

Arco Modern Slavery & Human Trafficking Statement 2025

For the financial year ending
30 June 2025

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Introduction

Respect for human rights is fundamental to our business. We are committed to addressing the risk of modern slavery throughout our operations and are focussed on ensuring that everyone is treated with dignity and respect, in safe and fair workplaces. This underpins the way we work which is especially important in a world where human trafficking, forced labour and child labour continue to exist. As a business we are fully committed to playing our part in eradicating these practices. We remain members of the Ethical Trade Initiative (ETI) and Supplier Ethical Data Exchange (Sedex). We leverage our memberships to support our ethical aims. We face increasing challenges in identifying human rights issues and whilst we have a continually improving risk-based approach, worker exploitation and slavery continue to pose significant risks to our business. We are also conscious of the role played by ongoing global challenges including forced displacement, pressures on food and energy supply chains, labour shortages, and the cost-of-living crisis.

In response to these issues, we are continuing to deepen our understanding of risks within our business. We are also strengthening our human rights due diligence processes to make improvements within our supply chains. By embedding measurable goals and focussed programmes, we strive to act in a way that is fairer, more responsible, and increasingly sustainable. Strong supplier relationships based on mutual trust and respect remain at the heart of this activity and underpin our work to address modern slavery risk.

Customers increasingly want a more transparent profile of their purchases and what they are contributing to.

Our Modern Slavery Statement provides detail on our continuing work to deliver on this, including how we identify and address modern slavery and labour exploitation risk in our business and supply chains.

June 2025

Guy Bruce
CEO

This Modern Slavery Statement has been published in accordance with the UK Modern Slavery Act 2015 and was approved by the Board of Directors of Arco Limited.

Governance, Reporting and Accountability

The board have overall accountability for the Modern Slavery Statement, which has delegated oversight of our ethical frameworks to the Environmental, Social, Governance committee (ESG), chaired by an independent non-executive director. As part of its role in overseeing our ethical performance and reviewing this statement, the ESG Committee review our ethical trade policies and the compliance frameworks that sit behind them.

The CEO is accountable for ensuring that our compliance frameworks are fit for purpose, are operating effectively, and are supported by suitable and risk assessment processes. Our risk management processes are overseen by an internal audit function, which regularly engages directly with the audit committee and the chair of the ESG Committee.

Strong governance over how we manage and mitigate the risk of human rights abuses including modern slavery in supply chains providing goods and services is essential. We have established clear governance, responsibilities, and accountabilities for the implementation of our policies and programmes. This helps ensure we are meeting and exceeding our responsibilities as a business, and the requirements of the Modern Slavery Act 2015.

The compliance team evaluates the risks and opportunities within our supply chain, monitoring progress against our modern slavery commitments, and identifying any emerging risks, as well as analysing human right abuses and non-compliances against the ETI Base Code and our code of conduct. Ethical reporting is reviewed monthly with the Executive team. Our risk profile is reviewed at least annually, allowing us to ensure that we continue to focus our actions on areas where we perceive the greatest risk of modern slavery.

The ETI progression framework continues to guide our ethical trade strategy. The compliance team routinely engage with our product and procurement teams to share ethical data and to discuss action points. All supplier audits and self-assessments are reviewed by the compliance team and where required, remedial action plans are agreed between, and tracked by, the vendor, the product and procurement teams, and the compliance team. Our performance is measured against global and industry benchmarks conducted at similar factories. All areas of concern are investigated.



Our Business

Arco is a specialist provider of health and safety equipment and services, with a proud heritage dating back to 1884. We work with organisations of all sizes and sectors, supplying equipment, clothing, personal protective equipment (PPE), and a wide range of professional health and safety services. Operating across the UK and Ireland, Arco's primary operational sites include our Hose Division and National Distribution Centre (NDC) in Hull, and the Arco Clothing Centre (ACC) in Preston. The NDC and ACC serve as key hubs for receiving, storing, and distributing products to our stores, wholesale partners, and online customers.

Through Arco Professional Safety Services, we provide consultancy, training, equipment, and specialist support to help manage complex, high-risk scenarios. With expertise in working at height, confined spaces, and respiratory management, our team delivers tailored solutions for environments with the highest potential for serious injury or long-term health risks.

We also operate an international sourcing office in Xiamen, China, which plays a key role in maintaining product quality, ensuring supplier ethical and social compliance, and delivering a seamless supply across our global network.

Whilst we do not own the factories that manufacture our products, we recognise our responsibility to ensure that the people involved in their production have access to fair and reputable employment in safe workplaces, free from modern slavery. We are committed to protecting all workers from modern slavery and human trafficking, while actively promoting health, safety, and wellbeing throughout our supply chain. In addition, we remain focused on minimising the environmental impact of our own-brand products and operations by placing sustainability at the core of our approach.



1

Head Office

1500

Arco Group Colleagues

3

Operational Sites

4

Safety Centres

23

Safety Stores

1

International Sourcing Office Xiamen

Our Commitments

At Arco, we take all allegations of human rights abuses extremely seriously and will not tolerate any violation of human rights involving individuals within our key stakeholder groups.

Arco is fully committed to upholding internationally recognised human rights standards. In particular, we will take all reasonable and practical measures to ensure the following:

- **Safe and Fair Working Conditions:** We require that all working environments, both within Arco and throughout our supply chain, are safe, healthy, and secure. They must be free from discrimination, allow freedom of association, and provide fair and equitable wages.
- **Elimination of Modern Slavery:** We maintain a zero-tolerance approach to modern slavery, human trafficking, forced labour, and child labour within Arco, our suppliers, and our business partners.
- **Fair Treatment and Non-Discrimination:** We are committed to treating our customers, employees, suppliers, and all those working with or for Arco fairly, respectfully, and without discrimination.
- **Respect for Communities:** We respect the human rights of people in communities affected by our operations and strive to minimise any adverse impacts.

We work closely with carefully selected partners and suppliers to advance our strategy, ensuring that ethical and sustainable practices are embedded throughout our global supply chain. By engaging with industry stakeholders, government bodies, and individual manufacturers, we uphold rigorous ethical and sustainability standards. Compliance is monitored through comprehensive audits, conducted both by independent third-party auditors and our in-house audit team based in Xiamen, China.

Additional partnerships and recognised industry standards further support and reinforce our sustainability commitments, as illustrated here.

- In 2025, for the third consecutive year, Arco was awarded the EcoVadis Gold Medal, reflecting our ongoing commitment to socially and environmentally responsible business practices. This Gold rating places Arco in the top 5% of all companies assessed.
- Achieving Gold status also highlights our active engagement with the Supply Chain Sustainability School (SCSS), utilising their resources to enhance our Modern Slavery and responsible sourcing awareness and understanding, and to share our knowledge and best practices with others.
- We have been a member of the Ethical Trading Initiative (ETI) since 2007 and are committed to the principles of the ETI Base Code which are based on the standards of the International Labour Organisation (ILO). ETI members work together to tackle complex questions about how to trade more ethically and make positive differences to workers lives.
- Arco is a proud member of Better Cotton, supporting this global initiative by contributing to the resilience and prosperity of cotton-growing communities while helping to protect and restore the environment.
- We undergo regular independent audits under the Labour Standards Assurance System (LSAS), reinforcing our commitment to ethical practices and supporting our engagement with the NHS. In our most recent assessment, we achieved a highest score, earning the highest possible ‘Progressive’ rating across all 15 evaluated elements, demonstrating excellence in labour standards and responsible business practices.

- As supplier to NHS Scotland, we are committed to NHS code of conduct.
- We are independently audited by BSI against ISO 45001 in respect of health and safety.
- All Arco colleagues understand from our colleague induction programme, our commitment to ethical trade and how responsible procurement sits at the heart of our business. We provide additional, refresher and focussed training to colleagues where relevant.
- As a SEDEX member, we are committed to responsible sourcing. We leverage the SEDEX platform to manage our supply chain, enhancing visibility into suppliers’ social and environmental practices, improving risk management, and achieving time and cost efficiencies through streamlined processes. Additionally, we strengthen relationships with our suppliers and customers by utilizing shared tools such as SMETA (SEDEX Members Ethical Trade Audit), SEDEX SAQ (Self-Assessment Questionnaire), and ESAQ (Environmental Self-Assessment Questionnaire).



An Overview of Our Supply Chains

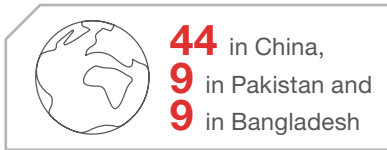
Our procurement activities take place globally. Our relationships with our suppliers are built on trust with shared aims. We have two primary groups of suppliers - Goods Not for Resale and Products & Services for re-sale.

Supply Chain Transparency

We are committed to increasing transparency throughout our supply chain. As part of this commitment, we have engaged with all relevant suppliers to obtain their consent to publish information on the Open Supply Hub. In 2025, we published details of key tier-one own-brand manufacturing sites, as well as some tier-two suppliers. We will continue to engage with suppliers who are initially reluctant to share their information, highlighting the benefits of transparency, and aim to increase the number of suppliers contributing their details. We remain committed to maintaining and updating this evolving list on an annual basis.

Supplier Mapping

We have successfully mapped 100% of our own-brand tier-one suppliers. Tier-two suppliers have been partially mapped, while tiers three and four are currently unmapped.



Products and services for resale

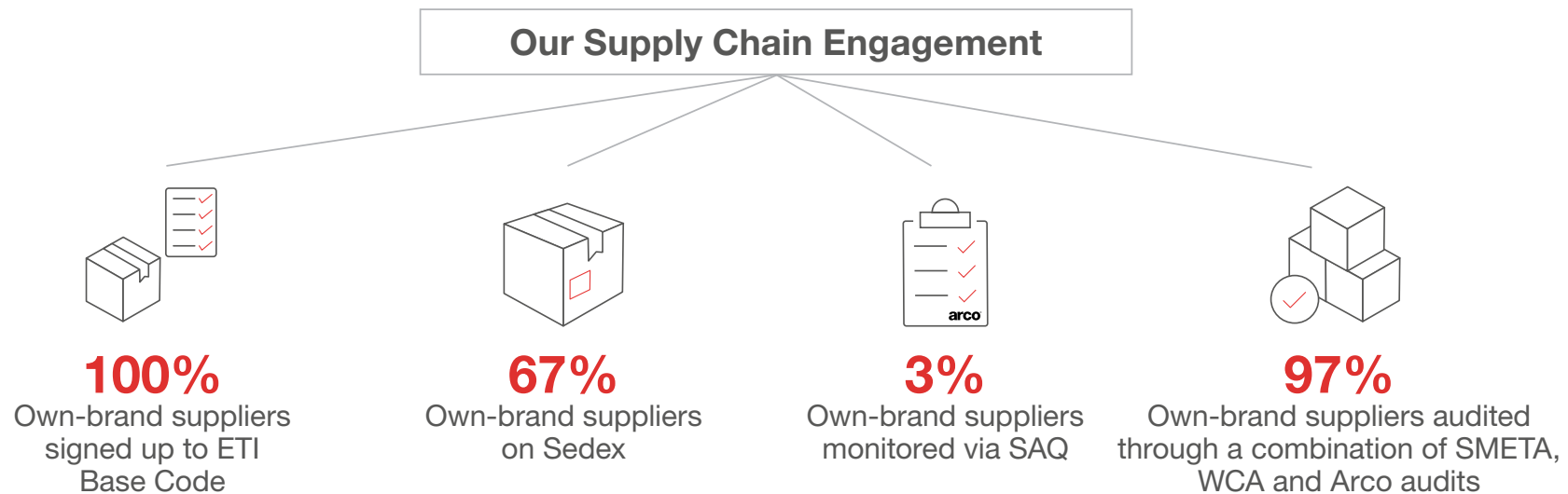
Our procurement takes place globally. Just under one-third of our product sales are own brand products, manufactured at over 94 factories located in 17 countries. We operate from 44 factories in China and 9 in Bangladesh, these factories located in emerging markets. All of our own-brand manufacturers are actively encouraged to become SEDEX members, ensuring they undergo independent social and environmental audits conducted by approved audit bodies. Currently, 67% of these suppliers have joined SEDEX membership, reflecting our commitment to responsible and ethical sourcing. Our Xiamen office in Fujian Province, China, is home to a dedicated team of eight professionals, including ethical and quality specialists who conduct regular site inspections, quality and ethical audits, and compliance monitoring. Lead ethical auditors work closely with factories to develop robust social systems, provide targeted training, and monitor ongoing improvements. The team proactively identifies and addresses non-conformances arising from external audits, internal site visits, or broader human rights risks, including those linked to geographic or industry factors. They also provide critical insights on local legal and cultural considerations, informing Arco's wider global operations. Through these initiatives, we ensure that our own-brand supply chain partners meet the highest standards of ethics, quality, and compliance. We also engage extensively with our significant base of proprietary vendors to ensure that we work with reputable and ethical partners. However, our supply chain compliance focus is primarily addressed to those suppliers manufacturing on behalf of Arco.

Products and services not for resale

Arco sources goods and services for business use, referred to as Goods and Services Not for Resale (GNFR). This includes indirect procurement categories such as labour providers, professional services, travel, technology and software, human resources, facilities management, logistics, utilities, consumables, marketing services, and capital goods. Our indirect procurement team manages sourcing approximately 540 local and national suppliers, all of whom undergo a rigorous onboarding process prior to engagement. Higher-risk vendors are required to meet additional standards as part of their contractual obligations. For example, our labour providers must maintain SEDEX membership, undergo regular audits, and share audit results and corrective action plans with Arco. As part of our commitment to responsible procurement, we conduct annual internal audits of our labour providers and maintain a programme to audit third-party contractors operating on our sites. These measures ensure that all suppliers uphold ethical, social, and operational standards consistent with Arco's values and compliance expectations.

To strengthen our understanding of the GFR/GNFR supply base, our Procurement team is developing a new digital solution designed to streamline supplier onboarding and reduce the administrative burden on procurement teams. This system will capture enhanced supplier data, including ownership details, enabling greater transparency and supporting Arco's objectives around supplier diversity. This includes identifying partnerships with businesses owned or led by women, ethnic minorities, people with disabilities, the voluntary sector, social enterprises, and armed forces veterans.

The new system will support our social value outcomes by enabling Arco colleagues to select local service providers and suppliers wherever possible. This approach not only supports local economies but also contributes to reducing our overall carbon footprint.



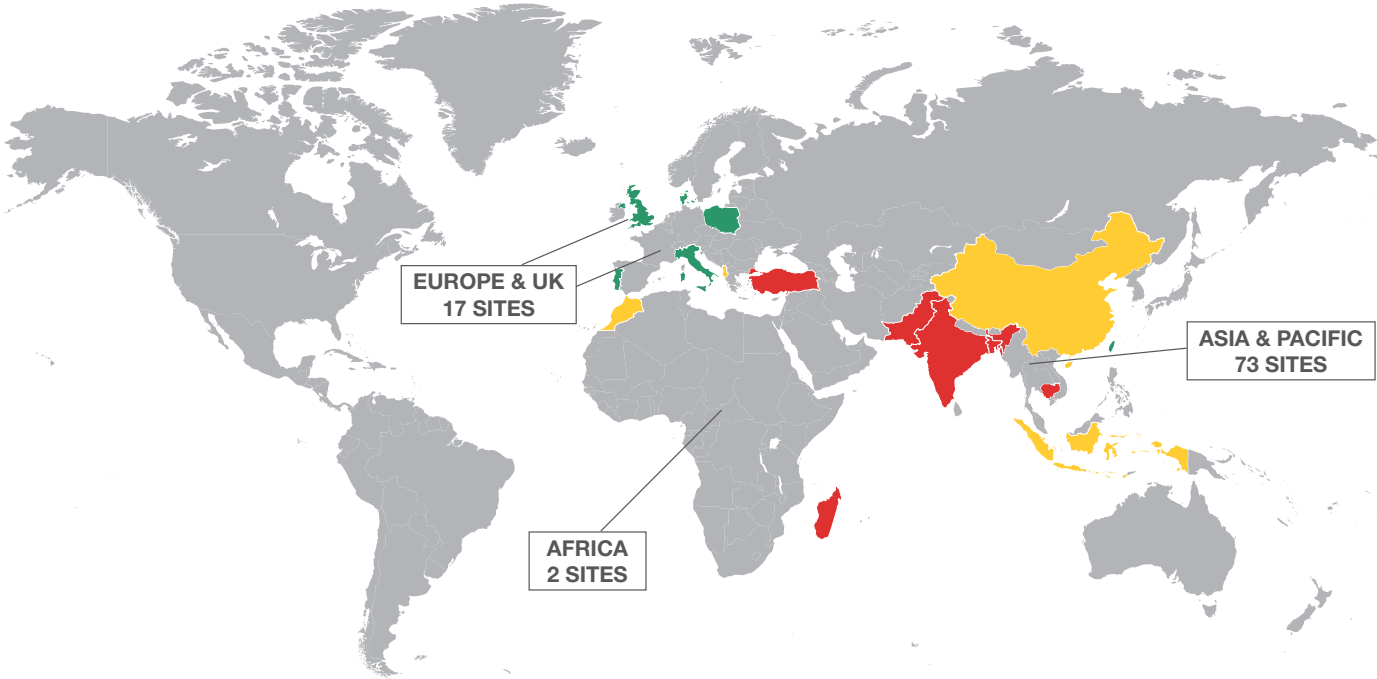
Our Own-Label Supply Chain

Our global supply chain security and integrity is a crucial part of our business. We have a diverse and complex supply chain, ensuring we are doing everything we can to mitigate risks of modern slavery and human trafficking is essential to the continuity of our business and dignity of workers.

The map below illustrates our regional sourcing locations for tier-one manufacturing. We take a risk-based approach in relation to our efforts to prevent modern slavery in our supply chain.

In certain areas determined to be higher risk, such as apparel manufacture in particular higher risk territories, we are increasing our understanding on tier-two suppliers to allow us to identify and track effective improvement actions where considered appropriate, in addition to our expectations of tier-one suppliers to drive standards through their own supply chain.

Risk categorisation primarily focuses on risk to vulnerable workers and considers country, region and industry using information published by global NGOs. Our priority is to those workers in high-risk situations where we can make the biggest positive difference to their welfare.



The vulnerability score identifies where the risk of modern slavery is heightened because of other related factors

Red 51-100 Amber 26-50 Green 1-25

Published by Walk Free, 2023, <https://www.globalslaveryindex.org>

Country	Number of Own Brand Facilities	GSI Vulnerability Score %	Global Right Index: The Country rating 2025	Our Identified Risks
Asia & Pacific				
China	44	46	Rating 5	High
Bangladesh	9	58	Rating 5	High
Pakistan	9	80	Rating 5	High
Taiwan	4	21	Rating 2	Medium
India	4	56	Rating 5	High
Cambodia	1	58	Rating 5	High
Hong Kong	1	28	Rating 5	Medium
Indonesia	1	49	Rating 5	Medium
EUROPE & UK				
UK	10	14	Rating 4	Low
Turkey	2	51	Rating 5	High
Albania	1	40	Rating 3	Medium
Portugal	1	6	Rating 2	Low
Italy	1	22	Rating 2	Low
Poland	1	19	Rating 3	Low
Denmark	1	6	Rating 1	Low
AFRICA				
Madagascar	1	60	Rating 4	Medium
Morocco	1	44	Rating 3	Medium

The Risk column indicates our overall risk rating, which is determined based on country, industry, and inherent risk factors. [HYPERLINK "https://www.walkfree.org/global-slavery-index/"](https://www.walkfree.org/global-slavery-index/)Published by Walk Free, 2023, <https://www.globalslaveryindex.org>. Global Right Index 2025: Rating 5 - No Guarantee of rights, Rating 4 - Systematic Violations of rights, Rating 3 - regular violations of rights, Rating 2 - repeated violations of rights, Rating 1 - Sporadic Violations of rights. <https://www.ituc-csi.org/global-rights-index>

Salient Human Right Risks

We recognise there are salient human rights risks in the countries we source from that vary by location. It is imperative that we prevent forced and child labour and protect vulnerable groups such as female and migrant workers. We focus on the most severe and likely issues when working with factories supplying Arco.

As part of our global risk and due diligence assessment we have a robust on-boarding process for all new suppliers that supply Arco. Each audit report is investigated by the ethical compliance team and the compliance programme is overseen by our executive team. Before onboarding all suppliers, financial due diligence checks are conducted via Dow Jones. All suppliers and factories must submit an audit report which meets our audit criteria. Arcos's compliance team reviews each audit report to ensure that our requirements are met and that any issues identified are remediated.

Our Ethical Guide for Vendors is shared with manufacturing facilities when assessing sites during factory visits and audits as part of our ethical due diligence programme. This helps to ensure that our suppliers and their factories are given clear guidance and have a full understanding of our ethical standards. When working with suppliers and factories, we will always consider the root cause of any problem or risk. Where such risks are widespread across the supply chain, we understand there is often a need for more collaborative work to be carried out to address such issues. We continue to invest significant resources and time to support collaboration and effective communication with all of our suppliers to reduce the risk of modern slavery occurring and help resolve any issues that may arise during the audit process.

As our development of modern slavery information increases, we can use this data to further identify key risk areas and carry out in-depth assessments in these areas. We conduct research using existing external reports and source publicly available credible information to build profiles on each country from which we source. This includes political, economic, social, and legal analysis and risk mapping, including modern slavery risks. Analysis also considers sectoral risks across our key sectors- garments, footwear, Personal Protective Equipment (PPE). The different risk aspects or different data points can deliver different risk profiles which means our risk assessments of our supply chain activity is dynamic and evolves continually.

How we Identify our Salient Risks

We are mapping our supply chain and gathering risk information from external sources, while also integrating insights from audit findings. We actively engage with suppliers, review business relationships, and update our policies and requirements on a regular basis to ensure continuous improvement and alignment with best practices.







We conduct due diligence to identify risks with our business and supply chain. When prioritising our salient human rights risk, we look at the scale and gravity of the risks and the potential number of individuals who could be affected along with looking at the remediality of the issue and the potential for them to reoccur.

- This is a continual process, utilising good guidance and monitoring from several sources.
- Desktop Base research (including SEDEX Risk Assessment)
 - Factory visits and audits (Own Employees, own auditors, 3rd party auditors)
 - Supply chain due diligence
 - Supplier engagement surveys
 - The Base Code of the Ethical Trading Initiative (ETI)
 - Third-party information and advice - ITUC, UNGP guidance, GRI, GSI
 - The UN Guiding Principles on Business and Human Rights
 - OECD Due Diligence Guidance for Responsible Supply Chains

We continue to focus on our process of information gathering and we aim to continue increasing visibility over the coming years to include lower tiers two, three and four. Additional research allows us to identify particular types of risks in our own different sites. The identifying of the potential impacts of any salient risks highlighted below are included in our audit programme through interviews, questions, and document reviews.

	China	Bangladesh	Pakistan	India
Excessive Working Hours				
Forced Labour				
Transparency				
Gender Inequality & discrimination				
Low pay				
Freedom of association				
Collective Bargaining				
Health & Safety				
Building Safety				

Our highest regional density of manufacturing sites is within Asia. The region hosts the largest number of people in modern slavery, with an estimated fifteen million people in forced labour. This includes debt bondage among migrants exploited within the region, hereditary forms of bonded labour in South Asia, and state-imposed forced labour.

Country	Total Own Brand Facilities	Clothing	Footwear	Gloves	Other	Female Workers	Male Workers	Number of employees with a form of worker representation (Union or Workers' Committee)	% Worker Representation (Union or Workers Committee)	Number of Factories that Have Worker Representation
										
China	44	20	7	9	8	8025	4666	12580	99%	42
Bangladesh	9	9	0	0	0	14721	8854	23575	100% (9/9)	9
UK	10	0	0	0	10	244	189	0	0%	0
Pakistan	9	4	1	4	0	1016	8921	9937	100%	9
Taiwan	4	0	0	0	4	246	84	330	100%	4
India	4	0	1	2	1	83	625	168	24%	2
Turkey	2	0	1	0	1	58	1511	1569	100%	1
Madagascar	1	1	0	0	0	480	321	801	100%	1
Morocco	1	1	0	0	0	1645	475	2120	100%	1
Cambodia	1	1	0	0	0	2339	410	2749	100%	1
Indonesia	1	0	1	0	0	116	44	160	100%	1
Denmark	1	0	0	0	1	7	32	39	100%	1
Albania	1	0	1	0	0	143	32	0	0%	0
Italy	1	0	1	0	0	9	44	53	100%	1
Portugal	1	0	1	0	0	157	64	0	0%	0
Poland	1	1	0	0	0	119	58	0	0%	0
Hong Kong	1	0	0	0	1	39	41	0	0%	0

An example of how we can segment our supply chain is shown above. We conduct research using existing audit reports and source publicly available credible information to build a profile on every country that we source from. This includes political, economic, social, legal analysis, climate risk including deforestation as well as the freshwater footprint and risk mapping including modern slavery. Analysis also considers sectoral risks across our key sectors- garments, footwear, PPE, as well as gender split and freedom of association.

Policies

We are committed to developing and embedding policies which uphold human rights and protect workers throughout Arco and our supply chain. We have established policies and processes in place covering our own operations and supply chains to ensure we conduct our business in a responsible manner, including aspects of modern slavery, human trafficking, forced labour and exploitation. Our policies ensure that we have the proper controls in place to manage and monitor ethical compliance. We implement the ETI base code in our business through these policies and Codes of Conducts.

Policies are reviewed and updated as required, to ensure they are fit for purpose, align with international standards, and best practice, as well as addressing the most salient risks within the supply chain. The Arco Board has overall accountability for approving these policies and the ESG Committee of the Board provides regular oversight of our ethical and compliance activities.

We publish these policies on our website at www.arco.co.uk/legal for our external stakeholders and on a dedicated compliance Hub for ease of access for Arco colleagues.

- **Our anti-slavery policy**
<https://www.arco.co.uk/legal/modern-day-slavery>
- **Our human rights and ethics policy**
<https://www.arco.co.uk/legal/ethical>
- **Our responsible procurement policy**
<https://www.arco.co.uk/legal/responsible-procurement>

Human Resources policies, including Recruitment & Selection policy and Induction Training address modern slavery and human trafficking, providing both guidance for our recruitment teams and employees. These are available at all times to our colleagues through our HR Portal.

We require suppliers to comply with applicable law and, where applicable law and our supplier documents address the same topic, apply that provision which affords the greater protection to workers. These policies are made available to suppliers to view through the Supplier Portal. <https://www.arco.co.uk/supplier-portal>.

Supplier Code of Conduct- Arco’s most important principles are summarized in our Code of Conduct (CoC). The CoC lists the basic requirements relating to all employees of our Goods for resale (GFR) and Goods not for resale (GNFR) vendors and supplier factories. Our Code of Conduct is intended to set out a basic framework of standards reflecting the differences in laws, customs, and economic conditions around the world. We expect Suppliers to ensure they always meet local and national laws; and consider what steps they can take to operate above the basic standards to demonstrate best practice. Arco wants to build long term relationships with suppliers that want to lead the way in addressing responsible, sustainable and ethical trading. Our processes are intended to drive high standards through our supply chain. We require vendors to agree to our Supplier Code of Conduct which sets out our expectations in relation to ethical conduct. We will work with Suppliers to promptly address identified failings and will be supportive of efforts to continuously improve.

Arco Ethical Guide for vendors- A more detailed Ethical Guide for Vendors, which is aligned to the ETI Base Code and which we use with our own brand vendors. We use the Ethical Guide as the basis for our ethical audits of our own brand vendors, which we undertake using independent third-party vendors and our dedicated ethical auditor based in our office in China.

The **Arco Ethical Compliance Requirements for Vendor Approval** procedure clearly describes the process all stakeholders must complete for the Arco Compliance Team to approve a factory.

We also have specific, more detailed **Supplier standards** on particular topics including:

- **Homeworking** – Sets out Arco’s requirement of its Suppliers relating to use of homeworkers and the steps taken to safeguard their legal, human and labour rights.
- **Climate Change** –Sets out Arco requirements of its suppliers regarding the monitoring, reporting and reduction of carbon emissions and other greenhouses gases.
- **International Trade** – Sets out Arco’s requirement of its Suppliers in relation to compliance with international trade regulations
- **Child Labour** – Details Arco’s requirements of its suppliers in relation to the steps taken to protect children and young workers.





Whistleblowing

We are committed to carrying out business in a safe, honest, and ethical way. Protecting colleagues is taken seriously and we aim to conduct our business with the highest standards of integrity and transparency at all times. Part of that is creating an open and supportive working environment where colleagues feel able to speak up about any suspected wrongdoing.

We provide access to a confidential whistleblowing helpline to enable workers to report any potential allegations of modern slavery, fraud, misconduct, wrongdoing, and other misconduct in the Workplace.

The Safecall Whistleblowing service is a free professional, confidential, and secure service that encourages our colleagues, suppliers, and their employees to raise any concerns where either Arco or our suppliers are not meeting the standards expected, including those set out in our Supplier Code of Conduct. The external third-party hotline facilitates anonymous reporting in multiple languages.

This confidential service is detailed within the company Whistleblowing policy and runs concurrently in line with Company Grievance policies. Our Whistleblowing policy is accessible to all colleagues and details of our Safecall whistleblowing hotline is included in our Supplier Code of Conduct.

We take steps to ensure that employees are protected from victimisation and any detrimental treatment arising from whistleblowing. Within the past year 3 whistleblowing cases were raised which were closed via thorough investigation and checks.



Continual Improvement, Training, Development and Capacity Building

Arco is committed to ongoing and continual improvement, training and capacity building in ethical trade. We have measurable targets that are set annually as part of a broader performance review.

This is also a fundamental part of a commitment to ETI membership. Arco collaborates in various workers groups including apparel & textiles, general merchandise and Sourcing from Pakistan, South Asia Forum and Bangladesh Transition.

Through the Supply Chain Sustainability School (SCSS) we have access to their virtual learning platform which includes modern slavery and sustainable procurement as well as social value. This enables us to upskill those working within, or aspiring to work within, the built environment sector.

Additional training is provided by Arco learning & development team for relevant department e.g. compliance team, procurement team. Arco undertakes training and capacity building with vendors e.g. the ETI webinars and training as well as customer conferences, workshops. We are continually looking at additional ways in which we can further develop our supply chain.

We know that our ability to drive change alone is limited and therefore we recognise the benefit of participating in initiatives where we can leverage wider resources from both private and public sector. We routinely monitor and participate in ETI initiatives and projects for opportunities pertinent to Arco, where we can be involved to address risks in our sector and supply chain. For example, the ETI freedom of Association requirements.

Improvement Area 1

We have continued to utilise a digital platform for direct engagement with our supply chain. In our last financial year, two supplier engagements on Conflict minerals and EUDR awareness campaigns took place.

Conflict Minerals: We requested all suppliers to confirm whether the products they supply to Arco and our customers contain any of the four conflict minerals — tin, tantalum, tungsten, or gold (3TG) — and, where applicable, to explain the measures taken to ensure these raw materials are responsibly sourced and excluded from conflict-affected supply chains. During the current reporting year, we received 256 supplier responses. Of these, five suppliers confirmed that their products contained conflict minerals. All but one demonstrated effective risk management through their own supply chain due diligence processes, including sourcing from smelters located outside conflict-affected and high-risk areas or through the exclusive use of recycled materials.

EU Deforestation Regulation awareness: The aim of our supplier awareness campaign is to strengthen understanding of Arco's due diligence requirements and promote responsible supply chain practices. Through these initiatives, suppliers are encouraged to map their supply chains in full, gaining visibility over all tiers and tracing products back to their origin. Awareness sessions also provide guidance on identifying gaps in traceability or areas of elevated risk, conducting comprehensive risk assessments, and implementing effective risk mitigation measures. By fostering greater awareness and capability among our suppliers, Arco supports continuous improvement in ethical sourcing and compliance throughout our supply chain increased working hours in order to recuperate the increase.

Improvement Area 2

In 2024, we established an Inclusion Forum to drive meaningful impact by raising and discussing actions that create a more supportive, equitable, and inclusive workplace. The Forum's Chair now also serves as a member of Arco Voice, our employee forum, ensuring alignment across initiatives and providing a direct channel to understand, raise, and respond to colleague sentiment.

Through our learning platform, Arco Learn, colleagues can access educational content on equality, diversity, and inclusion. In partnership with the Inclusion Forum, we deliver an annual programme of awareness activities aligned to key events such as ADHD Awareness Month and Mental Health Awareness Week. These initiatives encourage understanding of diverse experiences and help build a culture where everyone feels empowered to speak up — an essential factor in identifying and preventing unethical practices, including modern slavery.



Risk Assessment, Mitigation and Due Diligence

Arco has been a member of the ETI since 2007, we are committed to the ETI base code, and support basic employment rights we believe should be universal. These rights include safe working conditions, freedom from child labour and payment of a living wage. Arco’s full ETI membership reflects commitment to ensuring the highest standards of ethics and respect for workers’ rights throughout our supply chain. As members of the Supplier Ethical Data Exchange (SEDEX) since 2015, we undertake and receive supply chain audits, offering the benefits of independent auditing of supplier ethical, safety and environmental performance to enable us to demonstrate our commitment. We are committed to maintaining a supply chain that is free from modern slavery and to implementing ethical standards along our supply chain by setting and auditing against these using our own and independent audit teams. Each year we are externally audited against LSAS, the framework we use to address modern slavery risks. We are members of EcoVadis, and in recognition of our efforts, we hold the EcoVadis ‘gold medal.’ EcoVadis assesses companies’ policies and actions as well as their published reporting related to the environment, labour and human rights, ethics, and sustainable procurement.

Arco continued to utilise the UK Governments’ Modern Slavery Assessment Tool (MSAT), a comprehensive risk identification and management framework. The MSAT is designed to assist public sector organisations in collaborating with suppliers to strengthen worker protections and mitigate the risk of exploitation within supply chains. As part of our global risk and due diligence assessment we have a robust on-boarding process for all new suppliers that join Arco.

All suppliers and factories must submit an audit report which meets our audit criteria. The ethical compliance team reviews each audit report to ensure that the group’s requirements are met and that any issues identified are remediated.

As part of our existing due diligence processes, regular assessments of new and existing factories are conducted. Higher risk arco own brand vendors must accommodate a social compliance audit and resolve improvement areas to an agreed timeframe. This applies to tier one sites and beyond when necessary. Vendors are encouraged to establish and improve their own processes and assess risks within their supply chain. Lower risk own brand vendors are screened using self-assessment questionnaire (SAQ) and other desktop tools with on-site audits implemented. Suppliers that carry out manufacturing activities in own brand products are not approved to supply until an appropriate independent ethical audit is submitted for our review and we are satisfied that any perceived modern slavery risks have been addressed. Once established as a supplier, they remain subject to regular ethical audits conducted by independent third-party organisations. These audits are based on the ETI Base Code, SMETA methodology, or BSCI Amfori Code, all of which are aligned with the SA 8000 Social Accountability Standard.

The procurement teams use their time during factory visits to identify signs of modern slavery and exploitation and consult with the ethical team on their observations. The quality control teams also use their time spent at factories to observe changes in both the demographics and culture and report back when necessary.

Each audit report is reviewed by the Ethics & Compliance Team, and any high-risk findings are reported to the Executive Team monthly.

Freedom of Association

Arco respects workers' right to freedom of association and representation, supports effective worker voice mechanisms and recognises and respects workers' rights to join trade unions. Our commitment is embedded in our Human Rights & Ethics policy and our Diversity & Inclusion policy, as well as in our Supplier Code of Conduct and our Ethical Guide for Vendors.

Trade unions play a important role in democracy and support their members to negotiate with their employees. We also recognise that not every worker in our supply chain wants to join a trade union, and in some cases union representation is not in place. Our suppliers are encouraged to support effective processes to give workers a voice and worker committees, whether or not trade union representation is available. Worker committees are evident at some vendor sites although this is more prevalent where trade unions are not currently involved at those sites. Across our supply chain, our audit programme includes this assessment of workers' rights to freedom of association and workers' means to engage with their employer, raise grievances and seek representation. 79% of our own brand manufacturing facilities have either a union or workers committee on site and this covers approximately 96% of workers.

Within our business, our employment framework provides workers with significant rights and protections, often supplemental to those to which they are entitled by law, and no worker will be discriminated against as a result of being a trade union member. We devote significant effort to engaging with our colleagues across the business.

For example, during the year:-

- Arco completed our annual employee engagement survey to allow colleagues to provide their feedback on a range of issues. Following the survey, we identify trends and areas for improvements and create action plans and working groups to deliver them.
- Colleagues across the business are represented on H&S committees in every location, which meet regularly to consider matters that might impact the Health Safety and wellbeing of colleagues and visitors.
- An established colleague representative's forum, Arco Voice, is in place with nominated representatives from all areas of our business.





Training and Development

As part of our commitment to ethical business practices and employee development, our in-house Learning and Development team designs and delivers training programs accessible to all employees via our Learning Platform.

All new employees are automatically enrolled in mandatory compliance training, which must be completed within 21 days of joining. The training covers key topics including Modern Day Slavery, Bribery & Corruption, GDPR, SHE Induction, Equality, Diversity, and Inclusion. Colleagues are required to refresh this knowledge biennially on our Learning Platform.

These programs ensure that our team members are equipped with the knowledge and awareness needed to uphold our company's values, promote ethical practices, and support a safe and inclusive workplace.

Additionally, during FY24-25, the Arco UK Ethical Team participated in several workshops organised by our customers to enhance knowledge and share experiences related to supplier due diligence, monitoring, and combating modern slavery in the supply chain.

Our Ethical Trading Initiative (ETI) membership provides us with broad access to the latest and most relevant information, enabling us to stay informed about emerging issues and developments in the countries where we operate. This ensures that our policies and practices remain aligned with global best practices in responsible and ethical business conduct.



Summary

The performance of our suppliers continues to be reported to the board. KPIs (Key Performance Indicators) are built into the objectives of the procurement teams who work closely with the compliance team to identify and mitigate risks.

We continue to help fund a school in Datian, Fujian Province, China which helps develop disadvantaged children by means of scholarship awards. This partnership has been in place since April 2019, our team in Xiamen, China takes an active interest in the progress of students that we have supported through the program.

In 2025, SGS, a global inspection company audited Arco against LSAS. LSAS evaluates a business against fifteen defined areas (some of which include policy, roles and responsibilities and supply chain management) and measures maturity against each with Arco rated as the highest ‘Progressive’ against 15 of 15 areas.

Within our previous statement, we set ourselves the following targets to achieve. Beneath each target is a brief update on progress

Arco are proud to take a leadership approach to our stakeholders and wider community. We firmly believe that sharing knowledge and experience of ethical trade and modern slavery raises awareness across all communities and is a key step in the path to its eradication. On an ongoing basis we present our approach to modern slavery and ethical trade to organisations including customers, their suppliers, sustainability and Health, Safety and Environmental Groups and have won several awards for Responsible Sourcing.

In our experience, influencing change within the supply chain can present challenges which are difficult for one business to overcome. However, with help from expert organisations in the field of ethical trade, both on a global and in-country basis, these challenges can become opportunities for our suppliers, the wider industrial sector, and more importantly vulnerable workers within the supply chain. Our membership of the ETI facilitates this approach. The ETI's expertise and global partnerships provides members with a platform to collaborate with others to effect change and help businesses keep workers safe during challenging time.

Policies and procedures relating to modern slavery	Target
All policy documents relating to human rights to be reviewed and updated.	Ongoing
Strengthen risk assessment and workflow processes for all vendors, including services, goods for resale, goods not for resale.	Completed
Enhance the Arco website to include a supplier portal for access to key documents and information to help gain acceptance onto the approved vendor list.	Completed
Proactively engage with suppliers to ensure successful collaboration on Sedex platform. (Currently 67% own-brand suppliers have joined us on Sedex.)	Ongoing
Training relating to modern slavery, purchase practices	
Extend frequency and content of modern slavery awareness training across Arco.	Completed
Training relevant teams to improve purchase practices.	Ongoing
Salient risks	
Mapping of our tier two sites and below	Ongoing
Continue to collaborate with the ETI on different projects related to salient risks.	Ongoing
Continue to optimise our supplier engagement tool enabling the capture of specific data e.g. freedom of association, gender-based issues.	Ongoing
Community and collaboration	
Continue to invest funds and time at the school in Datian, Fujian Province, China.	Ongoing



Plans for 2026

During financial year ending June 2026, we intend to:

- Continue to update training for the senior leadership team at Head Office and at our Distribution Centre.
- Further improve our internal modern slavery escalation process.
- Continue to increase our visibility of Tier two and beyond.
- Examine ways to reduce risk of modern slavery in our procurement process and for GNFR, working alongside the product and procurement team to understand how to close gaps and evidence our controls for modern slavery.
- Explore how we can further leverage our supplier engagement tool to drive benefits from increased supplier engagement.
- Consider further ways in which we can assess risk in our supply chain and how we can present risk profiles to our stakeholders.