



MM MATCHSTICK MEN GROUP



Modern Slavery and Human Trafficking
Performance Review
2019 - 2020



0 Introduction

This document is published by The Matchstick Men Group (the *Group*) in line with the requirements of The Modern Slavery Act 2015 (the *Act*)

The Group continues to experience rapid growth, and as such the ever-present risk of exposure to the risks associated with Modern Slavery and Human Trafficking has increased proportionately. As a Group of companies, we will never tolerate acts or business operations within our supply chain that are directly or indirectly associated with forms of Modern Slavery or Human Trafficking.

Although our general business strategy remains the same, our internal organisation has changed to allow us to combine some elements of our business and form a new company within The Group, which is known as The MM Hub. From this newly formed aspect, we provide shared services such as IT, HR and Risk & Compliance functions to the other companies within the group along with other functions that previously sat within G2S Ltd.

As ever, we will support both clients and contractors in all efforts to achieve compliance with the law, and the Group will, so far as is reasonably practicable assist any organisation within our supply chain wishing to meet the requirements of the law, and our own standards. But failure by an organisation within our supply chain to take reasonable action or ensure sufficient effort to eradicate slavery or trafficking will result in the termination of the business relationship.

As a Group, we are committed to ensuring that the invisible crime of slavery remains unwelcome and totally absent from our activities and supply chain.

For the purpose of this document, the reader should note that the Groups financial year runs July to June.

The contents for this document are as follows

- Section 1: Executive Summary: An abbreviated narrative of our performance for the year 2019/2020
- Section 2: Details of our arrangements for the continuing efforts of tackling modern slavery and trafficking
- Section 3: Analysis of our performance for the year 2019/2020
- Section 4: Plans for the future

Our current policy on Modern Slavery and Human Trafficking is readily available to all interested parties.



1 Executive Summary

Throughout the FY 2019/2020, the Group continues to experience encouraging and sustainable growth through the development of working partnerships with existing and new customers and clients.

Towards the end of the financial year, and like many organisations across the world, the Group has been challenged by the COVID-19 pandemic which has brought an impact to all aspects of our supply chain and within our own organisation.

Through the efforts of our organisations key people and with the support and flexibility of all staff, we have found our supply chain and internal organisation to be flexible, robust and capable of tackling momentous challenges. But through all these challenges, we have maintained a stalwart approach to ensuring the invisible crimes of Human Trafficking and Slavery have no place in our organisation.

Our regime of 3rd party audits continued wherever feasible without compromising the safety of the people working for us or on our behalf, as well as being ready to provide assistance to any in our supply chain or organisation as required.

As a Group, we remain confident and happy to be judged on our own performance, and we continue to hold the same expectations of our business partners, and supply chain providers. Through the performance of our activities, the Group will continue to ensure that the prevention of Slavery and Human Trafficking within its business operations is paramount.

The Group has continued to maintain established supplier requirements with 33 non-UK factories, which are required to maintain membership to SEDEX¹ or similar arrangements. These relationships include the need for the suppliers to submit to 3rd party verification audits such as

- ETI base code audit, SMETA (SEDEX) audit and/or Wal*Mart ES (Ethical Standards) audit
- BRC/ISO9001 audit, Full SQP (Supplier Qualification Program) audit and/or FCCA (Factory Capability & Capacity) audit
- SCS (Supply Chain Security) audit

Our previous annual statement on this matter stated that we would challenge any supplier with any concerns raised as part of those audits, and we are pleased to confirm there has been no such need. We will continue to work with suppliers to ensure that by our actions or omissions, we do not contribute in any way to the dehumanising actions of more immoral and unethical organisations that may exist.

A program of quarterly review of supplier's affiliation to required bodies remains in place, along with the implementation and performance of 3rd party audit programs. The results of these audits show that our organisation, and those that we partner with remain fully compliant with all applicable legislation and continue to perform the relevant actions to ensure that Slavery and Trafficking play no part in our supply chain.

As part of our ongoing efforts, the Group maintains the following key aspects for managing Modern Slavery and Human Trafficking compliance, which have been explained in previous reporting.

- Assigned roles, responsibilities and authorities
- Management Review
- Communication of relevant information

¹ SEDEX – Supplier Ethical Data Exchange
Classification
Publicly Available



2 Context of the Organisation

Sections 2.1 – 2.6 will only change when organisational changes dictate.

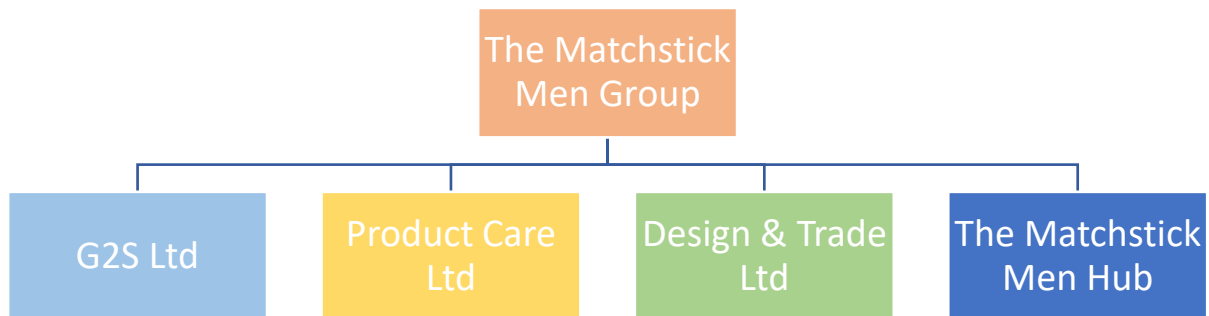
The Group remains based within the UK, and operates within the EFTA² EEC³, EEU⁴, EEA⁵ and has offices in Shunde which is in the Guangdong Province of China.

Our business continues to be centered around the following activities

- Import and distribution of household electrical appliances to retailers in the EEU and end users purchasing through e-commerce
- In-house media production including lifestyle video, photography and graphic design to support sales and as an externally available service
- Home delivery of our own products and those of partner brands to end users
- Third party storage and logistics
- After sales support, products and services to own clients and those of brand partners

2.1 Structure, Business and Supply Chains

The Group now consists of 4 companies, 3 of which collaboratively provide the services shown in section 2, and one new company known as “The Matchstick men Hub”, which is a collaboration of departments formerly within G2S Ltd, as noted in the introduction (section 0) that now provide shared services to the wider group of companies.



² EFTA – European Free Trade Association

³ EEC – European Economic Community

⁴ EEU – European Economic Union

⁵ EEA – European Economic Area

2.2 Policies

The Group continues to seek and work towards maintaining compliance with legislation such as The Human Rights Act, The Equality Act, Agency Workers Regulations, and the Children and Young Persons Act to ensure that slavery and trafficking has no place in our organisation, and the appointed internal Risk & Compliance Team works closely with various departments to ensure that the Group is supported by a suitable suite of policies and procedures. Internal audits are also used as part of our internal performance, monitoring, measurement and analysis program to ensure we consistently meet our own standards.

The Equal Pay Act, and requirements such as Minimum Wage and Living Wage remain as core foundations for our organisation to ensure all staff are in receipt of fair remuneration, and we expect all organisations within our supply chain to adhere to all applicable legislation to ensure that efforts to tackle modern slavery are undertaken.

The Group continues to hold policies on Anti-Bribery and Money laundering, Management of Suppliers and Contractors, Safeguarding and Health & Safety.

Our overarching policy for Modern Slavery and Human Trafficking continues to be authorised and endorsed by the Group Chairman and sets out a clear vision of how the Group will tackle the issue. This sets out our intent and commitment towards the issue and sets the framework for the organisation of the Group's activities in this field.

2.3 Due Diligence

We continue to use 5 broad steps to perform our due diligence, as highlighted in previous statements and reports. These are listed below for those readers who may not be familiar with previous reports and statements.

Set, implement and maintain policies, targets and objectives

Agree working policies with *all* suppliers

Conduct business legally, fairly and transparently

Conduct 3rd party audits on suppliers

Annually review performance



2.4 Identification, Management and Mitigation of Risks

We remain aware of the following several areas of our supply chain which are at risk of elements of Slavery or Human Trafficking, and they are identified with a risk level.

Area of Business	Risk Level	Risk Factors
Recruitment for Group UK operations	Low	<p>Within the immediate control of the group</p> <p>Under constant and direct management from a dedicated Human Resources team</p> <p>Several staff within the Group, positioned to monitor compliance and legislation changes/updates</p>
Factories outside of UK, the Group currently has 33 active arrangements with non-UK factories	Medium	<p>Outside of Group direct control, but subjected to regular visits from UK based Sourcing team & China Office</p>
Brand Partners (UK and Non-UK Based)	Low	<p>Under the control of appointed management</p> <p>Hold reputations that cannot afford to be affected by non-compliance</p> <p>Can be subjected to audits by the Group</p>
Suppliers (UK)	Low	<p>Under the control of appointed management</p> <p>Hold reputations that cannot afford to be affected by non-compliance</p> <p>Can be subjected to remote or physical audits by the Group</p>
Suppliers (Non-UK) such as logistics, shipping, freight forwarders etc. used by our factories to manage the transfer of products to us	Medium	<p>Outside of Group direct control, but can be subjected to audit/verification processes</p>
Existing relationships	Low	<p>The Group has established relationships from before the turnover of the subsidiary company breached the reporting threshold, and these agreements will be checked to ensure that the subject of Slavery and Trafficking will be included in subsequent relationship reviews</p>

Our approach to the mitigation of these risks remains focused on ensuring that all operators within our supply chain are aware of our intolerance to the acts of Slavery and Trafficking, and to identify weaknesses in existing controls and provide corrective measures to ensure the weakness cannot be exposed or exploited.

As with any business risk, once it is known, the Group can determine suitable corrective measures to mitigate the risk. Where a risk cannot be totally mitigated, it will be managed by the application of further controls such as tighter administrative processes, more frequent checks and audits etc. However, where the business identifies association(s) with organisations who are willingly and knowingly associated with acts of Human Trafficking or Modern Slavery, work will begin to ensure these relationships will be quickly terminated, and reports of their activities will be duly made.



The Group recognises that some areas of its supply chains continue to be at risk of exploitation, or open to elements of slavery, but for some of these aspects, the Group must rely on the internal governance procedures operated by the supplier. Such suppliers include, but are not limited to port authorities, freight forwarders, associated sub-contractors and smaller organisations that may not be subjected to as much Legislative or regulatory oversight as the Group.

Within our network of suppliers, the Group will adopt the policy of any supplier as required, as long as the

- Groups policy is acknowledged in exchange
- The policy to be adopted is compliant with relevant legislation

Where a supplier does not hold their own policy, the Group will expect the supplier to adopt our policy as a minimum, and we will, where applicable and practicable, assist the supplier in determining their own policy.

Suppliers are required to provide their policies as part of the on-boarding process, and they are expected to supply policies, and evidence their compliance against them within audits.



2.5 Monitoring, Measurement and Analysis

The Group determined a simple and clear objective for the financial year 2019/2020 and this is listed below with targets that were used to achieve the objective. The single objective and contributing targets are listed below in **bold and underlined** with a review of our performance towards them set in normal text under the objective/target.

Objective: To ensure that Slavery and Trafficking is never within our supply chain.

The Group is pleased to confirm that we have not identified, nor have we been advised of, any instance of Human Trafficking or Modern Slavery within our supply chain for the FY 2019/2020. This statement is made as a result of sampling audits, inspections and reviews held by either ourselves or external/independent auditors/inspectors.

Targets to achieve the objective

- **Implement Slavery & Trafficking focused due diligence into Pre-qualification with all suppliers and clients**
 - o We continue to hold open and transparent dialogue with suppliers and clients as part of forming trading partnerships or working agreements, and our intentions towards Slavery and Trafficking remains an inherent part of that process. Our due diligence on these issues has been thorough and we remain intent on working only with organisations as transparent and as open as us. Our due diligence has yet to identify any risks of association or involvement with Slavery or Trafficking activities
- **Provision for the performance of audits on high risk suppliers via 3rd party audits or direct observation visit**
 - o We have yet to identify any high-risk issues that are in need of such audits or observational visits. But the Group remains intent on ensuring that where such risks are identified, provision will be readily made for relevant personnel (internal or external) to conduct the relevant investigations.
- **Ensure that all relevant information is readily available to all interested parties**
 - o We remain intent on being open and transparent and happy to share all relevant information to reasonably interested parties. Where required, and relevant, all related information will be made freely available upon request.
- **Conduct internal audits at regular intervals**
 - o Our program of internal audits against our supply chain remains in place, and these have not identified any involvement with Slavery or Trafficking within our activities or those of our suppliers. The planned audits and frequency thereof, will be reviewed at appropriate intervals.
- **Where incidents, issues or concerns are reported, ensure thorough investigation is performed within appropriate time frames, and with relevant resources**
 - o No Slavery or Trafficking issues have been made known to us, so there has been no need for associated investigations at this time.



2.6 Information, Awareness and Training

In relation to Information, Awareness and Training, the Group is intent on ensuring staff receive training on the following issues as a minimum. *(As with Objectives and targets above, the bold and underlined text reveals our intentions, and the plain text beneath each one, shows the efforts undertaken in the FY 2019/2020)*

- **The organisations policy on Slavery and Trafficking**
 - o The policy remains a part of induction for new starters within all UK based sites, as it sits within the Compliance aspects of the business. It is readily available to all interested parties (internal and external) through our website(s).
- **Signs and Indicators of Slavery and Trafficking**
 - o Those staff (external and internal) who are more likely to encounter the signs of Slavery and Trafficking, are professionally competent in the field, and are expected to maintain an awareness of current trends related to the issues at hand. They are also expected to hold an understanding of how to spot the signs and how to report the issues.
- **Responding to an incident of slavery**
 - o As with any incident, hazard or unexpected event, staff are expected to report all concerns to the Risk and Compliance team through the available channels. As and when a Slavery or Trafficking issue is raised, this will be escalated direct to Board level
- **How to manage risks within the supply chain**
 - o As with any discussion or process to develop a relationship or business agreement, or even to review existing agreements/relationships, relevant staff are expected to hold an understanding of risk assessments within the relevant areas. All current staff are aware of how to ensure key subjects are handled in discussions through the exchange of policies, performance of due diligence etc.

All appropriate staff have received relevant and practicable training and guidance on how to identify, report and manage cases involving Slavery or Trafficking, and the Group remains confident that all staff are suitable trained, aware, informed and educated on the matters of Slavery and Trafficking.



3 Performance Analysis

The Groups analysis of its supply chains has always focused on its immediate high-risk areas, such as

- the factories or other operations that operate outside of the UK Border
- the suppliers with whom we are responsible for relationship management

Supply Chain: We remain committed to the performance of audits against our suppliers, with emphasis on ethical and quality conduct. All of these audits have concluded with the suppliers being compliant with known legislation, acceptable ethical practice and operating within the remit of a sufficient quality management system.

Throughout our process for onboarding new suppliers or clients, we have complied with internal and external requirements for gathering the relevant assurances that we are not exposed to any risk through the new relationship, and that all parties to the agreement have effective and sufficient policies targeting Modern Slavery and Trafficking.

Compliance has been verified through the performance of quality and ethical audits

Our Quality Manager has final say on the approval of new suppliers, and reviews every audit conducted. We use a clear and robust scoring criterion, and suppliers whose audits identify issues in relation to Modern Slavery or Human Trafficking are discussed at a Senior, and if need Executive level. However, our pre-qualifying criteria and general requirements ensure that only ethical suppliers are able to become approved suppliers.

Recruitment: Within our recruitment processes, over 100 personnel have been employed under various contracts within the last financial year, all of which comply with the various articles of legislations that apply. During the process for recruitment of these personnel, there have been no issues raised in connection with Slavery or Trafficking, and all applicable legislation has been followed and implemented within the recruitment process.

In relation to the *Table of Initiatives* listed in section 1, the following review of these initiatives is provided for information. (table of initiatives repeated here for ease of reference)

1. Continued the appointment and support of specific personnel who have the overall responsibility of monitoring efforts towards a state of compliance with relevant legislation:
 - o A Risk & Compliance Manager remains the key point of contact for the subject matters, and they are responsible for annual reviews of policies and procedures, collation of information and presentation (where required) to the Board or other parties as directed
2. Retained our organisational context in relation to Modern Slavery and Human Trafficking
 - o There have been no organisational context changes that affect our stance on this matter
3. Continued to ensure that we remain aware of all relevant legislation
 - o Our Risk & Compliance team remain aware of key legislation, and have various channels for ensuring we remain aware of updates, revocations, changes or other amendments to legislation
4. Ensured that our supply chain remain aware of our intent to be fully compliant with the Modern Slavery Act and what implications this could have on non-compliant elements of our supply chain
 - o This subject continues to be an integral aspect of our due diligence, and ongoing commitment to Slavery and Trafficking
5. Ensured that all relevant personnel remain aware of their responsibilities in relation to Human Trafficking and Modern Slavery
 - o Ongoing awareness, education and training remains part of learning and is considered a requirement in understanding the role conducted by all staff
6. Reviewed and updated all internal policies that can affect or be affected by our intentions towards Slavery and Human Trafficking
 - o There has been no need to change any policy or procedure related to the prevention of Slavery and Trafficking activities



4 Our Future

With our expansion in business, we are planning an expansion in the way we raise awareness of Modern Slavery and Human Trafficking. We will provide education and awareness to our staff on the importance of ethical trading and our efforts towards preventing Slavery and Trafficking from entering our organisation have remained, and will continue to be a standing commitment for each year moving forward.

Our supplier pre-qualification requirements are aligned with identified industry and business best practice including, but not limited to various whitepapers and sources such as the Published PAS 7000 standard – Supply Chain Risk Management.

These efforts have ensured that we remain able to apply a practical, dedicated and transparent approach to protecting our supply chain from the influences and activities associated with Slavery and Trafficking. We remain confident that as a business we are also doing our part to ensure the eradication and prevention of Slavery and Human Trafficking within global markets is edging closer.

The forthcoming financial year (2020-2021) for the Group will see a further increase in the internal management of compliance in relation to Slavery and Human Trafficking, as an internal department has now been appointed as the sole lead for the management of business compliance which will include, but not be limited to the following terms under the guise of Organisational Resilience:

- Slavery & Trafficking
- Safeguarding of all Vulnerable People
- Health & Safety
- Information Security & Data Protection
- Business Continuity
- Environmental Compliance