to adhere and in turn ensures that their own business partners meet similar standards. Our Code covers

expectations in the areas of environmental management, responsible sourcing of materials, safe working practices and human rights, which includes modern slavery.

We take all reasonable and practical steps, including factory and site inspections and independent audits, as required, to ensure the principles detailed in our Code are being met by our suppliers and in turn by their own business partners.

We encourage a culture of 'speaking up' and expect our suppliers and their workers to do so in confidence and without fear of retaliation. Details of how to raise concerns through the **SeeHearSpeakUp** reporting channels are listed within our Global Sourcing Code.



## Whistleblowing / Speaking Up

The Group's Whistleblowing Policy enables colleagues and workers within the supply chain to report concerns on matters affecting the Group or their employment, without fear of recrimination.

As part of our commitment to ensuring a culture of honesty and integrity, during FY22 we partnered with SeeHearSpeakUp in order to launch externally operated reporting channels, including a new web-based channel.

Posters publicising whistleblowing channels are distributed to all stores, Autocentres, Distribution Centres and the Support Centre as well as communicated to suppliers through our Global Sourcing Code.

## Risk Management

Like many businesses with global supply chains, we consider the risk of modern slavery to be greatest in our supply chain.

Recognising that for our direct operations, the biggest risk of modern slavery is within the sourcing of 'servicing staff', through our GNFR procurement processes, we have begun to include detailed modern slavery questions for service staff including security and cleaning staff.

Our standard terms include conditions that explicitly reference our Global Sourcing Code, which all suppliers, both GNFR and GFR, must sign up to.

We only trade with those who comply fully with our Code and in the event of any failure to do so, we reserve the right to end the business relationship and cancel outstanding orders.

We recognise that in the event of non-compliance, withdrawal of our business may cause severe hardship to those employed. Therefore, our preference is to work with our suppliers in partnership to achieve compliance and carefully review progress made before considering severing any relationship.

We are at the early phases of working with an external partner to re-evaluate how we map sustainability risk within the supply chain, which includes modern slavery. This revised risk assessment will better support our overall due diligence process which is detailed below.

## Due diligence

During FY22, we strengthened our due diligence process by partnering with EcoVadis. We work with EcoVadis to enable our responsible sourcing programme and monitor compliance with our Global Sourcing Code.

We require suppliers to complete self-assessments through the EcoVadis platform, which will help to assess a supplier's performance in various areas, including ethics; environmental management; labour practices; and human rights. The EcoVadis score card will help to inform our own due diligence process, highlighting good practice and where there may be greater need for auditing, remediation or corrective action.

We currently apply a risk-based (or tiered) approach to assessing and auditing our suppliers. For Tier 1 suppliers, which are those operating in higher risk countries, we conduct in-depth audits, including in person factory visits, confirming compliance every two years as standard, and every year for bike suppliers.

Tier 2 suppliers are generally own-brand manufacturers operating in low-risk countries. For these, we may accept an alternative audit report as a means of validating compliance, and we will accept a reduced frequency of audit. Tier 3 suppliers are proprietary branded goods for resale. Our standard terms include conditions to explicitly reference our Global Sourcing Code, which all suppliers must sign up to.

During the year, no modern slavery concerns were raised regarding the Group or any of its suppliers. It is recognised that whilst no incidents were raised (through contractual mechanisms) this does not mean issues do not potentially exist. The Company, therefore, remains committed to further enhancing its approach and understanding and enhancing its due diligence process.

## Stakeholder Engagement

Through our membership of the British Retail Consortium (BRC) we have actively participated in industry debate through working groups, to better understand broader retail risk to modern slavery and potential opportunities to partner.

We recognise the importance of working in collaboration with the industry and broader stakeholders to tackle the global issue of modern slavery and remain committed to this partnership approach.

### Freewheel

We were pleased to support the Freewheel programme by Ride for Freedom with bike accessories during the year. Ride for Freedom aim to harness the universal appeal of cycling to raise awareness, educate and forge partnerships to end modern slavery and provide remedy to survivors.

Freewheel is a remediation programme that empowers survivors of modern slavery – women, children and men – to cycle to support their physical and mental health and wellbeing, independence and mobility to aid their rehabilitation into society.

The Barking and Dagenham hub, launched in March 2022, is the first of several hubs to be rolled out in cities and regions across the UK where the need and ongoing demand for the provision and service is identified. The hubs intend to enable survivors of modern slavery by providing them with a bike and bike accessories including helmets, locks and lights, alongside cycling proficiency and road awareness training through a national cycle training programme. Further information can be found on the Ride for Freedom [website](#).

## Modern Slavery Training and awareness

During the year, we launched our first modern slavery e-learning module to all colleagues. This short mandatory learning helps define the issue of modern slavery and importantly explains how to raise any potential concerns. Alongside the revised ‘whistleblowing hotline’, we are communicating the important role all colleagues play in being vigilant and having the confidence to speak up.

At the end of August 2022, 39% of colleagues had completed the training module. We continue to work with colleagues to raise awareness of the issue and ensure they are effectively trained.

Colleagues from the Procurement function have also attended industry forums to remain abreast of responsible supply chain regulation which includes the issue of modern slavery.

## 2022 progress

We continue to review policies and practices to ensure our response to modern slavery remains effective, recognising this is a process of continuous improvement.

Below we detail progress made this year as commitments for the next year.

Commitment	Status	Comments
Revise the Global Sourcing Code to strengthen commitment in line with our broader ESG commitments	✓	Published and contractual provisions updated to refer to the new Code. <i>See page 2</i>
Partner with external platform provider to support ongoing supply chain due diligence	✓	Partnership established with EcoVadis to manage responsible sourcing – compliance with our Code as well as scope 3 carbon data collection. <i>See page 4</i>
Introduce modern slavery e-learning to support employee understanding of modern slavery	✓	e-learning launched towards the end of the financial year <i>See page 5</i>

## Next Steps

During FY23 we are committed to:
Onboard suppliers onto the EcoVadis Platform and begin collecting overall data on suppliers’ compliance to our Global Sourcing Code.
Review risk management process for identifying supply chain risk
Continue support for the Freewheel remediation programme for victims of modern slavery.
Support the ESG Committee with training on supply chain due diligence.

This statement was approved by our Board of Directors on 7 September 2022 and will be reviewed on an annual basis.

**Graham Stapleton**  
Chief Executive Officer