

This statement has been published in accordance with the **Modern Slavery Act 2015** which requires businesses to disclose the steps they have taken to prevent modern slavery in their business and supply chains.

It constitutes the Modern Slavery and Human Trafficking Statement for City Electrical Factors Limited (Registered in England & Wales, Number 336408) trading as CEF and its Parent Company CEF Holdings Ltd (Registered in England & Wales, Number 316018) for the financial year ending 30th April 2023.

MODERN SLAVERY & HUMAN TRAFFICKING STATEMENT

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INTRODUCTION

CEF aspires to be a leader in our sector, and a force for good, with a focus on people, planet and communities. Our purpose is to go above and beyond to create opportunities and improve lives. We're committed to nurturing our people, protecting the world and enhancing communities, building a sustainable business that we can all continue to be proud of.

As an electrical distributor CEF have a leading role to play in the energy transition agenda, working with our customers and supply chain in delivering a clean energy future. We are conscious we need to do this responsibly, treating people in the end-to-end value chain with respect and integrity.

At CEF we respect human rights and have a zero-tolerance approach to any form of exploitation including modern slavery. We recognise that no business is without risk of exploitation, including modern slavery, and it is our responsibility to ensure we undertake due diligence to understand the potential risks and work in partnership with our employees, contractors, supply chains, customers and all other business partners to mitigate them.

We are committed to acting ethically and with integrity in all activities and business relationships and it is important to CEF that everyone working for us, or on our behalf, can expect decent working conditions, that are safe and inclusive, and that they are paid fairly in return.

A core principle of our approach is to be transparent, credible, and measurable. We are assessed through EcoVadis, the world's most trusted business sustainability ratings platform and have achieved a silver medal rating. We are encouraging and supporting our supplier partners to join us on this journey to continue to build a high quality, responsible and ethical supply chain.

To ensure we meet the commitments set out in this Statement, we have recruited and built a new team of sustainability and social value professionals, as well as establishing a Steering Group, chaired by our CEO, to ensure effective governance, accountability and delivery.

In addition, CEF have committed to becoming a B-Corp certified business and are using the B-Corp framework to shape our approach to sustainability and social value; its holistic framework and rigorous standards will challenge us to positively scrutinise all parts of our business.

Whilst no evidence of modern slavery or forced labour has been found in any of our businesses or supply chains to date, we recognise that we must remain constantly vigilant and continue to use our influence in the sector to raise awareness and drive change.



ORGANISATIONAL STRUCTURE, BUSINESS & SUPPLY CHAINS

CEF is a private limited company which was established in 1951.

We are the United Kingdom's leading multi-channel electrical distributor with an annual turnover of £1.082bn, growing from a single branch based in Coventry to over 390 branches throughout the United Kingdom.

Through a national network of branches located in all major UK towns and cities, (and online for next day delivery), CEF offers its customers an extensive range of over 40,000 products from over 300 leading supplier partners including lighting, cable, heating appliances and renewable energy products.

The customer sectors across which we trade are diverse – ranging from small to large electrical contractors, into industrial, commercial, and facilities management segments. We also serve energy specialists, and renewable energy stakeholders, and extend our reach into both the public and private sectors. Our reach extends across both non-residential and residential markets, ensuring that we address the unique needs of every aspect of our valued customer base.

Our People

CEF are a people first business, built on a foundation of family legacy and true talent with a tradition of promotion from within. Our goal is to further foster, create and grow a culture which allows our team members to be seen for who they are, and to truly feel part of our team. We employ 3,338 people in our branch network and support functions, employing from within as a priority and from the local community when possible. We are committed to providing everyone with the opportunity to build a long-term, diverse career. We have an ambition to lead the way, using our legacy, strength and reputation to do even more in the context of responsible business, sustainability, renewables and other topics that are important to us, and society.

Our Supply Chain

CEF source products predominantly in the UK but with extended supply chains that stretch around the world. CEF does not import directly from low cost / higher risk countries but are supported by other Group companies who undertake product quality audits and have also introduced ethical audits of manufacturing facilities in the supply chain.

POLICIES IN RELATION TO SLAVERY & HUMAN TRAFFICKING

We have several internal and external policies which set out our expectations and requirements encompassing the prevention of modern slavery in the workplace and in our supply chain. Copies of these are available to each employee through our online portal, CEF Hub.

These policies are reviewed by the Directors and senior management of the company on a regular basis, and an additional review would be undertaken in the event of changes to the Modern Slavery Act 2015.



POLICY	SCOPE	RELEVANCE TO MODERN SLAVERY
Modern Slavery and Human Trafficking Policy	Sets out CEF's commitment to the prevention, detection, and reporting of modern slavery in any part of our business or supply chain. Training on this policy is provided to all new employees via our E-Learning module.	Mandates all persons working for CEF or on our behalf in any capacity, including our employees, supplier partners, workers, directors, agents, distributors, and all third-party business partners to comply with the policy.
Sustainability and Social Value Policy	Outlines commitment to nurture our people, protect the world, and enhance communities, building a sustainable business that we can all continue to be proud of.	Recognises the positive impact CEF can have on people, customers, and communities.
Employee Handbook	Available to all employees and forms part of the employee starter pack and on-boarding E-Learning Module.	Includes Modern Slavery Policy and other key policies.
Supplier Code of Conduct	Forms part of our Terms and Conditions of Purchase and acceptance is a requirement of our Licence to Trade agreements.	Includes our commitment to anti-slavery and human trafficking, and our commitment to human rights and decent work. Encourages all supplier partners to publish a modern slavery statement regardless of legal obligation.
Ethical Trading Policy	Promotes fair, open, and honest trading at all times.	Requires our supplier partners to comply with the principles set out in the International Labour Organization's standards and the Modern Slavery Act 2015.
Anti-Bribery, Hospitality and Gifts Policy	Outlines a zero-tolerance approach to anti-bribery and commitment to acting ethically and with integrity in all of our business activities and relationships. Training on this policy is provided to all new employees via our E-Learning module.	Establishes an ethical and transparent approach to business.
Whistleblowing Policy	Sets out the internal procedure an employee should follow to make a disclosure should they observe any malpractice, impropriety, fraud, or the maltreatment of people within the company or our supply chains.	Reported incidents are treated in the strictest confidence, taken seriously and fully investigated. This would include disclosures relating to modern slavery or human trafficking.
Bullying and Harassment Policy	Sets out the position that bullying and harassment of any kind will not be tolerated.	This type of behaviour could be an indication of worse forms of exploitation.
Health and Safety Policy Statement	Aims to remove unfair and discriminatory practices.	By everyone playing a part the health, safety and welfare of all can be protected.
Human Resources Security Policy	Applies to all individuals working at all levels and grades including remote workers.	Identity, background checks and proof of eligibility to work in the UK are conducted during the recruitment process which could flag potential risks of exploitation.
Recruitment Policy	Ensuring that all applicants are treated fairly.	All offers of employment are subject to the receipt of appropriate documentation related to rights to work which could flag potential risks of exploitation.



RISK ASSESSMENT, PREVENTION & MITIGATION

We acknowledge that any large-scale operation, such as ours, carries the risk of modern slavery in their business or supply chains.

Our People

CEF employs 3,338 employees in the UK, all of whom are subject to UK employment laws and, with robust recruitment policies in place, we believe the risk of exploitation in our own operations is minimal.

Recruitment is handled locally, and all applicants are required to provide photographic evidence to prove their identity and enable verification of their right to work in the UK. Copies of these documents are taken and signed by the interviewer. Driving licence checks are also made at the same time and the results are printed and signed by the interviewer.

If the applicant is successful all documents are forwarded to the Payroll Department where further checks are carried out, including verification that the bank account details provided are held in the name of the new employee. Once all checks have been satisfied the employee is processed on to the payroll.

Current employees with work permits which give them the right to work in the UK are subject to review prior to the expiry date of the permit.

Occasionally we employ temporary team members; these are sourced locally using approved specialist employment agencies. These agencies have in place stringent recruitment processes to mitigate the risk of exploitation and modern slavery in any of the temporary team members they provide, including identity verification, right to work checks, bank account checks and employment history checks.

Our Supply Chain

We purchase goods and services from mainly UK-based supplier partners, who share the same commitment to addressing the issues of exploitation, modern slavery and human trafficking as ourselves, and we have forged long term relationships with these partners.

The main risk of modern slavery and exploitation in our operations is within our extended supply chain, specifically where the products we source are manufactured and within the extended supply chains down to raw materials.

Our product range is extensive, and we have an established Procurement team to manage specific categories of spend. Product level risk is determined based on criteria which could increase the potential level of exposure to exploitation. These key factors include country of manufacture, the associated industry risk, the level of manual or seasonal labour required to manufacture products and the supply chain complexity/levels of subcontracting.

The renewables sector has been identified as an area of potential risk in our product portfolio due to the rapid increase in demand, the proliferation of products on the market and the complexity of the supply chain. CEF have been working closely with the supplier partners of solar panels specifically and have requested evidence of due diligence including mapping of the supply chains back to core raw materials. This is an ongoing focus area for supplier partner engagement.

DUE DILIGENCE PROCESSES

As well as having silver medal rating with EcoVadis, CEF have also achieved Constructionline Gold level membership which provides assurance against a company's credentials for environmental management, quality management, equal opportunities, Modern Slavery Act adherence and anti-bribery and corruption policies.

CEF takes the health and safety of its employees, customers and supply chain extremely seriously

and encourages a safety conscious culture within our workforce – putting human welfare first. The impact on health and safety is a primary consideration in any decision we take and will often be the motivation for our action.

Our success as a business depends on our people and the diversity of our workforce. We do not discriminate on the grounds of age, sex, disability, sexual orientation, marital status, race, colour, religion, ethnic origin, political beliefs, or any other unlawful reason. We are committed to ensuring all employees will have equal opportunity in their employment. We expect our supplier partners to take similar steps to protect their own employees from discriminatory practices.

The wellbeing of our employees, contractors and supply chain is a fundamental priority. We want to ensure we have healthy and engaged employees and expect our supplier partners to take the same approach to ensuring wellbeing is a priority within the workforce.

The majority of CEF team members are permanent employees however we expect employment agency partners to uphold the same standards of employment that we offer our direct employees and adopt the "employer pays" principle. This means that no worker should pay for a job opportunity and the cost of recruitment should be borne not by the worker but by the employer and we expect our supplier partners to uphold the same principle.

The National Minimum Wage and National Living Wage increases every year on 1st April. CEF has set our own standard for all employees, the CEF Living Wage, that is benchmarked against this and set at a higher rate. We also expect our supplier partners to pay their employees in line with the National Living Wage as a minimum.

CEF have a three-stage due diligence process with our supplier partners managed under a central Procurement team with Category Manager and Product Manager ownership.



DUE DILIGENCE PROCESSES



STAGE 1

The first stage is a contractual commitment to our ethical requirements which is delivered through acceptance of our Supplier Code of Conduct ("the Code") in our standard Licence to Trade agreement.

The Code and Terms and Conditions of Purchase have been reviewed during the financial year ended 30th April 2023, and at that time it was decided that both documents continued to support and reflect CEF's zero tolerance to modern slavery.

As part of our annual Licence to Trade supplier negotiations, the Procurement team require acceptance of the Code. CEF expects all of its supplier partners to ensure, as far as is reasonably practicable, that their own supplier partners and agents, who are directly or indirectly involved in the provision of goods to CEF, comply at all times with the Code and all applicable national and international laws, statutes and regulations including the Modern Slavery Act 2015.

Supplier partners can only be added to our Licence to Trade programme once they have confirmed their commitment to CEF's zero tolerance approach, as required under our Terms of Conditions of Purchase and the Code.

During the financial year ending 30th April 2023 we increased the number of Licence to Trade supplier partners to 211, all of whom embrace the additional conditions placed upon them.

STAGE 2

The second stage of our due diligence process is through our supply chain contract with EcoVadis, the world's most trusted business sustainability ratings platform which helps track and report CEF's progress in sustainability.

As an industry leader and a responsible business, we want to use our influence in the sector to promote the highest standards of ethical business conduct and sustainable business practices wherever we operate. We encourage our supplier partners to have the same level of commitment to these standards.

The EcoVadis platform allows CEF to assess, monitor and benchmark the sustainability performance of large parts of our supply chain via a digital platform against four themes: Environment, Labour and Human Rights, Ethics, and Sustainable Procurement.

As of the end of April 2023, CEF had engaged over 70 supplier partners to have their sustainability performance assessed by EcoVadis with 57 supplier partners being rated, representing circa 59% of our spend. CEF continues to regularly increase the number of supplier partners engaged to gain deeper insights into the key sustainability risks and opportunities in our supply chain.

The assessment provides the supplier partner with recommended areas for improvement and actions are tracked through annual re-assessment.

STAGE 3

The third stage is a more detailed follow up and engagement depending on the output of the EcoVadis assessment and the associated risk of the supplier partner.

As part of our due diligence process, we have an on-going dialogue with our major supplier partners to ensure they fully understand and support our zero tolerance to modern slavery.

We recognise that collaborative working with our supplier partners is vital to effectively mitigating the risks and ensure continual improvements against the agreed actions plans

EcoVadis also provides a live news monitoring service which provides up to date risk information relevant to our supply base through the monitoring of news sources validated by analysts for legitimacy and relevance. Any risks flagged would escalate engagement

This third stage may also include the requirement for an on-site ethical audit. This has already been prioritised for a small number of supplier partners responsible for the sourcing and production of our own exclusive in-house branded products. They have been identified as having a potentially higher risk due to their geographical location and we have continued to monitor their compliance for both product quality and labour standards. As part of our due diligence process, each of these supplier partners are independently audited and site inspections are carried out on a regular basis aligned to the Ethical Trading Initiative (ETI) Base Code and the SA8000 audit protocol. The assessments completed are reviewed by senior management and any concerns or non-compliances identified are summarised for remediation. To date, no issues have been identified relating to exploitation and the Modern Slavery Act 2015.
Where sites already hold an internationally recognised report evidencing an ethical assessment, these are reviewed and where appropriate accepted by CEF.

Where issues of non-compliance relating to exploitation and the Modern Slavery Act 2015 are identified, appropriate investigative and remedial actions will be taken. Where supplier partners can demonstrate a commitment and ability to close identified issues, we will work with them to do so, however, we reserve the right to terminate our relationship with any organisations working on our behalf where non-compliances are identified and there is no evidence of sustained improvement.



SPEAK UP CULTURE

Anyone employed within our business, whether on a permanent or temporary basis, wishing to raise concerns about any issue or suspicion of exploitation and modern slavery in any parts of our business or supply chains, is encouraged to speak to the senior management team as a matter of urgency. As a matter of policy, any report of concern in relation to modern slavery or human trafficking can be made under the protection of the CEF Whistleblowing policy. We will support any individual who raises a genuine concern even if this turns out to be mistaken. We have included guidance on speaking up in our Supplier Code of Conduct to give our supplier partners a route to raise any concerns.

TRAINING & CAPABILITY BUILDING

Management at all levels are responsible for ensuring the employees reporting to them **understand the seriousness of modern slavery and human trafficking.**

Adequate training should be provided, and employees should be aware of the realities of modern slavery and exploitation and understand the relevance for CEF's business and supply chains.

During the financial year ending 30th April 2023 CEF actively increased employee awareness of the modern slavery and human trafficking, as evidenced below:

- As part of their induction to the Company, 832 new employees received training through an e-learning module on the risk faced by our business from modern slavery and human trafficking.
- The e-Learning module continues to be used to train all new employees.
- The issue of modern slavery and human trafficking together with our policy is included in the Company Employee Handbook which is distributed to all employees of the Company.
- A copy of the Company Handbook was included in the employment pack which was distributed to all new employees joining the business during the financial year ending 30th April 2023.
- We are silver level members of the Supply Chain Sustainability School and people in relevant roles make use of the free resources available covering a range of sustainability topics including modern slavery.

Supply Chain Training & Capacity Building

We are an active member of the Electrical Distributors Association (EDA) and promote use of their training resources which include modules created by the Supply Chain Sustainability School. The supplier partners we engage through EcoVadis have access to a suite of training modules including modern slavery.





EFFECTIVENESS

No incidents of modern slavery were identified in our own business or our supply chains during FY2022/23.

Progress against commitments in FY 2021/22 statement

IN OUR LAST STATEMENT, OUR COMMITMENTS WERE AS FOLLOWS:	THIS IS THE PROGRESS WE MADE AGAINST THE COMMITMENTS:
CEF committed to respecting human rights and to ensuring there is no modern slavery or human trafficking in our business or in any part of our supply chains and implement employee training via our E-Learning portal.	Employee training on modern slavery awareness is embedded into the new starter induction programme. 832 new starters completing the module.
The Company Supplier Code of Conduct and Terms and Conditions of Purchase encompass modern slavery and human trafficking and the Procurement team send these documents to every supplier partner whom we hold a commercial framework with.	In the financial year ending 30th April 2023, over 82.4% of the goods we procured came from 211 Licence to Trade supplier partners based in the UK. Each of these supplier partners have received a copy of the Code and have confirmed their commitment to this on an on-going basis.
CEF committed to EcoVadis sustainability re-assessment and to improve 47/100 rating	CEF achieved a significant increase in EcoVadis rating achieving a score of 60/100 and a silver medal status.
CEF committed to a 3-year contract with EcoVadis to measure the sustainability of its supply chain across the four pillars of Environment, Labour & Human Rights, Ethics and Sustainable Procurement. Year two plan was to increase this to circa 60 + supplier partners covering between 65% and 70% of our purchases	In the financial year ending 30th April 2023 (Year 2 of our 3-year contract with EcoVadis) we had 57 rated supplier partners who represent circa 59% of our purchases. In April 2023 we recruited a Head of Sustainable Supply Chain to manage and accelerate the EcoVadis program.

Ongoing Review

CEF's Directors and senior management team will continue to review the effectiveness of the steps taken to identify and mitigate for any risk of modern slavery or human trafficking in the business or supply chains.

CEF will continue to conduct risk assessments of our supply chains, external operations and internal operations to ensure compliance with the Modern Slavery Act 2015.

The modern slavery e-Learning module is key to our employee training. It sends out a clear message to all employees about CEF's zero tolerance approach to modern slavery and the actions an employee should take if they wish to raise concerns about an issue or suspicion of modern slavery in any part of the business or supply chains.

The effectiveness of the module to communicate the issue of modern slavery clearly and accurately will be reviewed on a regular basis and updated where necessary to ensure maximum employee engagement.

CEF will continually monitor and consider the wider landscape and evolving standards, regulations and legislation including:

- The new British Guidance Standard on Modern Slavery, BS 25700: Organizational responses to modern slavery
- The new UK Procurement Policy Notice, PPN 02/23: Tackling Modern Slavery in Government Supply Chains
- The EU Directive on Corporate Sustainability Due Diligence



EFFECTIVENESS

We recognise and fully support the need to demonstrate continual improvement and commitment to tackling the risk of modern slavery in our business and supply chains. We continue to develop realistic and achievable commitments that will make a difference and enhance our approach.

Focus Areas/Commitments for Trading Year 2023/24

- Complete B-Corp gap analysis and develop action plan to achieve certification.
- Implement CEF EcoVadis action plan and enhance rating.
- Complete risk assessment of priority supplier partners accounting for 80% of spend.
- Implement supplier engagement programme to follow up on EcoVadis assessments and risk prioritisation.
- Promote learning and capability building with supply chain using EcoVadis Academy and the Supply Chain Sustainability School.
- Collaborate with relevant industry initiatives to drive positive change.
- Develop suite of supply chain sustainability KPIs aligned to commitments that evidence effectiveness.

Signed:  **Date:** 26/10/2023

Mark Stephen Jacobs - Finance Director

This statement was approved by the Board of Directors of City Electrical Factors Limited and CEF Holdings Ltd on 26th October 2023, and is made pursuant to section 54 (1) of the Modern Slavery Act 2015 and constitutes our slavery and human trafficking statement for the financial year ending 30 April 2023. Mark Stephen Jacobs was authorised by each Board member to sign the statement on their behalf.