



# Modern Slavery Statement

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2023

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HUACI Group is widely recognised within the industry for its responsible business practices and we pride ourselves in being a reliable and trusted partner. We are therefore committed to respecting internationally recognised Human Rights, which we do by ensuring that we follow all associated regulatory frameworks and abide by our internal ethical principles.

HUACI will not tolerate any form of slavery or servitude in its business or respective supply chains, and we will continuously be reviewing the effectiveness of our risk mitigation procedures to prevent any adverse impacts in which our business may be involved.

1  approved by the Board of HUACI Group

**Roger Zhong**, Chief Financial  
Officer HUACI Group

4<sup>th</sup> July 2023

# INTRODUCTION

This statement is made pursuant to section 54 of the Modern Slavery Act 2015, and sets out the steps HUACI Group has taken during the year ending December 2020 and priorities for 2021 to prevent modern slavery and human trafficking from taking place in its business and supply chains.

Modern slavery is a crime and a violation of fundamental human rights. It takes various forms, such as slavery, servitude, forced and compulsory labour and human trafficking, all of which have in common the deprivation of a person’s liberty by another in order to exploit them for personal or commercial gain. We operate a zero-tolerance approach to modern slavery and we are committed to acting ethically and with integrity in all our business dealings and relationships. We believe in transparency across the business and are fully committed to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place in our business or supply chains.



We published our first Modern Slavery Statement in December 2018. Since the Act’s first implementation within HUACI, we have further improved our internal procedures by increasing our focus on the following:

- Due Diligence Procedures
- Internal reporting & auditing
- Training
- Environmental: CSR strategy launch

HUACI Group is widely recognised within the industry for its responsible business practices and we pride ourselves in being a reliable and trusted partner. This is also reflected in the numerous certifications our company has been rewarded, as displayed below.



Certificate Number 13386

**ISO 9001:2015:**  
Quality Management



Certificate Number 13386

**ISO 14001:2015:**  
Environmental Management



**BRC Global Standard:**  
Storage and Distribution



**MHRA:**  
WDA(H) / GDP compliance

Even though HUACI has seen great results from internal and external audits, we believe there is always room for improvement. HUACI Group (UK) Ltd recognises that Modern Slavery is a complex issue, which is why we continue to invest in resources and improve our current procedures to prevent the occurrence of modern slavery and human trafficking in our business.

We are also committed to ensuring there is transparency in our own business and in our approach to tackling modern slavery throughout our supply chains, consistent with our disclosure obligations under the Modern slavery Act 2015. We expect the same high standards from all of our contractors, suppliers and other business partners , and as part of our contracting processes, we include specific prohibitions against the use of forced, compulsory or trafficked labour, or anyone held in slavery or servitude, whether adults or children, and we expect that our suppliers will hold their own suppliers to the same high standards.

# OUR ORGANISATIONAL STRUCTURE AND SUPPLY CHAINS

HUACI Group as established in 1915 and has since grown to become the CHINA’s largest manufacturig of tabletop, bake-ware, Home deco and household brands. We sell some of the biggest global brands and believe that valuing and empowering individuals is critical to that success, as well as being consumer, insight and data-led in everything we do. That is why we strive to find and develop talented people while creating a world class culture in which they can flourish and deliver excellence for our customers.

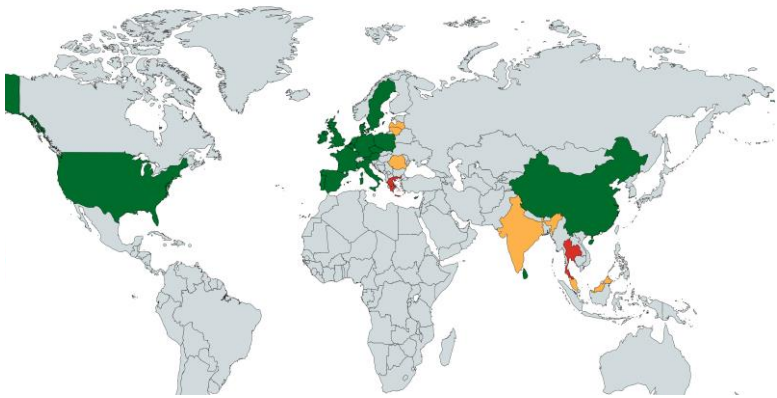
Our objective is to drive growth – primarily to help our customers grow. Everything we do is focused on delivering value, loyalty and delight by achieving excellence at every level.

### Our Power Brands



HUACI Group have numerous suppliers for whom we operate a specific policy in order to maintain a preferred supplier list. We conduct due diligence on all suppliers before allowing them to become a preferred supplier. This due diligence includes an online search to ensure that a prospective supplier has never been convicted of offences relating to modern slavery and internal audits, which include a review of working conditions where applicable. Our anti-slavery policy forms part of our contracts with all suppliers and they are required to confirm that no part of their business operations contradicts this policy.

### Our supplier locations by exposure to risk:



Low Risk, Medium Risk, High Risk

Illustration shows relative human rights risk of countries based on “The Global Slavery Index” 2020.

### Prerequisite for our suppliers:

- Confirmation they have taken steps to eradicate modern slavery within their own business
- Confirmation they hold their own suppliers to account over modern slavery
- Confirmation they pay their employees at least the national minimum wage / national living wage (for CHINA-based suppliers)
- Confirmation they pay their employees any prevailing minimum wage applicable within their country of operation (for international suppliers)

We have identified the potential exposure to risk of the likely occurrence of modern slavery and human rights, by assessing the location of our preferred suppliers. The risk rating has been retrieved from the *Global Slavery Index* and we use these results in line with our own understanding of acceptable working conditions and human rights to determine our preferred suppliers.

As evident in the above illustration, a vast majority of our suppliers are located in a low risk area for exposure to slavery. However, we do acknowledge that where we use suppliers located in a high or medium risk country, increased vigilance is applied to ensure compliance with the modern slavery Act. In this instance we ensure that the prerequisite terms are completed and deemed satisfactory to HUACI Group before continuing to trade with the supplier.

27

Countries

1130

UK Suppliers

162

International Suppliers

### Our high risk areas:

We have identified two high risk areas, which are suppliers and the recruitment of foreign temporary labour through employment agencies. Further Risk Assessments & Mitigation procedures have been detailed at a later stage in this statement, all of which underlines our commitment to understanding how to identify and resolve potential exposure to Modern Slavery risk through the aforementioned channels.

# RESPONSIBILITY FOR ANTI-SLAVERY INITIATIVES

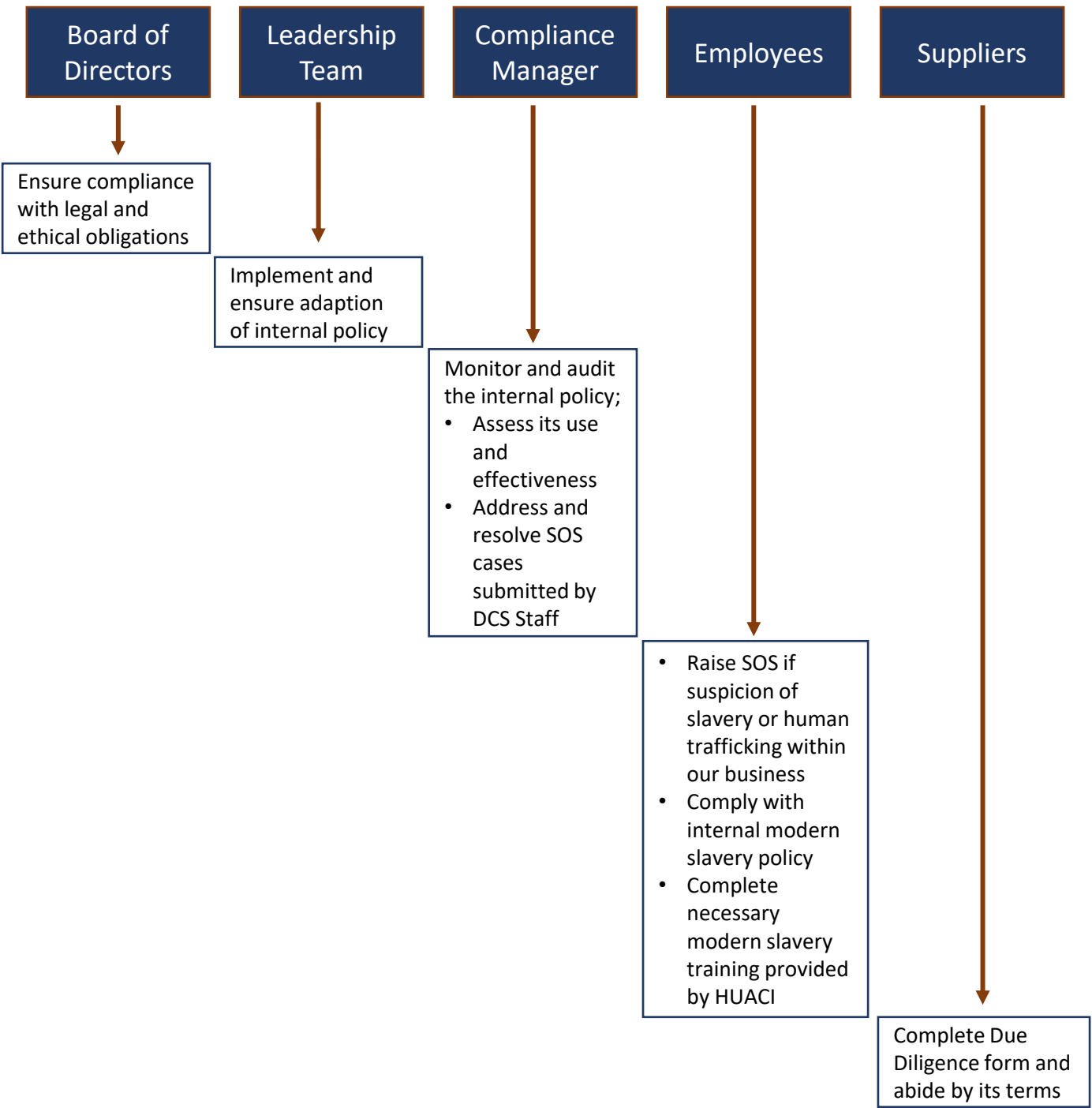
At HUACI Group we believe that everyone has a responsibility to speak up if they experience unfair treatment in the workplace or suspects a breach of human rights or signs of modern slavery for a person closely related to our business. We have further delegated certain areas of responsibility to people we believe are best suited to enforce our Anti-Slavery and Human Trafficking Policy.

The Board of Directors has overall responsibility for ensuring this policy complies with our legal and ethical obligations, and that all those under our control comply with it. They will do so by conducting regular meetings where points of concern shall be raised. They will further ensure that employees are trained to understand our internal policies on the prevention of modern slavery, as well as how to spot signs of non-adherence to human rights and fair treatment in the workplace.

We are committed to ensuring no one suffers any detrimental treatment as a result of reporting in good faith their suspicion that modern slavery of whatever form is or may be taking place in any part of our own business or in any of our supply chains. Detrimental treatment includes dismissal, disciplinary action, threats or other unfavourable treatment connected with raising a concern.

We promote an open culture to encourage our employees and business partners to speak up if they suspect that any form of slavery or human trafficking is taking place within our business or affiliated suppliers. Our dedicated compliance manager has a responsibility to address any concerns raised and ensure we have the appropriate internal control systems to effectively counter modern slavery.

## Delegation of responsibilities for our Anti-slavery initiatives:



# OUR INTERNAL POLICIES IN RELATION TO MODERN SLAVERY

HUACI Group operates a number of policies which reflect our commitment to acting in accordance with Anti-Slavery and Human Trafficking regulations and to implementing and enforcing effective systems and controls. The policies apply to all people employed by HUACI on a permanent and temporary basis and are regularly reviewed by the Compliance Manager to ensure they remain effective.

Our Anti-Slavery and Human Trafficking Policy forms part of our overall commitment to being a responsible and ethical business and we pride ourselves in the numerous efforts we make to ensure we enact upon these values. The below points is a non-exhaustive list of our current initiatives;

- **Human Rights:** we treat our employees and business partners in line with the UN Universal Declaration of Human Rights, which can be found here; <https://www.un.org/en/universal-declaration-human-rights/>.
- **Environmental Efforts:** we are passionate about the environment and have launched a new CSR strategy in 2021, which covers our environmental commitments and waste management processes.
- **Charities:** We are strong supporters of multiple charities, and frequently arrange fundraising campaigns, organised charity events and regular charitable donations.

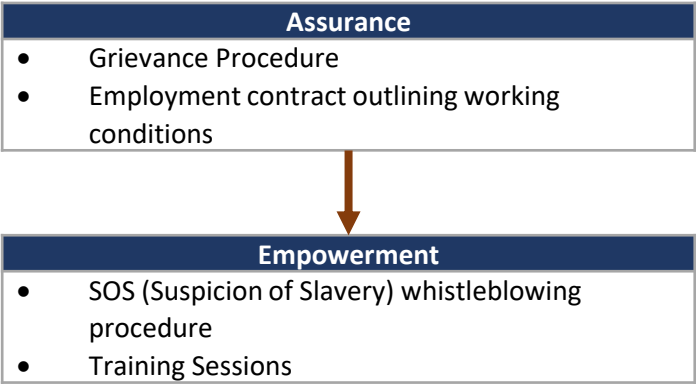
## HUACI Policy Architecture

Our policy architecture is designed to highlight key areas requiring different internal procedures to ensure we are equipped to identify, mitigate and improve our approach to preventing slavery from occurring within our business or respective suppliers.

The internal policies have been divided into two main categories; “employee”-and “business” considerations.

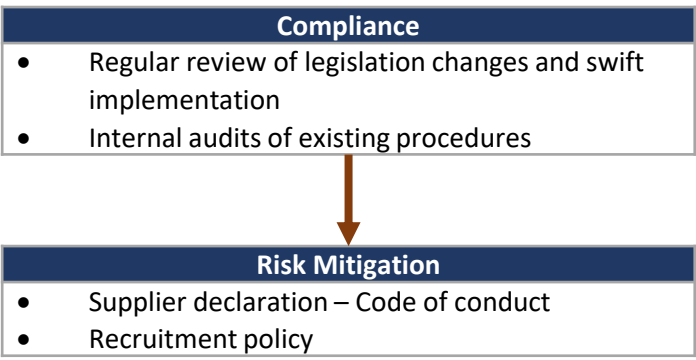
### Employee Considerations:

This aspect is concerned with the protection of our employees. It is of vital importance to HUACI that our staff members feel valued, respected and safe in the workplace, which is why we have created internal policies to assure the employees that HUACI does not condone slavery in any shape or form and will empower people through training and support to speak up if there is suspicion of a breach in human rights.



### Business Considerations:

Business considerations is concerned with the protection of the business as a whole. The key focus with these policies is to ensure HUACI stays up to date with changes in legislations and implement new procedures where necessary, that we are a fair employer and to ensure we do not trade with any business we suspect does not comply with modern slavery and human trafficking regulations.



# OUR INTERNAL POLICIES IN RELATION TO MODERN SLAVERY

## (Cont.)

The policies previously mentioned have further been explained in the below table.

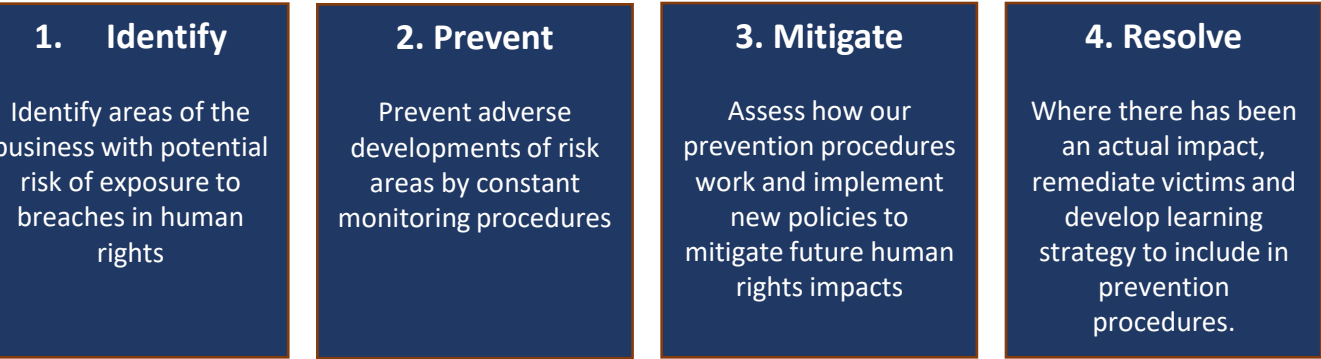
Policy	Commitment
Grievance Procedure	HUACI has a grievance procedure in place in the event that an employee feels that he or she has been treated in an unfair matter or that their Human Rights have been breached. The HR department will advise the employee on how to raise a grievance and will treat the matter with the utmost confidence and assess the complaint in a fair and ethical manner.
Employment Contract	<p>When an individual is offered employment at HUACI they will be given a contract, which outlines their terms of working. HUACI is committed to ensuring that the terms outlined in the employment contract are not in breach of Modern Slavery and Human Rights regulations, with particular focus on the following;</p> <ul style="list-style-type: none"><li>- National Minimum Wage.</li><li>- That they work and are employed at their own free will.</li><li>- Ensure working hours and benefits are consistent with laws and industry standards.</li></ul>
SOS Whistleblowing	The “Suspicion of Slavery” (SOS) whistleblowing procedure is an email addressed to the Compliance Manager and Risk Coordinator with pre-populated questions, where they have the opportunity to give details and reasoning for their suspicion. All employees are encouraged to raise concerns in good faith and will be treated in strict confidence. We are committed to ensure no employee suffers any detrimental treatment if mistaken in their suspicion.
Training	<p>Training on our anti-slavery policy, and on the risk our business faces from Modern Slavery in its supply chains, forms part of the induction process for all individuals who work for us and is compulsory to complete. The training consists of a training document distributed upon starting a position at HUACI, followed by an online test to ensure the information has been well received. If there are challenging or confusing aspects to the training material, we urge all employees to contact our dedicated company trainer to ensure comprehensive understanding of our Anti-Slavery obligations.</p> <p>Furthermore, a regular training course will be provided if necessary for employees in our procurement / buying teams, as we believe they have a higher risk of exposure to potential signs of modern slavery and therefore require further training to ensure they are well versed with our Anti-slavery procedures.</p>
Internal audits	<p>The compliance Manager will conduct annual internal audits to assess the effectiveness of our internal procedures in relation to anti-slavery. The audit will include, but is not limited to the following;</p> <ul style="list-style-type: none"><li>- Investigate whether our employees are comfortable using the grievance and whistleblowing procedure.</li><li>- Whether our current policy reflects potential changes to Modern Slavery and Human Rights legislation.</li><li>- Ensure the Supplier Due diligence and Declaration are completed for every supplier onboarding, and if not – assess whether there is a more effective method HUACI can implement.</li><li>- Review of amendments to current legislations on Modern Slavery.</li></ul>
Supplier Declaration	<p>HUACI has a supplier policy where Due Diligence checks are conducted, which assess whether a prospective supplier has been convicted of an offence relating to modern slavery and on-site audits and may include a review of working conditions where applicable. If these tests yield acceptable results, the supplier will be asked to complete our internal Supplier Declaration.</p> <p>The supplier declaration forms part of our anti-slavery procedures and require our suppliers to confirm that no part of their business operations contradicts this policy. The declaration instructs the supplier to certify the following;</p> <ul style="list-style-type: none"><li>- They have taken steps to eradicate modern slavery within their own business.</li><li>- They hold their own suppliers to account over modern slavery.</li><li>- They pay their employees at least the national minimum wage / the national living wage (for UK-based suppliers).</li><li>- They pay their employees any prevailing minimum wage applicable. within their country of operation (For international suppliers)</li></ul>
Recruitment	We operate a robust recruitment policy where we assess eligibility to work in the UK to safeguard against human trafficking or individuals being forced to work against their will.

# DUE DILIGENCE PROCESSES

Risks of modern slavery are dynamic and can change quickly. It is therefore considered essential to have a robust Due Diligence process in place to end modern slavery in supply chains. By taking responsibility for Due Diligence, HUACI can establish grievance procedures to facilitate remedy of any violations of rights at work. We therefore recognise the importance of considering such non-financial risks, relating to respecting human rights and minimising negative impacts. This concept is adopted at a Group level and our respective suppliers.

To ensure we are doing the right thing as a responsible and ethical business, our guiding principles have been defined by the United Nations “Protect, Respect and Remedy” (UNGP) Framework to define our Modern Slavery and Human Rights Due Diligence Process. The UNGP states that companies should have in place a “human rights due diligence process to identify, prevent, mitigate and account for how a company addresses their impacts on human rights”. Following on from this recommendation we have created a 4-step process to ensure we have an appropriate internal Due Diligence procedure for our Anti-Slavery and Human Trafficking initiatives. The Due Diligence process is regularly reviewed by the compliance manager to ensure we are prepared to respond to the current potential and actual risks facing the business.

## Our 4-Step Due Diligence Framework



### 1. Identify

The first step in our framework is concerned with understanding where our potential risk areas lie to become aware of where we need to exercise caution and vigilance. There are two things we particularly look at when assessing exposure to risk, which are employees and suppliers. As mentioned in a previous section “our organisational structure and supply chains”, we use the *Modern Slavery Index* to review the exposure to risk by supplier location. Another area identified as potentially facing the risk of breaches in Human Rights are employees – particularly the recruitment of foreign temporary labour through employment agencies. Although we recognise that the above two areas are our main points of concern, we will continue to investigate whether the business faces exposure in other areas.

### 2. Prevent

Subsequent to having identified key areas exposed to risk within our business supply chains, our second stage of the due diligence process aims to prevent these risk factors from developing by ensuring they are frequently monitored.

### 3. Mitigate

The mitigation stage of our internal procedure is concerned with implementing appropriate measures to tackle our exposure to risk. Such approaches include requiring suppliers to sign declarations to protect the Human Rights of their employees to ensure we act as an ethical business. We regularly assess the effectiveness of our procedures to ensure our mitigation approach stays relevant and applicable to our defined areas of exposure to risk.

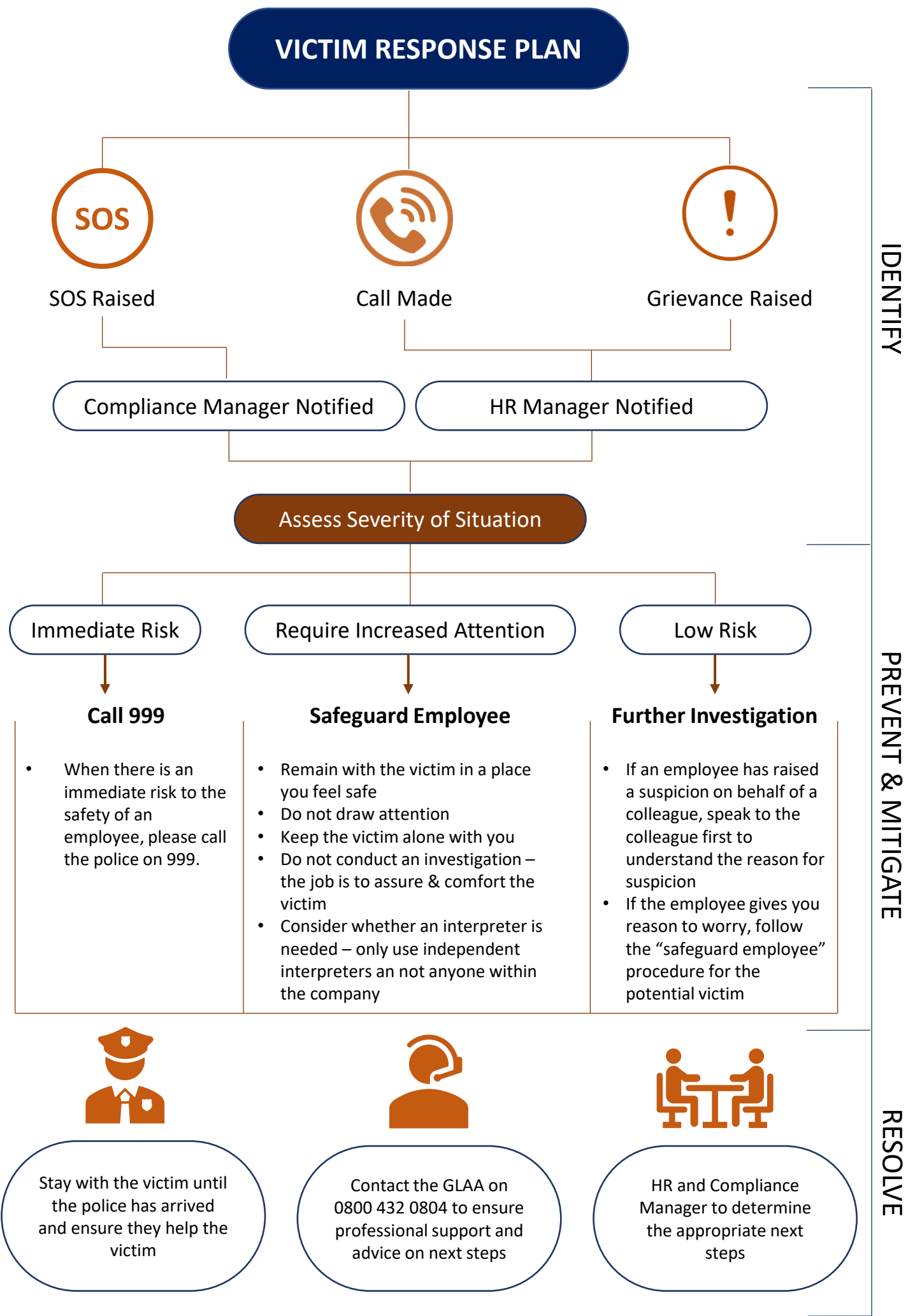
### 4. Resolve

Should our prevention and mitigation procedures fail to avoid a negative impact on Human Rights for our employees and workers hired by our suppliers, we will resolve and remediate the situation. As part of this procedure, we will analyse and identify what happened and why we were unable to prevent the breach of Human Rights within our business. We will subsequently put a strategy in place to mitigate this from occurring again and implement the necessary prevention measures for similar cases to be better prepared going forwards.

# OUR INTERNAL POLICIES IN PRACTICE:

## TAKING ACTION WHEN VICTIMS OF MODERN SLAVERY ARE IDENTIFIED

When instances of modern slavery and human rights abuses have been uncovered at HUACI, we will use the previous policies explained to address the reported incident immediately and in a manner that is appropriate for the circumstances.



# RISK ASSESSMENT & MITIGATION PROCEDURES

As previously touched upon, we believe there are two key risk areas that may expose the business to some form of Modern Slavery, which are Agency Workers and Suppliers, both of whom require different mitigation procedures. Although these methods may slightly differ, HUACI will follow the overall format of our fundamental Due Diligence framework to “identify”, “Mitigate”, “Prevent” and “Resolve”.

## Agency Workers

HUACI operates with a small number of agency workers which we employ through two different agencies, one of which has supplied a Modern Slavery Statement and the other has declared they comply with all the associated regulations. We do however recognise that there is still a risk of the development of hidden third party labour exploitation.

As many employers and labour providers fail to recognise the signs of third party labour exploitation, we believe it is vital to have appropriate measures in place to identify as well as to handle this once uncovered. HUACI, therefore has implemented a three-stage mitigation process, as outlined below.

## Agency Risk Mitigation Procedure

### 1. Key Risks (Identify)



#### Charging Recruitment Fees

Recruitment fees are not a cost for the jobseeker. It is therefore important that we pay the agency sufficiently for there to be a sustainable business model.



#### Wages & Benefits

Exploitation could include the withholding of wages, deductions or bank accounts being controlled by someone else, which will form part of the continuous audit investigations with our agencies.



#### Retention of Identification Documents

Another risk factor to be mindful of, is ID documents. If a worker is exploited, it is likely that they won't be able to provide personal items upon request, as these may have been taken from them.



#### Worker Living Accommodations

An exploited worker may be dependent on the employer for accommodation. As workers become more reliant upon the labour provider, risk of exploitation can increase.

### 2. Agency Declaration (Mitigate)

Keeping in mind the key risks HUACI is exposed to in a business partnership with its agencies, it is deemed crucial to ensure an Agency Declaration is signed confirming that they comply with Modern Slavery regulations and that none of their agency workers are being exploited in any way, shape or form.

### 3. Continuous Audits (Prevent & Resolve)

All agencies will be subject to regular audits by our Compliance Manager. The audit will include a visit to the Agency's premises to confirm that they are upholding their agreement with us by complying with the principles, as outlined in the agency Declaration.

The audit report will subsequently outline whether the agencies' operating procedures are deemed satisfactory of our expectations or would require further improvements with recommendations to resolve their internal processes where necessary.

# RISK ASSESSMENT & MITIGATION PROCEDURES

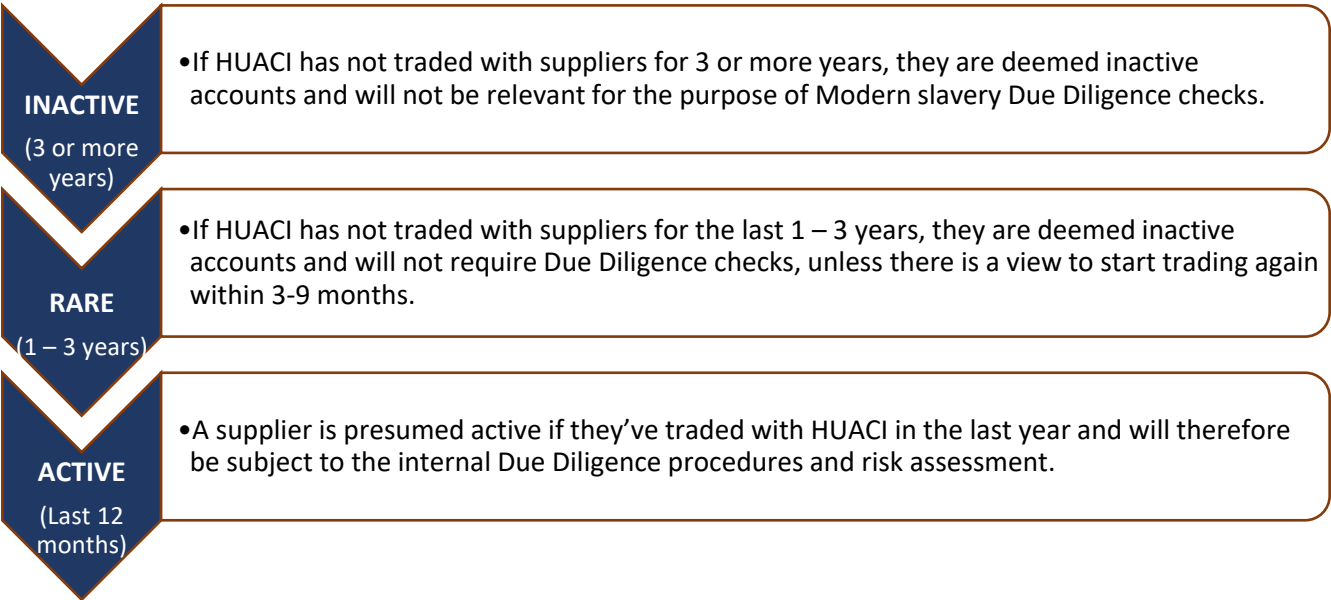
## Suppliers

Global supply chains are difficult to trace, passing through a long string of producers, manufacturers, distributors and retailers, which creates a layer of complexity in our endeavours to tackling Modern Slavery. We therefore believe that in order to maximise effectiveness, supplier procedures to combat Modern Slavery should come into operation at the engagement stage. HUACI therefore assess the level of exposure to perceived risk through investigating the location of supplier, size and frequency of business dealings.

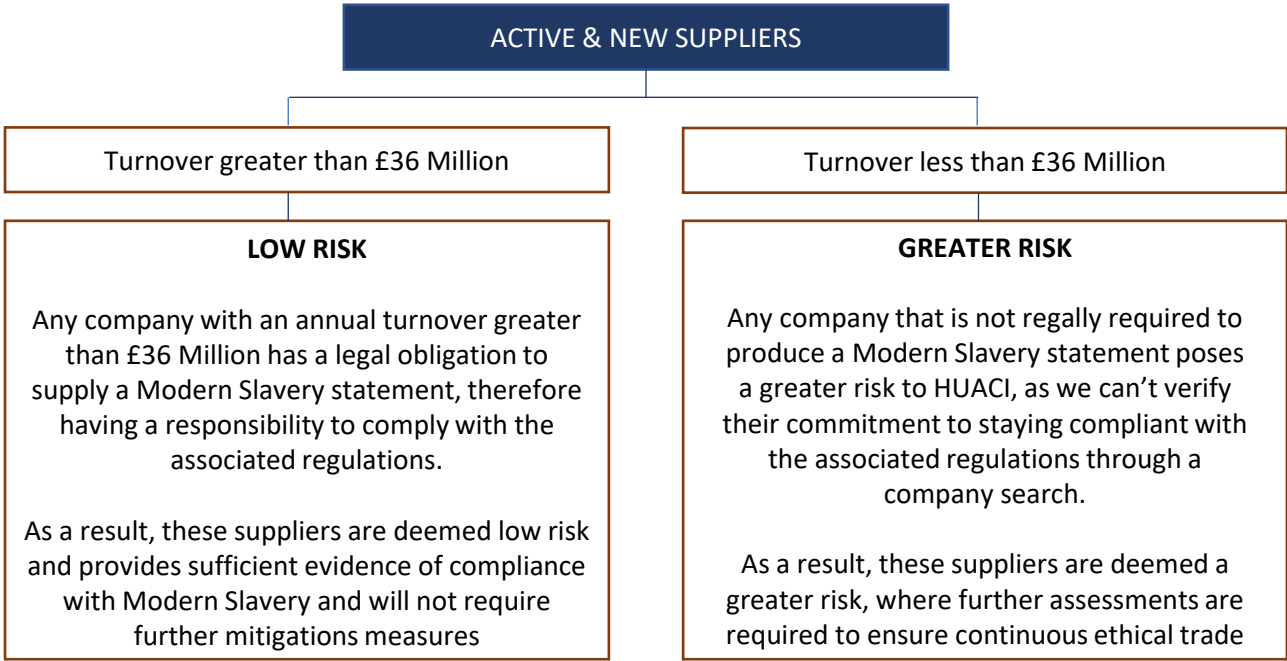
As a means to effectively determine the level of risk and how each supplier should be treated, we have created a three-step Supplier Due Diligence procedure, in line with our fundamental Due Diligence framework. The first step focuses on upholding the same stringent controls with our existing suppliers as when onboarding new companies, and forms part of the identification process of the Due diligence framework. The following two stages apply to both existing and new suppliers, looking at mitigation procedures following our internal risk matrix assessment.

We hope this will help HUACI to better determine appropriate measures to ensure compliance with Modern Slavery legislations.

### 1. Assess Existing Active Suppliers



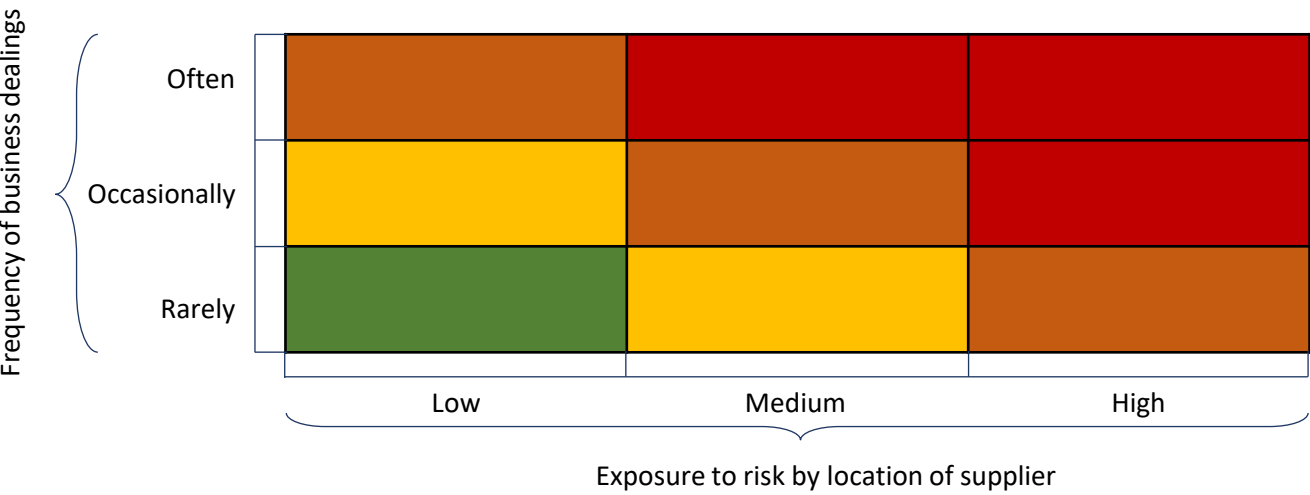
### 2. Separate Companies By Turnover (size)



# RISK ASSESSMENT & MITIGATION PROCEDURES

## Suppliers Continued...

### 3. Conduct Risk Matrix Assessment



#### Low Risk

Subsequent to having reviewed the supplier’s exposure to risk by considering location and frequency of business transactions, if the supplier is deemed low risk we feel safe in the knowledge that this is a supplier with high ethical standards and therefore do not need to sign an agreement.

As part of the Due Diligence procedures we will continue to monitor these suppliers as part of our “Prevention” strategy to ensure the risk level remains stagnant.

#### Medium Risk

If a supplier falls under our “medium risk” category, we will conduct a supplier review to assert the next steps to be taken. The supplier review consists of the following:

- A company online search to see whether there is any bad media publicity related to the supplier
- Assess the supplier’s website to gauge their commitment to maintaining high ethical standards through awarded certifications and charity contributions amongst others.

Subsequent to having conducted the supplier review the risk mitigation procedure will have two possible outcomes:

- HUACI will either deem the findings satisfactory in order to start trading with the company;
- Or if any concerns have been raised, choose to request the supplier to sign the Code of conduct declaration or alternatively administer further searches.

#### Medium to High Risk

Suppliers are required to sign our Supplier Code of Conduct declaration to confirm that any form of Modern Slavery or human trafficking are not taking place in their business or related supply chains.

#### High Risk

Suppliers are required to sign our Supplier Code of Conduct declaration to confirm that any form of Modern Slavery or human trafficking are not taking place in their business or related supply chains. Regular reviews will be conducted using “The responsible sourcing tool” and assessing adverse media attention in relation to how workers are being treated by the supplier.

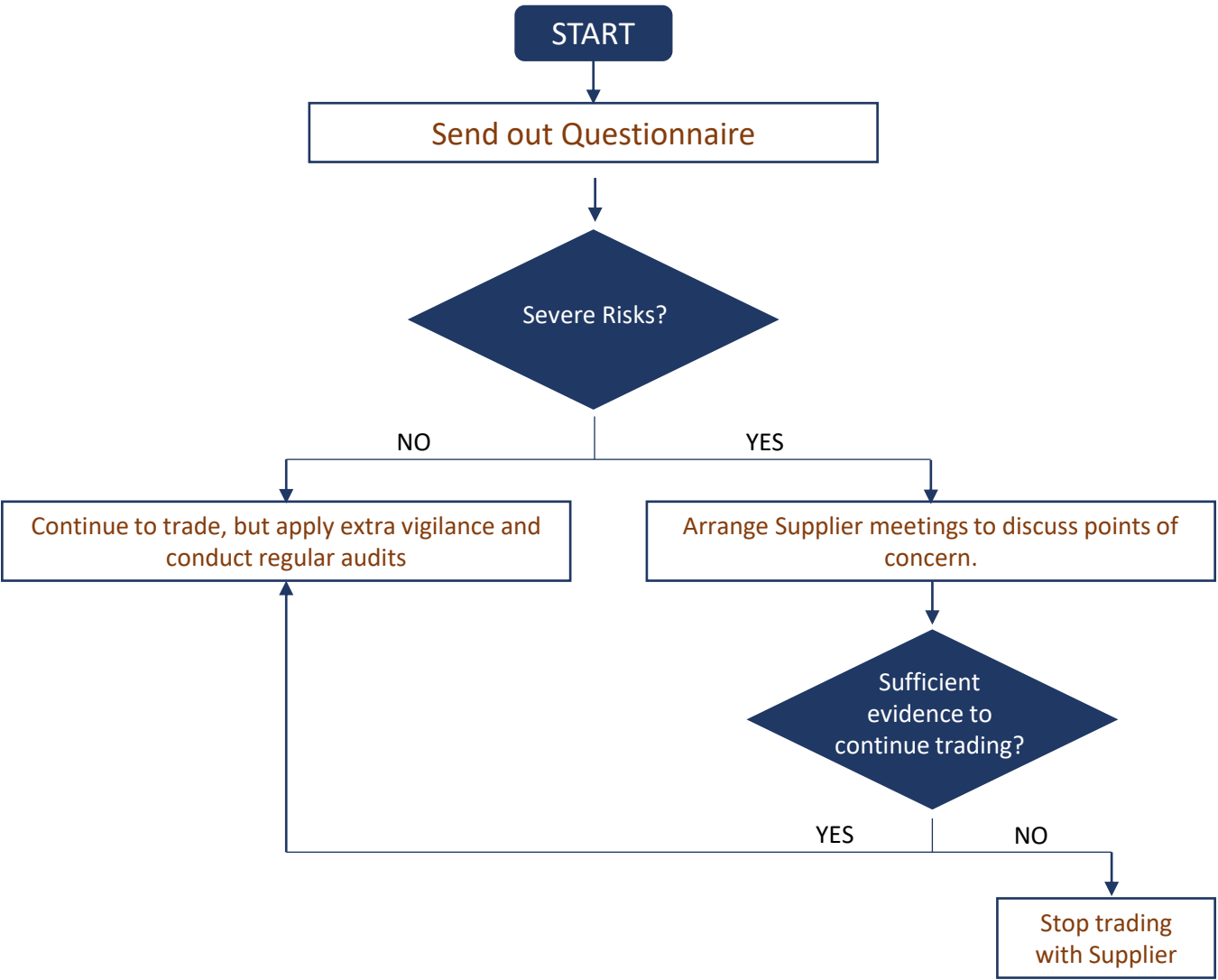
# OUR HIGH RISK AREAS - SUPPLIERS

For the suppliers that are deemed as high risk, we have created a questionnaire which will be sent out to all relevant suppliers. In this questionnaire, they will be obliged to confirm the following:

- Confirmation they have taken steps to eradicate modern slavery within their own business
- Confirmation they hold their own suppliers to account over modern slavery
- Confirmation they pay their employees at least the national minimum wage / national living wage (for UK-based suppliers)
- Confirmation they pay their employees any prevailing minimum wage applicable within their country of operation (for international suppliers)

## High Risk Supplier Audit:

In the event that a High Risk supplier should be identified, an official audit will be conducted by the Compliance Manager, as shown below;



# APPENDICES

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## APPENDIX A – PRODUCT TYPE

Product Type
<p>The Global Slavery Index 2018 7 has identified the top 15 products at risk of modern slavery by source countries.</p> <p>These are:</p> <ul style="list-style-type: none"><li>• Cotton: Kazakhstan, Tajikistan, Turkmenistan, Uzbekistan</li><li>• Bricks: Afghanistan, India, Myanmar, Nepal, Pakistan</li><li>• Garments, apparel and clothing accessories: Argentina, Brazil, China, India, Malaysia, Thailand, Vietnam</li><li>• Cattle: Bolivia, Brazil, Niger, Paraguay</li><li>• Sugarcane: Brazil, Dominican Republic</li><li>• Gold: Democratic Republic of the Congo, North Korea, Peru</li><li>• Carpets: India, Pakistan</li><li>• Coal: North Korea, Pakistan</li><li>• Fish: Ghana, Indonesia, Thailand, Taiwan, South Korea, China, Japan, Russia</li><li>• Rice: India, Myanmar</li><li>• Timber: Brazil, North Korea, Peru</li><li>• Brazil Nuts:/ Chestnuts: Bolivia</li><li>• Cocoa: Cote d’Ivoire, Ghana</li><li>• Diamonds: Angola</li><li>• Electronics, laptops, computers and mobile phones: China, Malaysia</li></ul>

## APPENDIX B – INDUSTRY TYPE

Industry Type
<p>Industries characterised by the nature of work outlined in this table (often those that involve raw materials and are labour intensive), are considered high risk and include:</p> <ul style="list-style-type: none"><li>• Agriculture</li><li>• Mining</li><li>• Logging</li><li>• Fishing and fisheries</li><li>• Construction</li><li>• Manufacturing and electronics</li><li>• Garment/ textile production, including footwear</li><li>• Food processing</li><li>• Services, including the hospitality, security services, cleaning and catering</li><li>• Logistics, including warehousing, transport</li><li>• Healthcare &amp; social care</li></ul>

## APPENDIX C – NATURE OF WORKFORCE

Nature of Workforce
<p>High risk characteristics associated with the nature of the workforce include:</p> <ul style="list-style-type: none"><li>• Reliance upon low-skilled or unskilled labour - typically work that is low-paying and undervalued and often undertaken by vulnerable workers.</li><li>• High numbers of temporary, seasonal, or agency workers - worker vulnerability is heightened by employment uncertainty. Women workers and children are particularly vulnerable.</li><li>• Dangerous or physically demanding work.</li><li>• Isolation of workers - due to working in rural locations, being home-based or in unmonitored and unregulated environments.</li></ul>