

MODERN SLAVERY STATEMENT

Introduction

This statement sets out Luceco Plc's actions to understand all potential modern slavery risks, related to its business, and to put in place steps that are aimed at ensuring that there is no slavery, or human trafficking, in its own business, as well as its supply chains.

This statement relates to actions and activities during the financial year ending 31 December 2018.

As part of the manufacturing and distribution industries, the Group recognises that it has a responsibility to take a robust approach to slavery and human trafficking.

The Group is absolutely committed to preventing slavery and human trafficking in its corporate activities, and to ensuring that its supply chains are free from slavery and human trafficking.

The Group first produced a modern slavery statement post its IPO, on the London Stock Exchange, in October 2016. Since then, the Group has continued to update current policies, and to introduce new policies, as described in this statement.

The basis of this statement is to describe the steps of how the Group will deliver its assessment of the inherent risks associated with modern slavery and human trafficking, and to what extent the Group has achieved this, so far during the course of the financial year.

A handwritten signature in black ink, appearing to read "J Hornby".

JOHN HORNBY
CEO

Group Structure and Supply Chains

This statement covers the activities of Luceco Plc.

Luceco is a rapidly growing manufacturer and distributor of high quality, innovative LED lighting products and wiring accessories, supplying a global customer base. The Group supplies a blue chip and diversified customer base of trade distributors, retailers, wholesalers and project developers.

Luceco operates a fully integrated model, which includes wholly-owned manufacturing and product development facilities in the UK and China, that enables the Group to maintain strong control over its cost base and the quality of its products, while allowing new products to be brought to market quickly, and at low cost.

The Group currently operates in the following countries:

United Kingdom – Product assembly, distribution warehouse and Head Office (including Kingfisher Lighting) with 337 employees

France – Sales and distribution with 8 employees

Germany – Sales and distribution with 15 employees

Spain – Sales and distribution with 15 employees

Dubai – Sales and distribution with 17 employees

Hong Kong – Sales with 7 employees

Mexico – Sales and distribution with 16 employees

Jiaxing – Manufacturing and product development with 1,650 employees

The following is the process by which, the Group assesses whether activities or countries are high risk, in relation to modern slavery or human trafficking.

When establishing new territories for which the Group wishes to operate in, the Board of Directors undertake a full assessment of the country under review, including location of its operations, local communities, and sustainability and economy of the region, to reach a fair assessment of whether to operate in that country.

When establishing new suppliers, the Executive Directors and Senior Management Team within the Procurement and Supply Chain Teams, undertake a full assessment and review of the facilities the supplier operates from, and follows the Supplier Code of Conduct referenced below, before the Group can make an informed decision as to whether or not to use the new supplier. The Group sources the majority of its raw materials and certain products from suppliers in close proximity to the manufacturing facility in China.

Of the territories the Group operates in, the location where people's rights could be most at risk is in China, where the Group has a large proportion of its operations. By owning the manufacturing and product development facility in China, the Directors can directly control the environment and conditions in which its employees work, to ensure that they are treated fairly and in accordance with the Group's policies.

In addition to the BSCI and SEDEX third party audits, which are carried out against the manufacturing facility in China, and which cover the issue of modern slavery and human trafficking, staff records are monitored to ensure that they meet local requirements, employees are encouraged to use suggestion boxes should they

wish to report an issue, and there is also idea@luceco.cn, which is an email group again set up to encourage employees to report any issues, that they may have.

As a commitment each year, the Directors plan to visit and routinely invite customers to the facility in China, for them to witness the working conditions of its employees and assist them in fulfilling their own responsibility agendas.

Responsibility

The prevention, detection and reporting of modern slavery and human trafficking is the responsibility of all employees and organisations that interact with the Group, who are therefore required to read, understand and comply with this policy.

Individuals are expected to raise concerns as soon as possible, if it is believed or suspected that a conflict with this policy has occurred.

Reporting

The Group has in place avenues for reporting concerns related to the direct activities and the supply chains of the Group. This includes any circumstances that may give rise to an enhanced risk of slavery or human trafficking. Staff should report such suspicions either to their Line Manager in the first instance, or the Chief Financial Officer if this is not possible. Staff should also follow the procedure as set out in the company's "Speak Up Policy" by contacting Expolink.

All matters will be dealt with in confidence. Vigorous and prompt investigations will be carried out into all cases of actual or suspected modern slavery or human trafficking discovered or reported.

Those who raise concerns or report another's wrongdoing, are sometimes worried about possible repercussions. We aim to encourage openness and will support anyone who raises genuine concerns, in good faith, under this policy, even if they turn out to be mistaken. However, if concerns are made in bad faith, employees will be subject to the Group's disciplinary procedure.

Data Protection

When an individual makes a disclosure, the organisation will process any personal data collected in accordance with its data protection policy. Data collected from the point at which the individual makes the report is held securely and accessed by, and disclosed to, individuals only for the purposes of dealing with the disclosure.

Relevant Policies

The Group operates the following policies that describe its approach to the identification of modern slavery risks, and steps to be taken to prevent slavery and human trafficking in its operations:

Code of Conduct – The Group’s Code makes it clear to employees the actions and behaviour expected of them, when representing the Group. The Group strives to maintain the highest standards of employee conduct and ethical behaviour. The Group is dedicated to undertaking its business activities in an ethical manner and remaining compliant with the legislative and regulatory environments in each of the territories in which it conducts its business.

Supplier Code of Conduct – The Group is committed to ensuring that its suppliers adhere to the highest standards of ethics. The Group works with suppliers, to ensure that they meet the standards of the Code and strive to improve their worker’s working conditions. Serious breaches of the Group’s Supplier Code would lead to the termination of the business relationship.

Agency Worker’s Policy – The Group uses only specified and reputable employment agencies to source labour, and always verifies the practices of any new agency, before accepting workers from that agency. The Group operates a robust recruitment process, including conducting eligibility to work in the UK checks, in order to safeguard against human trafficking, or individuals being forced to work against their will.

Who is Responsible for the Policy?

The Board of Directors have overall responsibility for ensuring that this policy complies with our legal and ethical obligations, and that all of those under our control comply with it.

The CFO has primary and day-to-day responsibility for implementing this policy, and for monitoring its use and effectiveness and dealing with any queries on its interpretation.

Management at all levels are responsible for ensuring those reporting to them are made aware of and understand this policy.

Monitoring and Review

The CFO will monitor the effectiveness and review the implementation of this policy, regularly considering its suitability, adequacy and effectiveness. Changes to the policy will be the responsibility of the Board. Internal control systems and procedures will be subject to regular audits to provide assurance that they are effective in countering modern slavery and human trafficking.