



HUACI GROUP

Careers

Modern Slavery Statement

2023

RISK ASSESSMENT & MITIGATION PROCEDURES

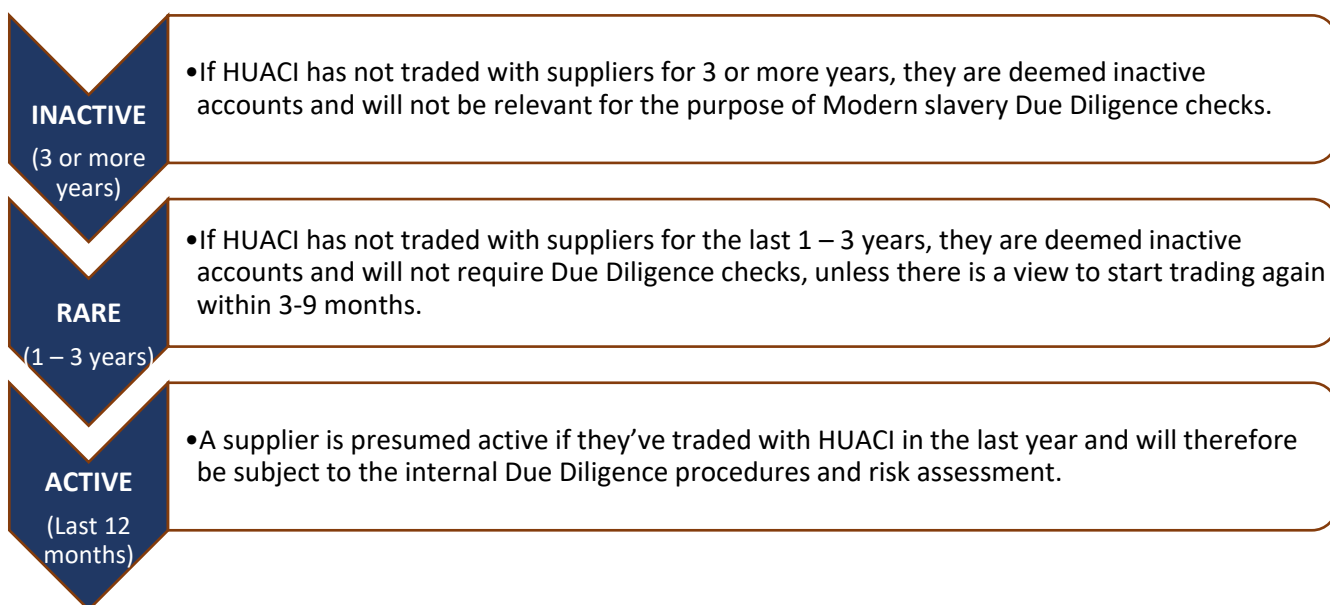
Suppliers

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. We therefore assess the level of exposure to perceived risk through investigating the location of supplier, size and frequency of business dealings.

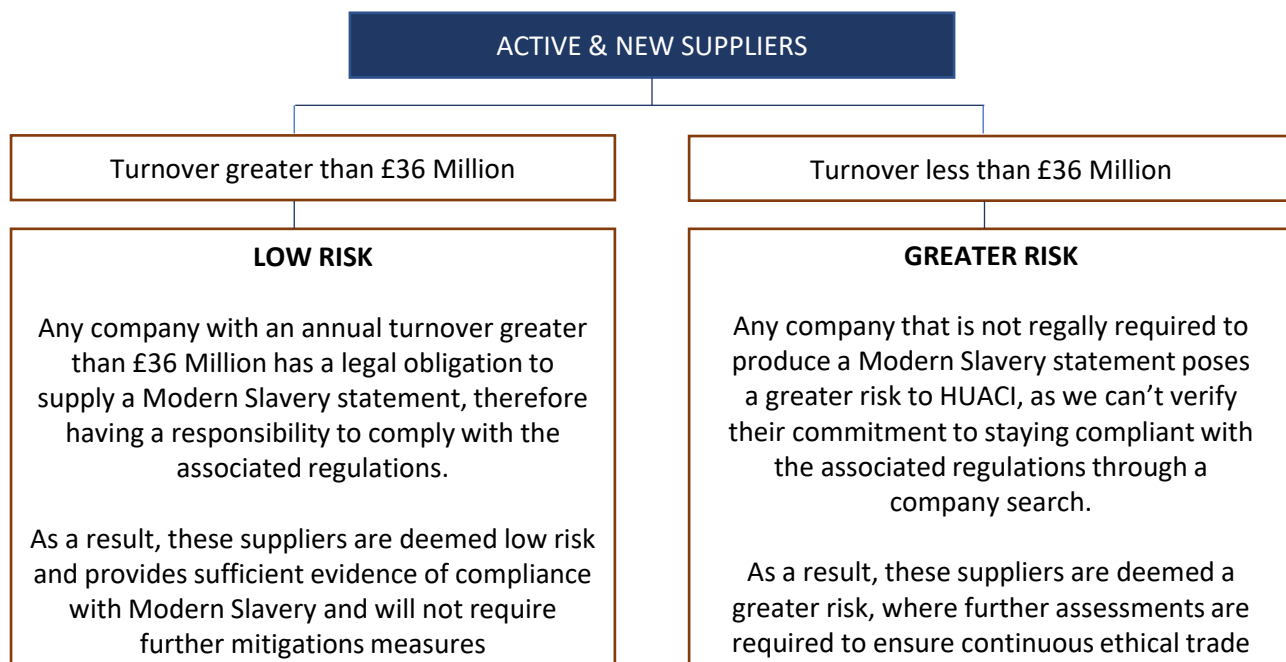
As a means to effectively determine the level of risk and how each supplier should be treated, we have created a three-step Supplier Due Diligence procedure, in line with our fundamental Due Diligence framework. The first step focuses on upholding the same stringent controls with our existing suppliers 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



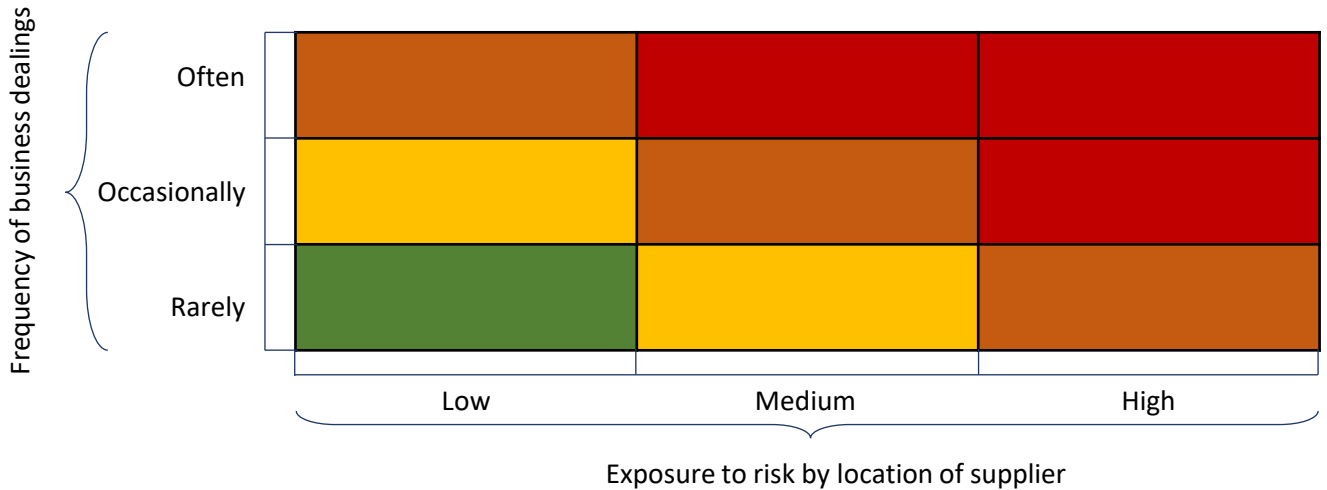
2. Separate Companies By Turnover (size)



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.

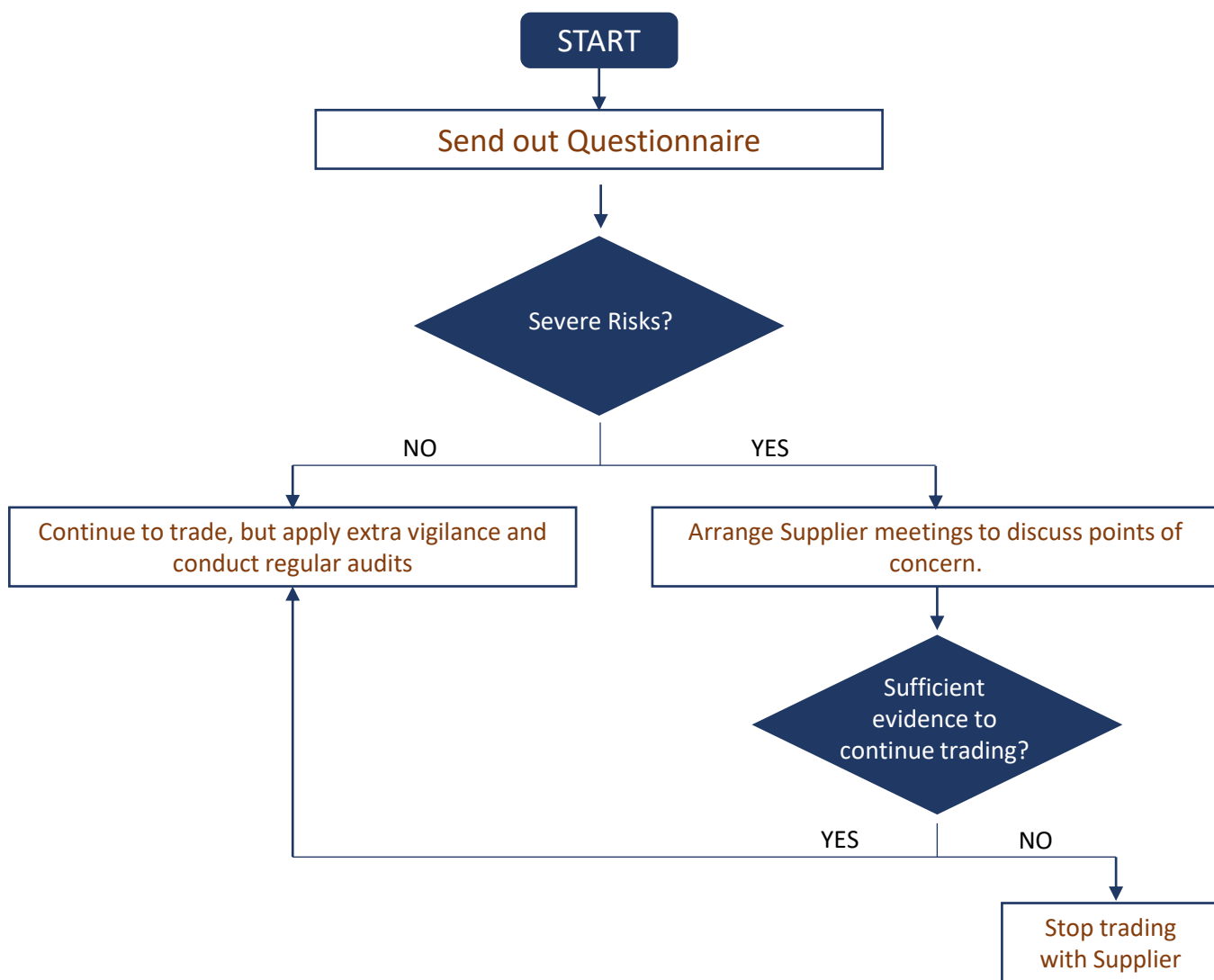
OUR HIGH RISK AREAS - SUPPLIERS

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

APPENDIX A – PRODUCT TYPE

Product Type

The Global Slavery Index 2018 7 has identified the top 15 products at risk of modern slavery by source countries.

These are:

- Cotton: Kazakhstan, Tajikistan, Turkmenistan, Uzbekistan
- Bricks: Afghanistan, India, Myanmar, Nepal, Pakistan
- Garments, apparel and clothing accessories: Argentina, Brazil, China, India, Malaysia, Thailand, Vietnam
- Cattle: Bolivia, Brazil, Niger, Paraguay
- Sugarcane: Brazil, Dominican Republic
- Gold: Democratic Republic of the Congo, North Korea, Peru
- Carpets: India, Pakistan
- Coal: North Korea, Pakistan
- Fish: Ghana, Indonesia, Thailand, Taiwan, South Korea, China, Japan, Russia
- Rice: India, Myanmar
- Timber: Brazil, North Korea, Peru
- Brazil Nuts:/ Chestnuts: Bolivia
- Cocoa: Cote d'Ivoire, Ghana
- Diamonds: Angola
- Electronics, laptops, computers and mobile phones: China, Malaysia

APPENDIX B – INDUSTRY TYPE

Industry Type

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:

- Agriculture
- Mining
- Logging
- Fishing and fisheries
- Construction
- Manufacturing and electronics
- Garment/ textile production, including footwear
- Food processing
- Services, including the hospitality, security services, cleaning and catering
- Logistics, including warehousing, transport
- Healthcare & social care

APPENDIX C – NATURE OF WORKFORCE

Nature of Workforce

High risk characteristics associated with the nature of the workforce include:

- Reliance upon low-skilled or unskilled labour - typically work that is low-paying and undervalued and often undertaken by vulnerable workers.
- High numbers of temporary, seasonal, or agency workers - worker vulnerability is heightened by employment uncertainty. Women workers and children are particularly vulnerable.
- Dangerous or physically demanding work.
- Isolation of workers - due to working in rural locations, being home-based or in unmonitored and unregulated environments.