

Premier Farnell plc Product Supply Chain CSR Policy

Stakeholders

Premier Farnell believes that the stakeholders for its approach to Supply Chain CSR are:

- Premier Farnell plc shareholders, and the investment community at large
- Customers of Premier Farnell Group companies
- The employees of the Premier Farnell Group
- Supplier Partners of Premier Farnell Group companies
- Potential future employees

We welcome, and continue to actively encourage, open feedback and consultation on this policy from any interested parties via email to swebb@premierfarnell.com.

Our vision

At Premier Farnell we believe that Corporate Social Responsibility is about the sustainable development of our business - balancing our responsibilities to our shareholders, the environment and society.

We focus on our environmental impacts, the communities we operate in, our people, trading ethically with our customers and suppliers and the health and safety of our employees.

Support for The United Nations Global Compact

Premier Farnell is a signatory to the principles of the United Nations Global Compact. We acknowledge the importance of business action on the environment, human rights, labour and anti-corruption. We encourage all suppliers to Premier Farnell Group companies to consider their position on these global issues, and if they feel appropriate, make a public statement of their support by signing the Compact.

Scope of this document

This policy applies to Supplier Partners of Premier Farnell Group companies, from whom we purchase goods that form part of our product offering to customers.

Core Impacts

We have identified the core impacts which are important to Premier Farnell and which we believe we can mitigate through our supply chain. These are divided between our responsibilities to communities and to the environment

Impacts on local communities

- **Ethical Trading:** driving safe and fair labour practices through our supply chain
- **Responsible Procurement:** purchasing products that are made from raw materials that have been sourced in a manner that aims to reduce their impacts on communities.

Impacts on the Environment

- **Greenhouse Gas Emissions:** created by our suppliers and the delivery of goods to our distribution centres
- **Waste;** reducing the generation and disposal of waste from our supply chain

Priority Suppliers

Premier Farnell engages with over 4,000 suppliers worldwide. We acknowledge that this quantity of suppliers is a significant challenge for the measuring and monitoring of compliance. As such, we maintain an approach requiring transparent disclosure of concerns from suppliers.

For active intervention and engagement, we prioritise those suppliers that manufacture products that are sold under our own brand. All suppliers are expected to comply with the values of this policy; however we will actively seek to engage further with priority suppliers as we believe that this is an area in which we possess the greatest deal of influence. We will use this influence to drive responsible business practice through collaboration and sharing of best practice.

Our Community Impacts: Ethical Trading

Basis for our Ethical Trading standards

Our ethical trading policy is based on the Ethical Trading Initiative Base Code. We are committed to sourcing our own brand products responsibly. We believe that high workplace standards, good health and safety, fair pay and good employment conditions are all elements of a professionally-run business which contribute to its efficiency and productivity. Through the application of our ethical trading policy we seek to ensure that the working conditions of workers producing products which carry our brand meet or exceed international labour standards.

It is our policy to:

- Define expected acceptable workplace standards for the factories of our suppliers
- Actively assess priority suppliers against our workplace standards through surveys and site audits.
- Provide training for our commercial teams on the environmental and social issues affecting our supply chains

Premier Farnell workplace standards

- Factories or production sites do not use forced, bonded or involuntary labour.
- Workers are not forced to lodge unreasonable deposits or their identity papers with their employers. In countries where deposits are prohibited by law, no deposits are allowed.
- Freedom of association and the right to collective bargaining are respected except where prohibited by law.
- The factory or production site is a safe and hygienic place to work.
- Responsibility for health and safety is assigned to a senior management representative.
- There must be an adequate number of safe, unblocked fire exits, escape routes and fire fighting equipment accessible to workers from each floor or area of the factory or production site and accommodation (if provided).
- Accommodation, if provided, is safe and hygienic and segregated from the factory or production site and from material storage areas.
- The factory or production site only employs workers who are over the local legal minimum age. Where this is less than 15, or where there is no legal minimum age, workers should not be less than 15 years old.
- Wages and benefits paid for a standard working week meet, at a minimum, national legal standards.
- Working hours comply with national laws.
- The factory or production site does not knowingly contravene local or national environmental legislation without being able to demonstrate a plan of action to improve.

Our approach to Priority Suppliers

The first stage of each assessment of labour practices and working conditions in the manufacturing facilities of our suppliers (direct or via a buying agency) is through the use of a questionnaire. We will use the results of the questionnaire to determine a performance hierarchy of our suppliers which will inform the rota for site-visit audits and roadmaps for improvement,

We recognise that standards will vary and that individual situations may require additional consideration. As such, where standards are found not to be satisfactory, we will consider the context of the issue, and the impact that it will have on the business and any employees involved. We will endeavour to avoid causing serious economic hardship for any parties without investigating satisfactory alternative courses of action.

We will identify each Priority Supplier's position as soon as possible within 12 months of commencing trading. We will then work with the supplier to encourage continual improvement.

Premier Farnell has a team who monitor, communicate, advise and measure improvements in suppliers' practices. We use our influence and purchasing power to create leverage for change. We encourage suppliers to work with us in this programme and we will over time replace suppliers who refuse to engage with us or show little or no desire or intention to improve.

Where we identify issues that occur consistently across several suppliers, we will raise our concerns and expectations with all suppliers in the programme and will address the issue as a specific item for inspection during site audit visits.

Our Community Impacts: Responsible Procurement

We believe that products should be manufactured from raw materials that have been extracted and handled in a fashion that is sensitive to the local environment, and where steps have been taken to reduce the impacts that extraction and trading activities may have.

Premier Farnell does not believe that it is an acceptable business approach for a supplier to knowingly purchase raw materials that:

- Directly or indirectly finance armed conflict or illegal military organisations
 - Support regimes or systems of work that abuse or suspend the human rights of the workers involved or impact the right of those in the region from which the material is sourced
 - Causes excessive damage to the environment, where there is an alternative process available with reduced impacts
 - Have been involved in a contravention of local or international laws and standards regarding imports, exports tax obligations or other forms of fraud and corruption
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Our Environmental Impacts: Greenhouse Gas Emissions

We have defined our carbon footprint in terms of the primary activities over which we have direct control and have a carbon reduction programme underway in all our major facilities. We have included all our activities from the receipt of products into our warehouses to their despatch to customers, including the production of catalogues and marketing material, our use and disposal of packaging, business travel and the energy required to operate our facilities.

It is sound practice for businesses to measure and work to reduce their environmental risks and impacts. This can be both a source of cost savings and environmental benefit, and we strongly encourage all suppliers, where practicable, to measure and report on their GHG emissions and work to achieve reductions.

It is our policy to engage with our suppliers to understand how we can reduce to the most practical and economic level the frequency of their deliveries to our premises within the constraints of buying cost effectively in order to minimise the carbon emissions generated.

Our Environmental Impacts: Waste

Premier Farnell has identified the generation of waste as one of its three significant environmental impacts.

Premier Farnell is a group of distribution companies. We place orders on our suppliers in quantities which are appropriate to our requirements within the constraints of optimising purchasing price, minimum order quantities and stock turn. We then break down these orders into the quantities required by our customers. This process creates waste.

The principal waste streams are:

- Inbound and outbound product packaging – cardboard, paper, plastic and polystyrene
- Wooden pallets
- Scrap products/waste electronic components

It is our policy to engage with our suppliers with the objective of minimising waste within the constraints detailed above of cost effective procurement. We engage with our suppliers to specify packaging which is recyclable wherever possible. Particular focus is given to;

- Packaging
- Waste electronic components

It is our policy to minimise the volume of waste which goes to landfill. Where possible we re-use waste packaging and, where this is not achievable, we ensure that it is sorted and recycled.

It is our policy to reuse, recycle or properly dispose of waste pallets and scrap products in compliance with applicable and relevant environmental laws and regulations. Common scrap products generated include electronic components and chemical products (cleaners, adhesive, solder, flux etc.).

The packaging we use for our customers' orders is manufactured from recycled materials and is recyclable wherever possible. A large proportion of our customer orders are for small quantities of components, the most practical packaging of which is a padded envelope. We are investigating the opportunities of a more environmentally benign solution to this requirement.

We have producer obligations under the WEEE legislation as a supplier of electrical and electronic equipment and provide our customers with a service to enable them to dispose of their waste equipment correctly in compliance with the legislation.

The proper disposal of waste electronic components is of special concern. We maintain a public policy on the proper handling and disposal of electronic waste from our businesses and are committed to investigating opportunities to responsibly recycle and reuse waste electronics components.

Management

In order to implement the supplier CSR policy our commercial teams in sales, marketing, product, supplier management and supply chain teams receive training to raise their awareness and understanding of the opportunity of embedding sustainability into our supply chain. Where appropriate, objectives are set for employees with specific responsibilities for ensuring sustainable procurement practices.

Due Diligence and Communication Expectations

Premier Farnell believes that thorough due diligence processes and honest communication can contribute positively to eliminating issues in the supply chain without compromising the livelihood of those who depend on it in order to provide for themselves.

We expect that all Supplier Partners with whom we do business will communicate honestly and openly with us regarding any issues in their supply chain which could impact or contravene our Supply Chain Policy as soon as possible after the issue is identified.

To this end, it is our policy that all suppliers to Premier Farnell Group companies should inform their Premier Farnell contact if they become aware of any issues contrary to the principles set out in this document, in order that we may collaborate to achieve a satisfactory solution.

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