



Modern Slavery Statement 2020

Introduction

Published in line with section 54(1) of the Modern Slavery Act 2015, this statement outlines the steps taken by The Character Group plc to understand and minimise the potential risk of modern slavery and human trafficking throughout our business and supply chains.

The Character Group plc recognises that human trafficking, also known as modern slavery, is a serious 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 to exploit them for personal or commercial gain.

This is the fourth Modern Slavery Statement produced by The Character Group plc and relates to actions and activities undertaken during 2020.

Our Business

The business was established in 1991 as Toy Options Ltd, restructured and joined the London Stock Exchange in 1995 and changed its name 1997 to become The Character Group plc.

Originally, we mainly distributed products sourced from overseas third parties. In 2003, the Group made the decision to increase the development of its own products.

Today around 50% of all products marketed by the Group are developed in-house and our products are now sold in over 40 countries worldwide.

The Group operates mainly in the United Kingdom, Denmark, Hong Kong and China, and has offices in London, Oldham, Copenhagen, Hong Kong and Shenzhen and employs around 209 people.

Our Supply Chain

We are currently manufacturing in approximately 60 original equipment manufacture factories in China and are classed as both manufacturer and importer of goods. We have our own QC inspection team, travelling all over mainland China, and we inspect and record every shipment to every customer.

We understand that our biggest exposure to modern slavery is in our product supply chains, where we continue to undertake due diligence audits to minimise this risk.

The Character Group plc recognises the International Council of Toy Industries (ICTI) Care process ("ICTI Care") as an acceptable independent ethical auditor of its supply chain. ICTI

Care has been fully adopted (and implemented) by the Group. It is a pre-requisite of our terms and conditions that all factories must have been approved under their factory audit process and be in possession of an independent ethical audit record.

The status of factory audit results is monitored closely as part of the additional audits carried out by our management team in both Hong Kong & China.

Our Managing Director of the Group's Far East operations is a serving member of the Governing Board member of the ICTI Ethical Toy Program, which is a great endorsement of our commitment to this cause (see <https://www.ethicaltoyprogram.org/en/who-we-are/meet-our-team/>).

Locally, the temporary staff agencies and transport companies that we engage form a major part of our UK Modern Slavery assessments. Further afield, and as an importer of consumer goods, we assess our freight forwarding and shipping agents arrangements, ensuring they are managing assessments for human trafficking in their operations/relationships with other parties. This process is ongoing as we grow our International markets to different destination markets.

During 2020 we have reviewed our suppliers to establish what steps they are taking in the fight against modern slavery.

Suppliers were asked to complete an annual review questionnaire. This is the second year for this process and we have seen improvements in supplier's attitudes and overall awareness of the issue.

Policies

Compliance with the requirements set out in our Ethical Policy and Supplier Procedure Requirements Manual is mandatory for each stage of the manufacture of our products and prohibits all forms of forced labour and modern slavery.

We insist on written acknowledgement and full understanding of our compliance with our Ethical policy and Supplier Requirements manual and seek to identify and address any violations. Through our independent social compliance auditing program, we also look for continuous improvement.

In recognition of our differentiated supply chains and separate workforce, we have reviewed and updated our Ethical policy on two occasions during 2020. This demonstrates the dynamic nature of our review process and, within the policy, we emphasise the fact that we expect all businesses that we deal with to operate under the same ethical principles.

Everyone within the Group has been made aware of this update to ensure consistency and thorough understanding

The recent reports of forced labour and human rights violations in China's Xinjiang province, principally among the Uyghur ethnic/religious group, is addressed within the Group's Ethical policy. We have actively engaged with vendors within our supply chain to insist that they do not carry out production in, or source raw materials from, the Xinjiang province and all other regions known to condone this unlawful practice. We will treat this with Zero Tolerance.

Another addition area of focus for our policy is the sourcing of Mica (a naturally mined material and for its pearlescent effect in cosmetics) which will be required for some products in our range. The Mica mining community has come under scrutiny for its use of child labour, unsafe working conditions and long-term ill health effects (lack of health & safety provision). We have stated to all vendors that any Mica used in product designs and formulations must only be purchased from ethically approved mined sources. The responsible mica initiative

<https://responsible-mica-initiative.com/> protocols must be followed and we have required that the mine name and location details must be provided to us along with a recent recognised ethical audit from which the mine Mica materials are sourced from.

Staff Training

We continue to monitor recruitment and ensure that all new staff are made aware of our ethical policy.

We have service agreements in place with the agencies who provide us with temporary staff so that all are compliant with the Modern Slavery Act.

Posters have been refreshed in relevant areas of the company staff notice boards to highlight the issue and ensure that staff know they can report anything they feel is suspicious on behalf of another or, indeed, themselves.

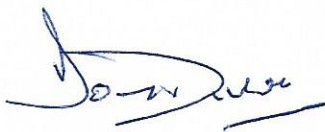
Key Performance Indicators

For 2021, The Character Group plc is committed to continuing to address and minimise the risk of modern slavery and human trafficking within our business and supply chain. We will carry this out by acting on the following points:

- We will continue to ask questions to understand what steps the organisations we deal with directly, take to try and stop slavery occurring in their own businesses and in their own supply chain.
- We will continue to provide awareness training to staff on the Modern Slavery Act 2015 and inform them of the appropriate action to take if they suspect a case of slavery or human trafficking.
- We will continue to review our policies and processes.
- Our Management team will continue to monitor our factories and further afield supply chain and prioritise any areas which are deemed to be higher risk.

Board Approval of modern slavery statement

This statement has been approved by the company's board of directors, who will review and update it annually.



Jon Diver, Joint MD
Date: 19 January 2021



Kiran Shah, Joint MD
Date: 19 January 2021