

LUCECO  plc

# Anti-slavery and modern slavery statement



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# 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 and its supply chains. This statement relates to actions and activities during the financial year ended 31 December 2016

As part of manufacturing and distribution, 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.

This is the first year that the Group is required to produce a modern slavery statement since its IPO on the London Stock Exchange in October 2016. Historically the Group reviewed its anti-slavery initiatives on a periodic basis and, prior to the successful listing on the stock exchange, the Board, with the assistance of external advisors, has more recently updated and introduced new policies, as described within this statement, to be operational during the year.

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 so far during the financial year.

# 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 with 250 employees
- France – Sales and distribution with 10 employees
- Germany – Sales and distribution with 12 employees
- Spain – Sales and distribution with 6 employees
- Dubai – Sales and distribution with 13 employees
- Hong Kong – Sales with 5 employees
- USA – Sales and R&D and distribution with 13 employees
- Mexico – Sales and distribution with 8 employees
- Jiaying (China) – Manufacturing and product development with 1,650 employees

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

- When establishing new territories for which the Group wishes to operate in, the Board of Directors undertakes a full assessment of the Country under review, including location of operations, local communities and sustainability and economy of the region, to reach a fair assessment on whether to operate in that Country.
- When establishing new suppliers, in relation to its manufacturing facility in China, the Executive directors and senior management, within procurement and supply chain, undertake a full assessment and review of the facilities the supplier operates from and follows the Supplier code of conduct policy described 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 factory.

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 live and work to ensure that they are treated fairly and in accordance with the Group's employment policies. As a commitment each year, the Directors plan to visit and routinely invite customers to the facility for them to witness the working and living conditions of its employees and assist them in fulfilling their own responsibility agendas.

In addition, the Group is keen to support and contribute to the local communities in which it operates, particularly in Jiaying (the location of the Group's Chinese facility). The Company is heavily involved with the local university, establishing a "Nexus class" where 36 students were selected to receive weekly lectures for three terms. These are led by managers or technical experts within the Company on a number of topics to provide students with greater business sense and awareness, career advice and preparation for entering the work environment with exposure to marketing, management, product knowledge and development and project management. A scholarship programme has also been in place since 2013 to support talented but disadvantaged students at Jiaying University, and the Company has granted 73 scholarships to date.

Responsibility for the Group's anti-slavery initiatives is as follows:

## Policies

The Board of Directors are responsible for putting in place and reviewing policies and the processes by which they were developed.

## Investigations/due diligence

Members of the Board in collusion with Human Resources are responsible for investigations and due diligence in relation to known or suspected instances of slavery and human trafficking.

## Training

The Group regularly conducts training for our procurement/buying teams so that they understand the signs of modern slavery and what to do if they suspect that it is taking place within our supply chain.

# Relevant policies

The policies are reviewed annually by the Board with a report of any incidents raised in the year and conveyed to all staff of the Group. Any changes made where necessary are reflected and rolled out across the Group, with updates to policies made accordingly.

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:

## Whistleblowing policy

The Group encourages all its workers, customers and other business partners to report any concerns related to the direct activities, or the supply chains of, the Group. This includes any circumstances that may give rise to an enhanced risk of slavery or human trafficking. The Group's whistleblowing procedure is designed to make it easy for workers to make disclosures, without fear of retaliation. Employees, customers or others who have concerns can complete the Groups confidential disclosure form. The Audit committee is responsible for monitoring and periodically reviewing the Group's whistle-blowing and anti-bribery policies, with any reports disclosed in the financial statements. The committee convenes twice a year.

## Employee code of conduct

The Group's code makes 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 when operating abroad and managing its supply chain. The Group is dedicated to undertaking its business activities in an ethical manner. Compliance with the legislative and regulatory environments in each of the territories in which it conducts its business is a key priority.

## Supplier/Procurement code of conduct

The Group is committed to ensuring that its suppliers in China adhere to the highest standards of ethics. The Group works with suppliers, near the manufacturing facility in China, to ensure that they meet the standards of the code and improve their worker's working conditions. Serious violations of the Group's supplier code of conduct would lead to the termination of the business relationship. As a commitment to adhere to the policy, the Executive Directors do visit suppliers in China periodically to inspect their operations to ensure they are satisfied in how the supply process is managed, the quality of products produced and the working environment of the employees.

## Recruitment/Agency worker's policy

The Group uses only specified, reputable employment agencies to source labour and always verifies the practices of any new agency it is using before accepting workers from that agency. The Group operates a robust recruitment policy, including conducting eligibility to work in the UK and overseas checks for all employees to safeguard against human trafficking or individuals being forced to work against their will.

## Anti-slavery policy

The Group policy sets out the Groups stance on modern slavery and explains how employees can identify any instances of this and where they can go for help.

This statement has been approved by the Group's Board of Directors, who will review and update it annually.

Authorised for and on their behalf of Luceco plc:

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David Main  
Chief Financial Officer

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