



MODERN SLAVERY STATEMENT

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This statement sets out how Halfords Group Plc ("Halfords") complies with the Modern Slavery Act 2015 (the "MSA").

It also explains how we comply with the new guidance in relation to the MSA, which was released by the Government in October 2017.

As a business, we wholly support the purpose of the MSA which is to promote transparency in supply chains and we also note that since the new guidance is intended to drive best practice it will assist businesses with tackling Modern Slavery. This is to be done by encouraging organisations to provide information in relation to six categories, which are set out in Section 54(5) of the MSA.

In order to reflect this guidance and show our response to it, we are re-publishing this updated Modern Slavery and Human Trafficking Statement on our corporate website.

Accordingly, we provide the following information in regard to the six guidance categories:

1. The structure of our organisations, our business and its supply chain

Halfords is a FTSE listed retailer which operates retail stores across the UK and Ireland and garages throughout the UK. Its main trading subsidiaries are Halfords Limited and Halfords Autocentres Limited and the products we sell are sourced from a broad range of national and international suppliers. Our international supplier relationships are managed by a dedicated Halfords Global Sourcing ("HGS") team with colleagues based in Hong Kong, Taiwan and Shanghai.

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2. Our Policies in relation to Modern Slavery and Human Trafficking

Got it!

Halfords has established an Ethical Trading Statement which is available on our website at: **Ethical Trading (/governance/policies/ethical-trading/)**. This details how we comply with the legislation which is applicable to Ethical Trading, and also sets out the standards we expect of our suppliers. In particular, this Ethical Trading Statement addresses such matters as: conditions of employment; wages and benefits; child labour; modern slavery (which may also be referred to as forced labour) and human trafficking. It also includes other related matters such as safety and environmental policies.

To ensure that our policies and standards are communicated as effectively as possible, we have adopted a dual strategy as follows:

the first part of our strategy is our supplier 'Compliance Declaration'. This is applicable to all our suppliers and requires them to confirm their compliance with relevant legislation, which includes the Modern Slavery Act 2015; and,

the second part of our strategy is that we have established a specific Code of Conduct which applies specifically to the organisations that supply us with the goods we sell. Our Code of Conduct on ethical trading includes compliance with our policy on modern slavery and human trafficking.

This dual approach allows us to set both general standards across the whole of our business and at the same time, it also enables us to require additional information from those businesses in our supply chain in the areas where we have assessed that there may be increased risks.

3. Our due diligence processes in relation to modern slavery and human trafficking in our business and supply chains

We operate robust due diligence processes in relation to the MSA whereby we undertake practical steps that include inspections and audits of the factories, warehouses and tied accommodation operated by our suppliers. These inspections and audits help to ensure that our standards are being implemented by our suppliers throughout their businesses and that they are also in compliance with local legislation and regulations.

We assess any instances of non-compliance on a case-by-case basis and then tailor remedial action appropriately. We will only trade with those companies which already fully comply with these requirements or which are taking verifiable steps towards full compliance.

4. The parts of our business and supply chains where there could be a risk of modern slavery or human trafficking taking place, and the steps we have taken to assess and manage that risk

As referred to above, we consider that the risk of modern slavery is greatest in our supply chain and so we have taken the following steps to assess and manage that risk:

we have amended our terms of business when purchasing 'goods for resale' so that all these contracts now oblige our suppliers to comply with their obligations under the Modern Slavery Act 2015 Act;

we ask our suppliers to complete a **Got it!** Compliance Declaration (as referred to above); and,

we carry out physical inspections and audits of the premises operated by our supplier.

The responses from suppliers to these supply chain audits have been positive. While such audits are always on-going and our aim is to repeat them regularly, the completed replies we have received so far have identified good standards and high levels of compliance. We have not unearthed any adverse findings.

5. Our effectiveness in ensuring that modern slavery and human trafficking is not taking place in our business or supply chains, measured against appropriate performance indicators

To ensure the effectiveness of our approach in regard to ensuring compliance with both the MSA and the new Section 54(5) guidance, we have, in addition to the matters described above, adopted the following approach:

we assess our suppliers according to a Three Tier basis. This allows us to adopt a risk assessed approach to ensure we devote most attention to the areas of greatest risk. We conduct more in-depth and targeted audits for those suppliers in Tier 1;

in addition, our HGS operation in Asia has adopted a Factory Grading and Evaluation system under which the factories of our suppliers are audited. These audits reflect our principles which are based on achieving international standards, including the International Labour Organisation (ILO) conventions and recommendations, which in turn are based on the United Nations (UN) Universal Declaration of Human Rights and Convention on Rights of the Child; and,

these audits are carried out by Bureau Veritas (an independent third party) and they assess matters such as production processes, packing arrangements and other safety issues. A key area of their audits is in relation to assessing if any forced labour or modern slavery exists in our supply chain. They assess this by investigating matters such as conditions of employment, wages and benefits, security arrangements, payments in kind, and over time arrangements. These audit reports are very thorough and all include detailed photographic evidence.

6. The training available to our colleagues about modern slavery and human trafficking.

Halfords' colleagues have received training in a variety of areas relating to how we seek to operate as an ethical business. This includes: Anti Bribery and Corruption training which has been carried out both in the UK and overseas with our colleagues in HGS. The bespoke training sessions for our HGS teams were given by the local offices of an international law firm and were provided in both English and the local languages, such as Mandarin Chinese. This training has since been repeated in the UK and will be further refreshed and delivered again when appropriate.

This statement was approved by our Board of Directors on 5 September 2018, and will be reviewed on an annual basis.



Got it!

Graham Stapleton

Chief Executive Officer

Useful links

Annual Report 2019 (<http://halfords.annualreport2019.com/>)

Contact Us (</contact-us/>)

Modern Slavery Statement (</governance/policies/modern-slavery-statement/>)

Share Information (</investors/share-information/>)

Shop with us

Halfords (<https://www.halfords.com/>)

Autocentres (<https://www.halfordsautocentres.com/>)

Tredz (<https://www.tredz.co.uk/>)

Cycle Republic (<https://www.cyclerepublic.com/>)

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Got it!