

## Pandemic Planning – Coronavirus Update 05<sup>th</sup> January 2022

Cleveland Cable is a key supply chain member to Health Services, Rail & Road infrastructure, Utilities, Telecoms and Construction and as such we are currently operating as usual. At all times, Cleveland Cable is following the Government advice. Cleveland Cable has invested heavily to ensure that our branches are Covid Secure. A full copy of our risk assessment can be found on our web site and is available on request

Cleveland Cable takes the welfare of our employees, site visitors and customers very seriously. For our client's peace of mind, below are the following steps Cleveland Cable has taken to ensure continuity of service during 2022 and beyond. We have a management team to deal specifically with the unique challenges of Coronavirus and COVID-19 infection and have continuity plans in place to ensure continued supply of materials and support throughout the UK & Ireland while maintaining a safe place to work. Under our duty of care as a responsible employer we have undertaken measures to provide a Safe Place of Work for our staff and guests.

- Cleveland Cable is COVID-19 Secure.
- Cleveland Cable Company has increased its stockholding across our fastest moving lines to over £100 million of stock available, another £80 million on route between now and the end of the year
- We can supply all current live contracts and there are no foreseeable delays to existing and immediate new orders. The current health emergency does not affect our procurement, stock-holding or planned delivery at this time.
- We are still receiving our standing stock orders from manufacturers and see no reason we will not be able to supply bespoke cable orders and will always provide achievable lead times on future orders.
- Emergency numbers have been posted to our website and all social media to allow us to assist customers whenever it is needed. Management decision making is available 24/7/365 for all accounts.
- World Health Organisation best hygiene advice posters are up in all washrooms and common areas and provision has been made for face masks, high alcohol sanitizers in lobbies, landings and meeting rooms should employees and guests require the use of them.
- Specific driver risk assessments have been carried out and drivers carry an SSoW with them for all deliveries. All drivers will adhere to requested customer site rules unless these contradict our new safe working practices and would put them or others at risk. Under these circumstances, the driver will revert to CCCL RAMS and inform his supervisor of potential risks and reasons for not following customer site rules.
- Drivers have been issued with full PPE for their deliveries including hygiene packs containing sanitiser, gloves and face mask.
- We are monitoring the Government statistics on new variants as well as the overall UK impact on cases, hospitalisations and the overall rate of death or serious illness from catching a variation of Covid 19 and are at all times following Government guidelines.
- We have been heavily recruiting across all areas of the business to ensure there is sufficient overlap between roles to allow for employee time off for illness or isolation
- Cleveland Cable will continue to monitor the situation and will update accordingly as new information is available.

We are operating as usual in line with demand to essential services as far as is possible. We have the IT infrastructure in place to accommodate working from home if this is needed in the coming weeks. We have stock levels that exceed our current and predicted orders. We have control of our manufacturing chain and our incoming stock orders placed are on route to the UK with no foreseeable delays. Our biggest issue at the moment stems from the unpredictability of pricing of metals at the LME and the sudden explosion of cost of other ancillary raw materials used in the manufacture of Cable. The reasons for the record breaking price of copper are varied and though they seem separate to the CV-19 pandemic, they are more closely linked than appears.

There is currently mass infrastructure work going on worldwide, the biggest sectors under investment are the renewables energy sector, which includes the further development of electric vehicles and the capturing of solar energy for the industrial and domestic housing sectors. In addition, the pandemic has shown the holes in many public services. The health services worldwide, Local and national government, security services etc have all suffered from chronic underfunding for at least the last decade, while technology has moved forward. IT and telecom infrastructure has barely changed since the initial rollout in the 80's but in the race to provide capability for reliable working from home for the last 12 months, we have seen massive investments in data centre structures providing new network and server farms for the public and private sectors alike, the public sector on a scale that hasn't been seen since the end of the second world war.

Another factor is the relatively weak Dollar- in which commodities are traded - in relation to the Yen. Chinese manufacturing, by far the largest consumer of copper in the world, goes from strength to strength. As the Chinese economy recovers from the effects of the pandemic, it is forcing the value of the \$USD further down, allowing them to buy ever larger bulk supplies of commodities at an effectively lower price than the rest of the world, creating yet more scarcity.

The final factor in the equation is the fear that a Covid-outbreak in key source markets would lead to disruptions in supply. With Covid 19 and its variants rising in The UK, USA and other parts of Central Europe the markets are digging deep into the existing copper reserves, and paying a premium now, rather than waiting on copper to settle in price and the stock volumes stabilise.

This has provided a huge demand on an already rare commodity, and the massive stockpiles which have been responsible for stable commodities pricing are being depleted quicker than they can be replenished through mining of raw materials and through the natural lifetime recycling of old and obsolete products. As such, the deficit in the copper market is set to deepen over the next few years as supply of copper struggles to keep up with strong demand from the Manufacturing, Energy and Construction Sectors.

In addition to copper, all other base building metals are affected, as the price increases at the metals markets, the ancillary product stockpiles are also being used at a previously unrealised rate. This has led to increases in price on all major construction materials and the products used as insulation, coverings and packaging.

In the first year of Covid, we absorbed all the external costs ourselves to ensure that key infrastructure was unaffected as far as possible. However, we are rotating our stocks fully 4 times a year, and as such now unable to absorb the costs to this extent.

At all times we are committed to providing best value for money. We will continue to provide quality goods at the best prices we are able, despite the current trading conditions and the overall state of the markets. Where applicable we will purchase as low as we are able to renew our stocks, passing the benefit to our customers as far as possible until the markets become yet again more predictable