



PEPCO GROUP N.V.

**MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT
2026**

This statement is made pursuant to section 54 of the Modern Slavery Act 2015 on behalf of PEPCO GROUP N.V. and sets out the steps taken across Pepco Group during the financial year ended 30 September 2026 to prevent modern slavery and human trafficking within its business and supply chains.

This statement has been prepared in line with the Home Office Transparency in Supply Chains statutory guidance published in December 2025.

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1. Organisational Structure, Business and Supply Chains

Pepco Group is a pan-European value retailer. The Group operates more than 4,000 stores across 19 countries. The Group’s core business is the retail sale of clothing, general merchandise, household and seasonal products.

Pepco Group operates a vertically integrated sourcing model through Pepco Global Sourcing (“PGS”), the Group’s sourcing operation with offices located across South and East Asia. PGS is responsible for the sourcing and product development of the majority of Pepco Group own-brand clothing and general merchandise products. This sourcing structure provides greater visibility over supplier production and sourcing activities across the Group’s supply chain.

Pepco products are manufactured by a supply network of more than 400 vendors utilising over 1,200 factories. Most products sourced through PGS come from China, India and Bangladesh (c.95%), with a smaller proportion coming from Pakistan, Cambodia and Vietnam along with some near-shore sourcing in Europe. The Group’s supply chain includes finished goods manufacturers, subcontracted production processes, packaging suppliers, logistics providers, and service providers supporting retail operations.

Pepco recognises that modern slavery and labour exploitation risks can exist within global retail supply chains, particularly in labour-intensive manufacturing sectors and higher-risk sourcing regions. The Group operates a Responsible Sourcing Program intended to support the identification, assessment, and management of labour rights risks within supplier production sites.

Responsible sourcing and ethical trade activities are managed by sourcing and compliance functions, with oversight through internal governance and senior management reporting processes.

Day-to-day oversight of supply chain due diligence is provided by Pepco's Supply Chain Due Diligence Committee, a cross-functional governance body mandated by the Group Audit Committee and comprising representatives from Sourcing, Legal and Compliance, Responsible Sourcing, and Ethics and Investigations. The Committee acts as the primary day-to-day decision-making forum for responsible sourcing matters, including social and environmental compliance, supplier risk management, and regulatory readiness, and reports quarterly to the Board's Audit Committee and monthly to the Executive Committee.

Pepco's Factory Audit Policy uses a risk-based approach to supplier assessment and production site management. Production sites are assessed through ethical audits and findings are classified using an internal CAT 1–5 framework. Under this framework, forced labour, child labour, bribery attempts, denial of auditor access, and other severe labour rights breaches are classified as CAT 5 "Zero Tolerance" issues requiring immediate escalation and management review.

Pepco expects suppliers to cooperate with ethical audit requirements, corrective action processes, and ongoing supplier engagement activities. Where serious issues are identified, Pepco may require immediate corrective action, further investigation, or escalation in line with the Factory Audit Policy.

During the reporting period, Pepco continued work to improve supplier oversight, supply chain mapping, and consistency of ethical audit management processes across its sourcing operations.

2. Organisational Policies

Pepco operates a number of policies and standards relevant to the prevention of modern slavery and labour exploitation. These include:

- Responsible Sourcing Policy
- Supplier Code of Ethics
- Factory Audit Policy
- Human Rights Policy
- Code of Business Conduct and Ethics
- Whistleblowing Policy
- Investigations Policy
- Disciplinary Policy
- Anti-Bribery and Corruption Policy
- Health and Safety policies
- Recruitment and employment policies applicable to direct employees

These policies communicate expectations relating to ethical conduct, labour standards, legal compliance, and responsible business behaviour.

Pepco's Responsible Sourcing Policy provides the overarching framework for the Group's approach to responsible sourcing, setting out its commitment to respecting human rights, supporting safe and fair working conditions, promoting environmental responsibility, and upholding ethical business conduct across its supply chain. The Policy provides the umbrella structure for the more detailed policies,

procedures, and standards that support implementation, and applies a risk-based approach under which due diligence measures are prioritised according to the likelihood and severity of actual or potential harm, consistent with internationally recognised due diligence principles and regulation.

Pepco's Supplier Code of Ethics sets out minimum standards relating to:

- Prohibition of forced labour, bonded labour, and child labour
- Freely chosen employment
- Wages and working hours
- Non-discrimination
- Workplace health and safety
- Freedom of association, where permitted by local law
- Ethical business conduct

The Factory Audit Policy establishes the Group's approach to supplier ethical assessment and management, including audit requirements, escalation processes, and supplier corrective action expectations.

Under the Factory Audit Policy, issues relating to forced labour or indicators of modern slavery are classified as CAT 5 Zero Tolerance findings. CAT 5 findings represent the most severe category of non-compliance and require prompt escalation and senior management review.

Pepco expects suppliers to comply with applicable labour laws and to operate in line with internationally recognised labour standards, including principles reflected in International Labour Organization conventions.

Policies and requirements are communicated through supplier onboarding, contractual obligations, ethical audit processes, and ongoing supplier engagement.

During the reporting period, Pepco continued reviewing and strengthening internal responsible sourcing procedures and supplier oversight activities.

3. Assessing and Managing Risk

Pepco recognises that modern slavery risks are not evenly distributed across sectors, sourcing countries, and supply chain activities. The Group therefore applies a risk-based approach to supplier assessment and oversight. Pepco's current risk assessment approach considers country risk, whether a production site is new or existing, supply chain structure and previous audit history where available, and applies this assessment across production sites on an annual basis.

To support the identification and management of labour rights risks within its supply chain Pepco uses a combination of:

- supplier onboarding due diligence
- desktop assessment
- country and sector risk indicators
- internal sourcing and compliance reviews

- onsite ethical audits
- supplier engagement

Pepco recognises that modern slavery risks may be higher in labour-intensive manufacturing, higher-risk sourcing countries, subcontracted production processes, migrant labour environments, and lower-skilled manufacturing sectors. Pepco therefore prioritises oversight activities towards higher-risk production sites and sourcing regions.

Production sites are assessed using ethical audits conducted in accordance with the Factory Audit Policy. Pepco accepts recognised ethical audit methodologies, including SMETA and BSCI audits, as part of its supplier due diligence processes.

Pepco recognises that effective risk management requires continuous improvement and ongoing development of supply chain visibility and supplier engagement.

4. Due Diligence in Relation to Modern Slavery

Pepco applies supplier due diligence processes intended to identify, prevent, and address risks of forced labour and other serious labour rights abuses within its supply chain.

These processes include:

- Supplier onboarding checks
- Ethical audit requirements for higher-risk production sites
- Review of audit findings and corrective action plans
- Escalation procedures for serious non-compliances
- Follow-up verification activities and follow on audits
- Restrictions on new production orders for unresolved severe issues
- Management escalation for CAT 4 and CAT 5 findings
- Supplier engagement regarding corrective actions and labour standards expectations

Pepco's Ethical Audit Policy defines how production sites are assessed and how findings are categorised using the CAT 1–5 framework.

Under this framework:

- CAT 1, CAT 2 and CAT 3 findings require corrective action and routine follow-up
- CAT 4 findings require enhanced oversight and escalation halting new orders being placed at the site
- CAT 5 findings, including forced labour indicators and other Zero Tolerance issues, require immediate escalation and senior management review

Pepco may require additional verification activities, follow-up audits, or commercial restrictions where serious concerns are identified.

Suppliers are expected to cooperate with audit and assessment processes and to address identified issues within agreed timelines. Where suppliers fail to demonstrate sufficient improvement, Pepco may escalate concerns in accordance with internal governance procedures.

Pepco recognises the importance of responsible sourcing practices and continued supplier engagement in supporting the identification and management of labour rights risks within global supply chains.

Pepco provides channels through which concerns can be raised, including whistleblowing mechanisms accessible to employees and relevant third parties. We monitor and react to concerns promptly, recognising the importance of this when challenges are raised.

We encourage suppliers to ensure workers have access to grievance mechanisms and to protect individuals raising concerns from retaliation and monitor implementation through our audit programme.

5. Training

Pepco provides training and awareness activities relevant to ethical trade, labour standards, and responsible sourcing for relevant employees and functions.

Training and guidance are provided to Pepco sourcing, quality, compliance teams as well as suppliers and production sites as part of onboarding and engagement activities.

Training content includes awareness of modern slavery and forced labour risks, labour standards and responsible sourcing requirements, ethical audit processes and escalation of findings and their resolution. Pepco intends to continue strengthening awareness and understanding of labour rights risks across relevant business functions.

6. Monitoring and Evaluation

Pepco recognises the importance of monitoring the effectiveness of its ethical trade and responsible sourcing activities.

Pepco monitors implementation of its Factory Audit Policy and supplier oversight activities through:

- Ethical audit and assessment processes
- Supplier corrective action follow-up
- Internal governance and reporting processes
- Oversight, escalation and reporting through the Supply Chain Due Diligence Committee

The Supply Chain Due Diligence Committee provides ongoing oversight of the effectiveness of Pepco's responsible sourcing activities. The Committee reviews salient supply chain risks, monitors the performance of the Responsible Sourcing function against agreed KPIs, and oversees the escalation of high-risk supplier issues – including Category 4, Category 5 and Zero Tolerance audit findings – together with the progress of corrective actions and remediation. It also supports the Group's regulatory readiness and the delivery of external reporting, including under the UK Modern Slavery Act.



Pepco's CAT 1–5 framework supports consistent assessment and escalation of supplier non-compliances and provides a structured approach to management oversight.

During the reporting period, Pepco continued reviewing the effectiveness of its ethical audit management and supplier oversight processes.

Key areas of ongoing focus include:

- Improving supply chain visibility and data quality
- Strengthening supplier oversight
- Improving consistency of ethical audit management
- Enhancing risk assessment methodologies
- Supporting supplier engagement and awareness

Pepco remains committed to improving its approach to identifying and addressing modern slavery risks within its operations and supply chains. During the reporting period, Pepco continued work to improve consistency of ethical audit management, supplier follow-up processes, and supply chain oversight activities.

The subsidiary companies listed in Appendix 1 are covered by this statement.

This statement was approved by the Board of Directors of **PEPCO GROUP N.V.**

Signed:

Signed by:

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Stephan Borchert

Chief Executive Officer

For and on behalf of **PEPCO GROUP N.V.**

Appendix 1 Pepco Group N.V. subsidiaries covered by this statement

Country of incorporation	Entity name	Registered no.	Shareholding	Principal place of business
England and Wales	Pepco Group Limited	9127609	100%	14th Floor, Capital House, 25 Chapel Street, London, NW1 5DH
	Pepco Group Services Limited	10972213	100%	14th Floor, Capital House, 25 Chapel Street, London, NW1 5DH
	Peu (Fin) Plc	11808114	100%	14th Floor, Capital House, 25 Chapel Street, London, NW1 5DH
	Peu (Tre) Limited	11808312	100%	14th Floor, Capital House, 25 Chapel Street, London, NW1 5DH