

Corporate Social Responsibility

Electrocomponents encourages a culture of community involvement and environmental awareness, and in recognition of their importance to stakeholders, places a priority on ethical, social and health & safety matters. This year we are reporting on our Corporate Social Responsibility (“CSR”) policies and progress, in accordance with the disclosure guidelines from the Association of British Insurers. Communications with stakeholders will be supplemented by periodic updates on the www.electrocomponents.com website.

Corporate accountability

The Board has overall responsibility for the Group’s CSR performance and policies. These are summarised in the Group Policy Manual which is regularly reviewed, updated and issued to the management team. The manual includes our “Guiding Principles” which help ensure that we maintain the highest standards of ethical conduct.

As discussed in the Corporate Governance section, Electrocomponents has well established procedures for the identification, management and control of significant risks to the business. These are reported to the Board twice a year, and include an assessment of CSR risks. The procedures have been in place since January 2000.

Environment

The Group is committed to minimising any adverse effects of its activities on the environment, to improving continuously its environmental performance and to participating in the international commitment towards achieving sustainable development.

The Group’s environmental policies require that each Operating Company and Process:

- Provide information and services to enable the proper use and disposal of products.
- Wherever possible promote products with low environmental impact.
- Comply with local environmental legislation and regulations.
- Continuously improve the efficient use of raw materials and energy.
- Encourage and support our suppliers in improving their environmental performance.
- Identify the key environmental impacts associated with the Group’s business, and work towards reducing these.

We have therefore set ourselves the following objectives:

- To identify key environmental impacts and report on them.
- To identify key performance indicators.
- To set realistic targets for improvement in key environmental performance areas.
- To report at least annually on the Group’s environmental performance.

Environmental management systems

The Group’s environmental management plan provides a focus for implementing a systematic approach to environmental management.

The Group is supportive of its businesses adopting externally accredited environmental management systems that provide tangible business and environmental benefits and is developing a “bench-marking” process to leverage and accelerate the roll-out of best practice in this area.

During the past year the operations of RS Components UK were accredited to ISO14001, as was RS Components GmbH in Frankfurt. Our Austrian business achieved accreditation in 2000.

Key impacts

Electrocomponents has no manufacturing operations. Our primary environmental impacts, and those which we can control and influence, are associated with national and international distribution.

Energy efficiency

A key objective for the Group is to improve the energy efficiency of our facilities, both to maximise the business benefit and to help reduce environmental impact.

Examples of energy efficiency initiatives include:

- The retro-fitting of Allied Electronics’ Fort Worth offices and warehouse with low wattage lighting, resulting in a 25% reduction of the associated energy consumption.
- RS Components at Corby quantified their carbon dioxide (CO₂) emissions and implemented a project to replace their warehouse lighting systems. This will reduce emissions and provide significant cost savings.
- The Group takes energy consumption into consideration in its investment decisions.

Packaging and paper consumption

The Group uses a variety of materials in transit and product packaging and adopts a philosophy of “reduce, reuse and recycle” in this regard.

Examples of packaging related initiatives include:

- Use of reusable plastic “replenishment modules” as transit packaging for stock shipments between suppliers and our warehouses. This reduces costs and transit packaging consumption.
- Our businesses reuse packaging materials as a matter of course, and recycle them at the end of their useful lives. During 2002, RS UK recovered over 370 tonnes of card and paper for reuse.
- In the US, similar initiatives have been in place in Allied Electronics, where over the past ten years packaging waste has been halved.

The Group provides catalogues and promotional literature for customers around the world. Traditionally these were in paper form, and over the past few years there has been a take-up of CD-Rom catalogues with customers now increasingly using web-based catalogues that have the benefit of real time stock information. Many customers use paper and web-based catalogues in combination.

Corporate Social Responsibility (continued)

The Group manages its paper catalogues to minimise impact and uses an optimised grade of paper to help reduce paper consumption and distribution costs. The pulp for this paper is obtained from Forestry Stewardship Council approved sources and the facilities used for the printing of the RS catalogues are accredited to ISO14001 standards and the strict Scandinavian “Blue Angel” standards for emissions control, or to appropriate local equivalents.

Catalogues can also be returned to us for recycling.

Transport

The Group uses third-party providers to transport stock and customer orders. Although the Group does not directly control these transport operations it is able to influence them and the Group’s transportation partners are subject to continual review. Recent examples of efficiencies and improvements include:

- At RS Components UK, “milk-rounds” have been introduced, using a single vehicle to collect stock from a number of suppliers, thus reducing individual journeys.
- Vehicles supplied for use on RS work in Europe are required to meet the latest European vehicle emissions standards.

In addition, by using RS to supply a wide range of products, as opposed to multiple suppliers, customers reduce their environmental impact through reduced vehicle movements and lower packaging consumption.

Ethical trading

Electrocomponents has a wide supplier base with a large range of products sourced worldwide. The Group does not knowingly trade with suppliers, customers or others whose activities involve unethical practice and provides specific guidance for employees on Ethical Trading in the Group Policy Manual.

Since 2001, the Group has progressively implemented “Ethical Audits” for direct suppliers in developing economies and a number of components have been re-sourced as a result. We will be developing our policy in respect of indirect suppliers and distributors.

Health & Safety

The Group is committed to health & safety best practice as an integral part of our business activities. Our stated health & safety objectives are:

- To provide information, training and skills development to staff to support and promote our health & safety objectives.
- To implement systems and processes that are effective in promoting best practice in health & safety standards and health & safety performance.
- To regularly review our performance and strive for continual improvement through agreed objectives and target setting.

Over the last year the employee accident rate continued to improve and successful health & safety management planning helped to ensure that three new warehouses in Germany, Italy and Japan were opened with no “lost time accidents”.

During 2002, Radiospares in France implemented an agreement with the highways companies of northern France to promote road safety. Radiospares was the first private company to conclude such an agreement and was featured prominently in the media.

In February 2003, RS Components became one of the first companies in the UK distribution sector to be accredited to Occupational Health & Safety Standard (OHSAS) 18001, and during 2003 the Group will develop its health & safety systems and processes using this model.

Employees

The Group values the commitment of our employees and our employment policies are designed to respect their human rights and to ensure equal opportunity and promote diversity. Electrocomponents complies with the core International Labour Organisation conventions and prohibits the use of child, under-age or forced labour.

The Group communicates with its employees in a number of ways, including through the corporate intranet and through the Electrocomponents Forum, which includes employees elected by each Operating Company and Group Process.

Employees are actively encouraged to train and to develop their careers. The Group has piloted “open learning” facilities for all employees, using computer-based training and hard copy text sources, with other training material available via the intranet.

The Company also sponsors language classes and for employees who do not have ready access to the intranet, RS Components Corby are providing “kiosks”, which provide a learning area to allow employees to gain access to the intranet.

Community activities

Electrocomponents has a strong sense of community responsibility, and encourages our businesses around the world to enhance our relationships with the communities in which we operate. As an example of the types of activities, RS Components Corby donated the use of their Customer Contact Centre to collect donations to the UK’s ‘Red Nose’ Comic Relief appeal. Over 160 members of staff volunteered their own time to take over £130,000 in public donations.