

## MODERN SLAVERY STATEMENT

### Introduction

Pepco Group recognises the importance of running our business and managing our supply chain responsibly. This includes ensuring that our products are made in factories that operate to our exacting ethical standards and are free from any kind of slavery, forced or compulsory labour and human trafficking. We adopt a zero-tolerance approach to modern slavery.

### Our Businesses

We are a pan-European variety discount retail business, operating through three retail fascias; PEPCO, Poundland and Dealz. At 30<sup>th</sup> March 2020, we operated over 2800 stores across 14 countries including Poland, Hungary and Romania in Central and Eastern Europe to the UK, the Republic of Ireland and Spain in Western Europe and employ over 30,000 colleagues.

Our proposition combines apparel, general merchandise (including homewares, toys and seasonal products) and FMCG products with the majority sourced via our own integrated sourcing business, PGS. This enables us to benefit from buying scale and operating efficiencies to provide our core shopper, a “mum on a budget”, with all her regular household replenishment needs. We know she wants products at great prices while always being confident that the products she is buying have been sourced responsibly.

### Our Supply Chain and Risk Assessment

The Group assesses risk based on both the nature of the supply base and the product being sourced as follows, with the significant majority of products that we sell falling within (i) and (ii):

- (i) Apparel and general merchandise products sourced direct from Far East located factories by PGS or the Group’s operating companies directly, and
- (ii) FMCG products sourced from European or global brand owners that have their own robust policies and processes and
- (iii) Other European based suppliers (“Other Suppliers”), where we are in the process of developing more robust verification processes.

In addition, for Poundland suppliers who use Sedex (see below), Poundland uses the SMETA audits, supplemented by the PGS auditing programme, which provides each supplier with a defined grade to assist with supplier management.

### Policies and Monitoring

In addition to the standards that you would expect us to have to make sure that products we sell are safe and comply with legal standards, we also have an Ethical Code of Conduct (“Code”) for our suppliers. Our Code sets out minimum standards that we expect suppliers to operate to and covers matters such as hygienic and safe working conditions, absence of child labour, minimum wage levels, no harsh or in-humane treatment and limits on working hours. [Click here for a full copy of the code](#). We expect all our suppliers to abide by these standards.

We take different approaches to monitoring, based on the nature and location of the supplier and factory.

#### 1) PGS Suppliers – Primarily Far East and Far East Direct Sourcing

All PGS suppliers are required to sign up to the Code and are subject to a rigorous compliance regime. Prior to commencing supply, they are subject to inspections and approvals from our team of local expert compliance inspectors. PGS works hand-in-hand with our key suppliers and develops them as trusted and long-term partners.

PGS has a zero-tolerance policy in respect of the following issues:

- Dangerous working conditions
- Minimum wages not being paid
- Bribery and corruption
- Access denied to property or records
- Child labour
- Forced labour

During 2019, we carried out over 1200 audits. Where we identify issues, we take appropriate steps to deal with the relevant issue which will range from working with the factory to put together an action plan that we will review periodically to cessation of supply.

## 2) Branded & Licence Suppliers

Other than product sourced via PGS, the vast majority of the products we sell are supplied by branded, global household names and we currently rely on their established, robust policies and processes to allow customers to buy their brands and goods with confidence.

## 3) Other Direct Suppliers

PEPCO, Poundland and our nascent Dealz businesses are in a process of continual improvement to the processes for Other Suppliers located in Europe to ensure there are robust verification processes in place including introducing auditing and, as a minimum, suppliers will have signed up to our [Ethical Code of Conduct](#). Other direct suppliers of apparel to Poundland under the Pep & Co sub-brand have signed our Code of Conduct and their facilities are audited by an independent third-party auditor. We take a risk-based approach to monitoring periods, based on the nature and location of the supplier and factory, and they tend to be within one and three years.

### Sedex

In addition, Poundland and Pep & Co have been members of Sedex (Supplier Ethical Data Exchange) for many years. Sedex is the world's largest collaborative, ethical data exchange and it enables suppliers to share ethical trading information (covering health and safety, labour standards, business integrity, and the environment) efficiently with their customers. Poundland is increasing its use of Sedex to monitor compliance of both its Branded and Other Suppliers. We encourage our Poundland and Pep & Co suppliers to join Sedex as it makes it more efficient and transparent for suppliers to demonstrate the standards they are working to. Sedex also helps businesses to identify opportunities for improvement and works with its suppliers to ensure positive change.

## Supporting Policies & Activities

### • Anti-Bribery Policy

We will not tolerate bribery and have robust Anti-Bribery and Corruption Policies across the Group. These work alongside the Ethical Code of Conduct which, together, prohibit any bribes or facilitation payments within our business.

### • Right to Work Policy

We operate a robust recruitment policy, including conducting eligibility checks for new colleagues to safeguard against human trafficking or individuals being forced to work against their will.

### • Whistleblowing

We also operate whistleblowing policies so that colleagues know they can raise concerns about how they or other colleagues are being treated, or practices within our business or supply chain, without fear of reprisal.

We also run anonymous colleague surveys in our largest businesses to ensure we receive feedback on matters that are important to our colleagues.

### • Training

PGS participates in supplier conferences at both PEPCO and Poundland (Pep & Co) to educate suppliers and colleagues about the risks of modern slavery and our plans to tackle them together.

## Accountability

Oversight of the risks of modern slavery sits with the Board of Pepco Group Limited and the boards of each of our operating companies – PGS, PEPCO and Poundland, Dealz Spain and Dealz Poland.

Carlos Coene, MD of PGS, is responsible for the development and implementation of the programme for all PGS suppliers and for providing leadership and guidance. Tim Bettley, Trading Director at Poundland, is responsible for development of the programme at Poundland and Dealz while Agnieszka Jaworska, Buying Director at PEPCO, is responsible for development of the programme at PEPCO.

## Our Commitment and Objectives for 2020

- Roll out a training programme to PGS suppliers and colleagues to educate them further on the risks of modern slavery and our plans to tackle them together.
- Roll out a programme to increase assurances around modern slavery from new suppliers and our Other Suppliers so that we can be satisfied they meet our standards.

Approved and adopted by the Board of Pepco Group Limited on 5<sup>th</sup> August 2020

Signed

**Andy Bond – Chief Executive Officer**