Corporate Social Responsibility

Our Corporate Social Responsibility (“CSR”) strategy centres on four key areas:

Colleagues: finding, supporting and developing great people throughout their Halfords journey

Community: helping to keep families safer on their journeys and encouraging an active lifestyle

Environmental Management: managing our impact on the environment in a responsible and ethical manner

Responsible Trading: building and maintaining the highest standards amongst our suppliers

The CSR Policy is available at www.halfordscompany.com/investors/governance

Colleagues:

Finding, supporting and developing great people throughout their Halfords journey

We aim to be an inclusive employer of choice, giving colleagues equal opportunities to prosper within rewarding and inspiring teams. We strive to ensure all colleagues enjoy their work and have opportunities to consistently amaze our customers through their friendly expertise. In support, we continue to invest in our ‘3-Gears’, apprenticeship and leadership development programmes and actively look for ways in which we can promote and increase the diversity of our workforce.

A great place to work

For the fourth year running, Halfords Retail has featured in the ‘Sunday Times 30 Best Big Companies’ To Work For list, this year moving up five places to take 13th place and scoring in the upper quartile for questions relating to ‘Recognition for my Contribution’, ‘Wellbeing’, ‘My Team’ and ‘My Manager’.

Friendly expertise

As a business, one of our central strategies is to offer great products that are delivered with great service. This is one of the five key strategic pillars of our business. We refer to it as ‘Service in Our DNA’. To achieve the highest possible levels of service we invest heavily in training our colleagues. As part of this investment we have developed a qualification programme called ‘3-Gears’. This plays a key role in enabling retail colleagues to achieve industry recognised qualifications. They are rewarded as they progress ‘through the gears’ by gaining experience and qualifications.

All colleagues complete Gear 1 within three months of starting. Gear 2 involves a nine-month programme leading to an expert level of knowledge with a specialism in either Auto & Leisure or Cycling. By the end of FY17 we had nearly 70% of the eligible headcount trained to Gear 2 level. Colleagues can also complete Gear 3 if nominated which gives them ‘technician’ status in either Auto or Cycling and enables them to complete complex fits and repairs. So far, we have around 10% of eligible colleagues trained to Gear 3 level.

We continually enhance and update our training programmes. This year we delivered additional training following new car seat legislation and our colleagues who work in our in-store ‘Bikehuts’ benefited from specialist training on electric bikes (e-bikes).

In accordance with our aim to lead the way in the repair of electric and hybrid cars, we also began a programme to have a trained mechanic at each of our Autocentres in 2018. We were one of the first to deliver a new Institute of Motor Industry (“IMI”) Level 2 award and our aim is to train more than 300 colleagues to become MOT testers every year.
We have a policy of continuous improvement to support ongoing development. We use a blended learning approach which encourages colleagues to attain more skills and progress their career throughout their Halfords journey. In 2017, thousands of colleagues took advantage of our ongoing development programmes. We operate a programme named ‘Aspire’, which is a guided learning suite that offers individuals the opportunity to take their careers further and become leaders. Since it began, 420 colleagues have benefited from the Aspire programme to graduate to new roles as an Assistant Manager or a Store Manager. One of the additional benefits of Aspire is that over 80% of store manager vacancies are filled internally.

Right job, right person, right time
We recognise the value that diversity brings and we continue on our journey to address the balance in some inherently male-dominated areas. We understand that this will take time but in recent years we have made great progress on our gender strategy. Women now represent 50% of our Board, 40% of our senior management team and 23% of our total population of employees (which is an increase from 22% in 2016). We have also introduced development resources aimed specifically at supporting women.

In our retail business, we continue to invest in our apprenticeship programme and will be launching the new apprenticeship standards this academic year. In addition, our traineeship programme for NEETS (not in education, employment or training) has resulted in the placing of 159 trainees to date.

Our work at Onley Prison where we train inmates to build and repair bikes, with a view to offering future employment for those who successfully pass our qualifying criteria, has been a great success. We are very proud that this programme won Retail Week’s ‘CSR Initiative of the Year’. We have built on this success and during the year opened a second Cycle Academy at Drake Hall Women’s Prison. Upon release, one of the graduates of our Cycle Academy started as a bike technician at one of our stores and is now training to be an assistant manager.

Case Study: Scoring a try with Dallaglio RugbyWorks

The scheme opened my eyes to a possible career path. I’ve got it all mapped out and found the direction I really needed. I found out about the scheme through school. I’ve always wanted to do something practical and have had an interest in cars so this seems ideal. Mason Kerry, Dartford

Halfords Autocentres began operating an apprenticeship scheme over 22 years ago and now runs one of the largest motor schemes in the UK, with 213 of the current cohort at differing stages of their three-year programme.

The true value of apprenticeships lies in how they provide people with the opportunity to develop skills that they might not have been able to achieve through education alone.

In 2016 the Autocentres team started working with Dallaglio RugbyWorks to take on young people who have participated in its social inclusion programme. The charity’s coaches work with young people across the UK, between the ages of 14 and 17, who are outside of mainstream education.
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Community:
Helping to keep families safer on their journeys and encouraging an active lifestyle

We know that parents recognise the great benefits that are derived from cycling, but we are also aware that they can be concerned about it because they want to ensure it is as safe as possible and that both they, and their children, are able to fix things should any problems occur. To improve their confidence in these areas we have organised workshops where our colleagues can share their knowledge and expertise and so give customers the confidence to get out on their bikes. The majority of workshops focus on primary school children, an age when they are often starting to cycle without adults and are also doing the ‘Bikeability’ programme.

Kids bike workshops
In FY17, over 18,500 children and their parents attended free in-store bike workshops. These workshops significantly help to improve their skills in basic bike maintenance and cycling safely, giving parents and children greater confidence to go out cycling more.

School bike workshops
Our colleagues also went out to primary schools to teach bike maintenance and safety to pupils in their final year. Complementing the Government scheme known as ‘Bikeability’, which teaches children how to ride a bike safely, our ‘Gear-Up’ workshops teach basic bike maintenance and so help children to cycle more safely by recognising, and so being able to avoid, safety hazards. These are important skills for pupils who are preparing to make the transition to secondary school. Over 5,100 pupils benefited from the programme in FY17.

Over 30,000 people benefited from free workshops

Gear up!

Getting your bike ready for the road
Partnering with organisations
British Cycling’s Breeze
We understand the fear many adults have of getting back on a bike after years out of the saddle so, to help, we partnered with British Cycling’s Breeze network. In addition to promoting the women’s network to customers on our website and through emails, in FY17 we ran bike maintenance workshops in partnership with Breeze, with over 1,600 women attending. The partnership has also provided the opportunity for colleagues to become Breeze champions.

Cub bike workshops
Through our partnership with the Scouts Association, in FY17 we helped over 3,300 Cubs achieve their Cyclist Activity Badge. In addition to running an in-store workshop, a resource pack also supports Cub Leaders, guiding them through requirements for Cubs to achieve their cycle badge.

Case Study: School kids ‘wheeling for joy’ with free bikes from Halfords
For some families, buying a bike can be too much of a stretch when they’ve got other, more immediate household bills to pay. To help address this, schools across the country are benefitting from a scheme to help encourage more children, who may not necessarily have access to bikes, to cycle.

In a virtuous cycle the bikes are donated by members of the public, they are then re-conditioned at one of our cycle workshops in Onley and Drake Hall prisons, which train prisoners to be professional cycle mechanics, before being donated along with new helmets to disadvantaged schools.

So far, over 400 bikes have been donated.
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Environment

The environmental resources Halfords uses in its operations.

94%
Retail waste diverted from landfill

91%
Autocentres waste diverted from landfill

274,000
Batteries recycled by Retail and Autocentres

30,000
Bikes recycled to date

Fast Fact
An additional 5 new Cycle Republic shops were opened in the year

Global Greenhouse Gas Emissions

| Environmental Management: Managing our impact on the environment in a responsible and ethical manner |
| We know that our work has an impact on the environment and that we have a duty to manage that impact in a responsible and ethical manner. We do this through identifying all significant environmental impacts and putting processes into place to prevent, reduce and mitigate them. To meet our commitment of protecting the environment, we aim to: |
| • comply with all relevant environmental legislation; |
| • operate our business in a way that protects the environment; |
| • promote environmental awareness to colleagues and enlist their support in improving the Company’s performance with training and instruction; |
| • minimise waste by making sure processes are as efficient as possible; |
| • look to reduce energy and water usage; |
| • promote recycling internally and with our suppliers and customers; |
| • minimise the environmental impact of our logistics activities; and |
| • continually develop our environmental management system. |

Global Greenhouse Gas Emissions

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<thead>
<tr>
<th>2016 tCO₂E</th>
<th>2017 tCO₂E</th>
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<tbody>
<tr>
<td>Retail Combustion of Gas</td>
<td>6,488.28</td>
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<tr>
<td>Autocentres Combustion of Gas</td>
<td>3,329.25</td>
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<tr>
<td>Cars on Company Business¹</td>
<td>889.22</td>
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<tr>
<td>Retail Directly Purchased Electricity</td>
<td>28,507.45</td>
</tr>
<tr>
<td>Autocentres Directly Purchased Electricity</td>
<td>4,648.26</td>
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<tr>
<td>TOTAL</td>
<td>43,862.46</td>
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Company’s Chosen Intensity Measurement: tCO₂E per £1m Group Revenue

<table>
<thead>
<tr>
<th>2016</th>
<th>2017</th>
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<tbody>
<tr>
<td>42.90</td>
<td>30.24</td>
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¹. Carbon Trust Conversion Factors Energy and Carbon Conversions 2016 update
². An estimate based on previous usage, taking as a basis the Average Petrol Car and Diesel Car Carbon Trust Conversion Factors Energy and Carbon Conversions 2013 update
Building and maintaining the highest standards amongst our suppliers

We are committed to maintaining the highest standards amongst our suppliers. We are strongly opposed to the exploitation of workers and we will not tolerate forced labour, or labour which involves physical, verbal or psychological harassment, or intimidation of any kind.

We will not accept human trafficking or the exploitation of children and young people in our business and undertake all possible steps to ensure that these high standards are maintained. We regularly review related policies to ensure that they remain up-to-date and fit-for-purpose.

Read more online at www.halfordscompany.com/investors/governance

Case Study: Testing environmental enhancements

The opening of our new Derby store, to begin testing different concepts, provided an opportunity to introduce new environmental features, including:

- LED lights throughout on motion and daylight sensors;
- back of house lights on motion sensors, warehouse lights also include auto dimming to help reduce energy consumption levels; and
- air movement fans – low energy/high performance air movement fans installed, reducing running costs and moving air more efficiently.

Case Study: Smart Solutions

In 2013, we introduced national trade-in events. These are run in addition to our ongoing bike donations at over 75 shops.

We invite customers to donate their unwanted bikes to charity and so support a sustainable and life changing cause. Our core charity partner is Re-Cycle, who divert unwanted bikes from landfill/disuse and donate them to people and communities both in the UK and in Africa. This programme really does transform the lives of those who benefit from it.

In February 2017, a team of colleagues from Halfords, who had won our ‘Journey of a Lifetime’ competition, went to see for themselves the benefit that the donated bikes have provided. Fundraising, collecting bikes, loading a container and following it over to Gambia, they met with partners there on the ground, as well as delivering bike workshops to local children. Commenting on the adventure, the team’s leader Stephen Roche, said: “It was a fantastic experience and great to see the real difference every single bike makes. We loved the trip from start to finish!” Our partnership with Re-Cycle has raised nearly £400,000 and has changed the lives of over 180,000 people in Africa from the 30,000 bikes donated, diverting over 450 tonnes from potential landfill waste.