Electrocomponents’ 2030 ESG action plan

FOR A BETTER WORLD
FOR A BETTER WORLD
Electrocomponents 2030 ESG approach

WE ARE PROUD OF THE PROGRESS WE’VE MADE TO STEP CHANGE OUR ESG APPROACH OVER THE LAST TWO YEARS, BUT THE WORLD NEEDS US TO TAKE MORE SIGNIFICANT AND URGENT ACTION.

THAT’S WHY WE’RE INCREASING OUR COMMITMENT TO PEOPLE AND PLANET BY INTRODUCING OUR 2030 ESG ACTION PLAN – FOR A BETTER WORLD. IN DOING SO, WE WILL DELIVER GREATER LONG-TERM VALUE FOR ALL OUR STAKEHOLDERS, REALISE OUR DESTINATION 2025 STRATEGY AND MAKE AMAZING HAPPEN FOR A BETTER WORLD.

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LINDSLEY RUTH, CHIEF EXECUTIVE OFFICER
Electrocomponents is at the heart of the global industrial sector. We provide product and service solutions that help our customers design, build, maintain, improve and protect their equipment and operations. Every day we help our customers make amazing happen for a better world – from enabling innovative solutions to keeping businesses, critical industries and communities running.

We are determined to bring together the world’s leading suppliers of innovative products with the millions of engineers, innovators and problem solvers around the world, to drive positive change for people and the planet.
OUR NINE BRANDS OFFER A VARIETY OF PRODUCT AND SERVICE SOLUTIONS.
ESG IS INTEGRAL TO OUR STRATEGY AND NINE BRANDS

Focused on becoming first choice for all our stakeholders including our customers, suppliers, shareholders and our communities.

1. **Best customer and supplier experience**
   - By excelling at the basics and providing differentiated solutions, we are putting our customers and suppliers, two of our key stakeholder groups, at the heart of our business and making their lives easier.

2. **High-performance team**
   - Investing in talented leaders to build a results-orientated, customer-focused and diverse global talent base.

3. **Reinvestment to accelerate growth**
   - Being disciplined in our allocation of cash flows between organic investment, inorganic opportunities and attractive shareholder returns.

4. **Innovation**
   - Introducing new products and solutions to harness our digital expertise, data and insight. Taking advantage of new technologies and changing market dynamics to create new opportunities for growth and efficiency.

5. **Operational excellence**
   - Continuously improving service and efficiency to build a sustainable business.

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Collating clients’ supply chains to enable more efficient deliveries

German distribution centre (DC) generates renewable electricity with solar panels on roof

RS Maintenance Solutions provides energy efficient solutions for industrial customers

Introducing a sustainable product range

Providing ethical PPE protection to employees and communities

New DC extension reduces waste and lowers energy usage

Supporting engineers and designers from students to start-ups to large businesses

Providing low-cost, accessible products that help students build digital and coding skills
BUILDING ON OUR STRONG ESG PROGRESS

ENVIRONMENT
• 62% reduction in Scope 1 and 2 emissions from premises’ energy use, since 2014/15
• Solar panels on Bad Hersfeld
• 67% renewable electricity in 2020/21
• 76% waste recycled in 2020/21
• Three automated packaging systems installed in DCs

COMMUNITY
• Engaging 1.1m DesignSpark members, students and start-ups to develop tomorrow’s sustainable solutions
• Partnering with The Washing Machine Project to improve lives through innovative technology
• Supporting students in 200+ universities to build engineering skills with RS educational products

PEOPLE, HEALTH & SAFETY
• Global employee engagement score of 74
• 44% Board is female including Chair
• 57% reduction in All Accident frequency rate since 2017/18
• Major focus on health, wellbeing and inclusion through pandemic and beyond

CUSTOMERS AND SUPPLIERS
• Sustainable product and service solutions
• UN Global Compact signatories
• Strengthened responsible sourcing - new ethical trading declaration and partnership with Sedex
• 89 RS PRO ethical inspections with Asian suppliers over the past two years
Our ESG reporting is informed by best practice standards and we perform strongly in external benchmarks.

**Frameworks and standards**

- CDP Climate change leadership score: A-
- Sustainalytics rating: negligible risk (6.2), 10/13,494 (all companies), 3/540 (sector)
- MSCI ESG rating: A
- EcoVadis rating: gold medal
- FTSE4Good Index score: 3.2/5
Materiality assessment conducted in January 2020
identified 19 key ESG issues

Customers, suppliers, our people, shareholders, regulators, media and NGOs engaged in the process

Materiality assessment updated in 2020/21 to identify four key material issue groupings:

- Sustainability
- Our people
- Education and innovation
- Responsible business

The materiality assessment combined with the UN Sustainable Development Goals guides our 2030 ESG approach, targets, KPIs and reporting.

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GUIDED BY
A ROBUST
MATERIALITY
ASSESSMENT
AND SUPPORT
FOR THE UN SDGS

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  - Responsible business
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OUR 2030 ESG ACTION PLAN

1. ADVANCING SUSTAINABILITY
   We are developing sustainable operations and product and service solutions

2. CHAMPIONING EDUCATION AND INNOVATION
   We are building skills and fostering innovative solutions that improve lives

3. EMPOWERING OUR PEOPLE
   We are creating a safe, inclusive and dynamic culture where our people can thrive and grow

4. DOING BUSINESS RESPONSIBLY
   We ensure the highest ethical standards throughout our business and global value chain

SUPPORTING SIX UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

4. Quality Education
5. Gender Equality
8. Decent Work and Economic Growth
9. Industry, Innovation and Infrastructure
12. Responsible Consumption and Production
13. Climate Action
OUR KEY COMMITMENTS

GLOBAL GOAL | 2030 ACTIONS

ADVANCING SUSTAINABILITY | Net zero in direct operations by 2030, value chain before 2050. SBTi, Business Ambition for 1.5°C and UN Race to Zero commitment

CHAMPIONING EDUCATION AND INNOVATION | Building skills and fostering innovation with 1.5 million engineers and innovators

EMPOWERING OUR PEOPLE | Working towards 40% women and 25% ethnically diverse leaders

DOING BUSINESS RESPONSIBLY | Increased screening and ESG objectives for suppliers. ESG metrics in employee rewards and sustainability-linked loans
OUR PLAN DELIVERS CLEAR BENEFITS

GLOBAL GOAL | 2030 ACTIONS

ADVANCING SUSTAINABILITY
- Tackling climate change
- Efficient and resilient operations
- Supporting customer and supplier sustainability goals
- Sustainable product and service solutions for customers

CHAMPIONING EDUCATION AND INNOVATION
- Addressing global skills gap
- Product sales with education organisations
- Lifelong relationships with future customers
- Developing future solutions

EMPOWERING OUR PEOPLE
- Strong leadership set up for outperformance
- Employer of choice — attract and retain top talent
- Positive culture that drives transformation

DOING BUSINESS RESPONSIBLY
- Raising supply chain standards
- Increased supplier screening providing quality and ethical assurance
- Strong governance and robust commitments
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We are developing sustainable operations and product and service solutions to help reduce environmental impacts and tackle climate change.

By 2030
• Be net zero with a science-based target to reduce absolute emissions from our own operations by 75%¹
• Make our packaging more sustainable: reduce intensity by 30%, with 100% of packaging widely reusable, recyclable or compostable, and made with 50% recycled content

Work towards a net zero global value chain by 2050:
• Engage 65% of our suppliers by spend to set science-based targets by 2025
• Reduce Scope 3 transport emissions by 25% per tonne sold¹
• Develop innovative and sustainable product and service solutions for all our customers

¹By 2029/30 from 2019/20

1. ADVANCING SUSTAINABILITY

2. CHAMPIONING EDUCATION AND INNOVATION

We are building skills and fostering innovative solutions that improve lives.

• Reach one million young people with educational technologies, learning content and skills development to support future engineers and innovators
• Support our social impact partners to develop solutions that improve lives – including supporting The Washing Machine Project to help 100,000 people in need
• Engage with 1.5 million engineers and innovators in creating socially responsible and sustainable solutions

3. EMPOWERING OUR PEOPLE

We are creating a safe, inclusive and dynamic culture where our people can thrive and grow.

• Ensure our team is reflective of the customers, suppliers and communities we serve by working towards 40% of our leaders being women and 25% being ethnically diverse
• Achieve and maintain an employee engagement score in the top 10% of high-performing companies
• Aim for zero accidents with our people
• Inspire 50% of colleagues to volunteer to support their communities and build new skills

4. DOING BUSINESS RESPONSIBLY

We are taking action to ensure the highest ethical and environmental standards throughout our business and global value chain.

• Evaluate our suppliers against our high ethical and environmental standards. Set ESG objectives for strategic suppliers
• ESG-related targets included in our employee rewards programme
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Why it’s important to us
The planet needs significant and urgent science-based action to tackle climate change and bring about a brighter and more secure future for all.

As a critical central cog in the global industrial value chain, we can make an important difference. Not only by ensuring we run sustainable operations ourselves, but by advocating with our suppliers and customers to cut carbon in their operations, offering more sustainable products and reducing emissions from deliveries.

We are committed to offering innovative product and service solutions that help our customers be more sustainable. We offer products and solutions at all stages of the industrial lifecycle: design, build, maintain, improve and protect, which help our customers increase efficiency, cut costs and reduce their environmental impacts.

We recognise we’re at the start of building our sustainable business model, but we intend to move quickly to accelerate our positive impact for the planet, deliver greater long-term benefits for all our stakeholders and support our sustainable growth strategy.

ADVANCING SUSTAINABILITY
We are developing sustainable operations and product and service solutions to help reduce environmental impacts and tackle climate change.

COMMITTED TO NET ZERO IN OUR OPERATIONS BY 2030

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I WANT TO BUY FROM A DISTRIBUTOR THAT USES CLEAN ENERGY

We’ve added solar panels to the extension of our distribution centre in Bad Hersfeld, Germany, capable of generating 750kW, providing energy to the RS site and feeding power into the grid.
NET ZERO: OUR 2030 ROADMAP

- Net zero in direct operation by 2030, and wider value chain by 2050
- Science-based targets being submitted to the SBTi for approval
- Joined the largest global alliance on climate change including the Business Ambition for 1.5°C and the UN Race to Zero.

OUR JOURNEY SO FAR

Strong progress in cutting absolute emissions:
- 62% reduction in Scope 1 and 2 emissions from premises’ energy use, since 2014/15
- 67% of group electricity usage from renewable sources in 2020/21
- Solar panels added to German DC — 750 kW capacity
- Energy efficiency improvements to DCs and sites
- New UK company cars are electric or hybrid from 2021/22

BY 2030: NET ZERO IN OUR DIRECT OPERATIONS

Robust plan based on existing technologies:
- 75% cut in absolute emissions by 2029/30, from 2019/20
- 100% renewable electricity planned by 2025/26
- Low-carbon DCs — sustainable technologies and energy efficiency
- Increase renewable electricity generation
- Net zero emissions vehicle fleet (company cars and vans)
- Gold standard offset projects for residual emissions

BEFORE 2050: NET ZERO ACROSS OUR WIDER VALUE CHAIN

Early action combined with long-term technological change:
- 65% of suppliers by spend to set science-based targets by 2025
- Cut transport emissions by 25% per tonne sold by 2029/30, from 2019/20
- Sustainable product and service solutions
- Wider societal development and availability of low-carbon energy, heating and cooling technologies, global logistics solutions and carbon capture and storage
EMBEDDING THE TCFD FRAMEWORK ACROSS OUR BUSINESS

GOVERNANCE

• Group ESG Leadership Committee overseen by Chief Executive Officer
• Board and Senior Management Team oversight of climate risks and opportunities
• Proposals to embed carbon metrics in employee rewards
• Cross-functional TCFD steering committee
• VP of Social Responsibility and Sustainability to oversee ESG and climate action plan

STRATEGY

• ESG and climate change integrated into the Group’s Destination 2025 strategy and initiative planning
• Conducting scenario analysis for 1.5°C and 4°C pathways. Recommendations will be integrated into future strategy and financial planning
• Restructuring of supply chain to reduce cost and carbon
• Developing low-carbon product and service solutions for customers

RISK MANAGEMENT

• Group-wide climate-related risk and opportunity assessment conducted. Currently being extended to supply chain and product portfolio in greater depth and identifying mitigation and adaptation plans.
• Enterprise risk management processes updated and improved to identify and assess climate change risks

METRICS AND TARGETS

• 75% cut in absolute emissions by 2029/2030, from 2019/2020
• 65% of suppliers by spend to set science-based targets by 2025
• Cut transport emissions by 25% per tonne sold by 2029/2030, from 2019/2020
• Develop innovative and sustainable product and service solutions for all our customers
I WANT TO WORK FOR A COMPANY THAT CARES ABOUT REDUCING WASTE

Three of our DCs have introduced automated packaging systems which reduce excess packaging and waste.
Our 2030 actions

Make our packaging more sustainable⁴:
• Reduce packaging intensity by 30%
• 100% of packaging widely reusable, recyclable or compostable
• Made with 50% recycled content

Reduce, reuse and recycle our waste⁴:
• Reduce waste intensity by 50%
• Recycle > 95% of our waste
• Achieve zero waste to landfill in our direct operations

SUSTAINABLE PACKAGING, WASTE AND RECYCLING

We ship c. 60,000 parcels daily. By working closely with our customers and suppliers we can reduce packaging, use sustainable materials, recycle more and limit waste. Our joint action will help tackle the planet’s biodiversity crisis and reduce our impact on the natural world.

⁴by 2029/30 from 2019/20
SUSTAINABLE PACKAGING, WASTE AND RECYCLING

PACKAGING

Current progress
- 22% reduction in packaging intensity since 2014/2015*
- Three DCs with automated packaging systems to optimise packaging weight and volume
- Recyclable padded envelopes used in UK, Ireland, Spain and Japan

Future focus
Reduce
- Optmise size and weight via more automated packaging systems
- Reduce paper used for customer orders
- Encourage customers to increase items per order
Recycle
- Packaging with higher recycled content and recyclability
- Roll out recycled padded envelopes across EMEA
- Switch to sustainable packaging tape
Reuse
- Turn waste into void fill packaging
- Reusable packaging for internal product movements
- Reusable ecototes for key customer accounts

WASTE AND RECYCLING

Current progress
- 40% reduction in waste intensity since 2014/2015*
- 76% of our waste is recycled with many key sites sending no waste to landfill

Future focus
Reduce
- Promote waste hierarchy in DCs and offices to reduce waste in our facilities
- Reduce single-use plastic globally
Recycle
- Increase recycling and packaging reuse
- Collaborate with waste providers and landlords to increase recycling
- Achieve zero waste to landfill at sites with alternative facilities
Reuse
- Donate end-of-life products to education establishments and community organisations

*at constant exchange rates and updated to reflect changes in reporting methodology
ENVIRONMENTAL MANAGEMENT SYSTEMS

Current progress
• 13 DCs owned or leased by the Group with total floor area of some 264,000m² have environmental management systems in place — four are certified to ISO 14001
• The majority of our 45 other sites, including the RS Local trade counters, are certified to ISO 14001 or have internal environmental management systems
• Over 50% of our operations by revenue and 65% by floor area are covered by ISO 14001
• Certified Emissions Management and Reduction Scheme (CEMARS) accreditation for RS Components UK, certified in accordance with ISO 14064-1, the standard for quantification and reporting of greenhouse gas emissions and removals

Future focus
• Further extend coverage of ISO 14001 across Electrocomponents operations
LOWER-Carbon MODES OF TRANSPORT CAN HELP US TO TACKLE CLIMATE CHANGE

We’ve switched the delivery of product replenishments to our Asia Pacific DCs from air to sea, reducing the associated transport emissions by almost 60%.
As a global distributor, we send products around the world to meet our customers’ needs. We recognise the impact this has on global emissions and we’re working hard to reduce our transport footprint — from selecting carriers investing in green technologies to using lower-carbon modes of transport. We’re also reducing the miles our products travel by restructuring our supply chain to source, store and deliver closer to the customer, made possible by our global network of 14 DCs. This action has a triple bottom line benefit by reducing costs, cutting carbon and supporting local economies and jobs.

Current progress
- Switched product replenishments to our Asia Pacific DCs from air to sea freight, reducing the associated emissions by c. 60%
- Collaborating with suppliers to source, store and deliver products closer to the customer, enabled by our global network of 14 DCs
- Selected DHL as new UK logistics provider with electric fleet and long-term commitment to invest in green technologies

Future focus
- Further reduce product miles through regional sourcing, storing and delivery
- Switch to lower-carbon transport modes e.g. sea, rail, road
- Select carriers investing in green logistics solutions
- Support customers to make lower-carbon delivery choices and consolidate orders and delivery points
ESG ISSUES ARE IMPORTANT TO OUR STRATEGY AND OUR CHOICE OF PARTNERS

We’re committed to working with our suppliers to raise standards across our global supply chain. We will work closely with our strategic suppliers to set ESG objectives.
ENGAGING SUPPLIERS TO CUT CARBON FROM OUR VALUE CHAIN

With over 2,500 suppliers of stocked products, one of the biggest contributions we can make to reduce our environmental impacts is to partner with our suppliers to reduce the carbon in our supply chain.

OUR 2030 ACTION
ENGAGE 65% OF OUR SUPPLIERS BY SPEND TO SET SCIENCE-BASED TARGETS BY 2025

Current progress
• At our global supplier conference in July 2021 we asked over 450 of our suppliers to set science-based carbon reduction goals and to develop more sustainable solutions for customers.

Future focus
• We will partner with our strategic suppliers to encourage them to adopt science-based carbon reduction targets, renewable energy solutions, circular designed products, packaging and solutions which help customers to reduce their environmental impacts.
WE NEED OUR OPERATIONS TO RUN AT PEAK EFFICIENCY TO SAVE TIME, COST AND NATURAL RESOURCES

RS Maintenance Solutions offers a condition monitoring service for industrial customers to understand the condition of their assets, optimise efficiency and minimise air, water and energy leakages.
We are committed to developing innovative product and service solutions that help our customers be more sustainable. We offer solutions for all stages of the industrial lifecycle to help our customers increase efficiency, cut costs and reduce their environmental impacts. We are partnering with our suppliers to bring new sustainable technologies to market, encourage customers to buy greener products and develop circular solutions.

**Current progress**
- Products — variable speed drives, high-efficiency motors, low-energy lighting and automation solutions that optimise operations, save cost and reduce energy, water and compressed air consumption
- Service solutions — smart maintenance solutions to connect, monitor, maintain and improve the efficiency of customer operations and reduce environmental impacts
- First circular product recycling and refurbishment scheme, OKdo Renew, introduced for Raspberry Pi in July 2021

**Future focus**
- Introduce RS and RS PRO sustainable product ranges in 2022/23
- Continue expansion of our sustainable service solutions including RS Maintenance Solutions
- Develop sustainable solutions innovation pipeline
I HAVE OLD ELECTRONICS THAT I DON’T WANT TO SEND TO LANDFILL

We have launched OKdo Renew, the first official Raspberry Pi recycling scheme in partnership with Sony TEC, in July 2021.
Why it’s important
People and innovation are key to driving the change towards a more sustainable and inclusive world. Engineers, innovators and technologists are the beating heart of the global industrial sector – making amazing happen every day and helping to solve some of the world’s greatest challenges.

There is a significant shortage of digital and engineering skills globally. If industry is to continue to thrive in the future, it’s essential we build skills, grow digital capability and inspire the next generation.

That’s why we are committed to supporting education and building skills, from primary school throughout the academic years and beyond.

We also nurture purpose-driven innovation to develop new technologies that will benefit people and the planet. In support of this, we are fostering activist engineering and community-led innovation projects that are helping to advance sustainability and improve lives.

Supporting the next generation and developing new ideas will help shape a better future for everyone.

CHAMPIONING EDUCATION AND INNOVATION

We are building skills and fostering innovative solutions that improve lives.

BUILDING SKILLS AND FOSTERING INNOVATION WITH 1.5 MILLION YOUNG ENGINEERS AND INNOVATORS
I WANT TO USE MY SKILLS TO SOLVE PROBLEMS AND CHANGE LIVES

We’re supporting 20,000 engineering students globally to participate in the Engineers Without Borders Engineering for People Design Challenge, solving real-world problems and improving lives.
INSPIRING YOUNG ENGINEERS AND INNOVATORS

We’re empowering the next generation of engineers and innovators to develop vital skills and experience. We provide accessible educational technologies, inspirational learning content and immersive skills development opportunities, to help a diverse mix of students embark on an exciting future career in technology and engineering.

OUR 2030 ACTION

Reach one million young people with educational technologies, learning content and skills development to support future engineers and innovators

Current progress

• Providing educational products to help students develop vital STEM and digital skills. Some 200+ universities use RS educational products and c. 400k students are learning to code using OKdo educational products such as Raspberry Pi and micro:bit.

• 5,000 Micro:bits donated to the BBC Do your :bit global challenge to help students from diverse social economic backgrounds around the world, to learn to code

• Global partnership with Engineers Without Borders-International to involve 20,000 students in engineering design challenges that address global issues

• Supported REflect 2021, promoting engineering and technology careers to young people from diverse and low socio-economic backgrounds

• STEM educational resources and skills training for students during the COVID-19 pandemic. This included lesson plans, educational resources such as Okdo Kits for Kids, employability skills and learning challenges.

• Promoting young female engineering talent including supporting GirlCode in South Africa and sponsoring IET’s Young Woman Engineer of the Year

• Received awards and accolades from the Elektra Awards and The Youth Group

Future focus

• Extend the reach of our educational programmes globally
I’M SO PROUD THAT MY COMPANY IS SUPPORTING THE WASHING MACHINE PROJECT

The Washing Machine Project is our first global social partner. We’re bringing together our colleagues, customers and suppliers to support them in helping 100,000 people in need.
SUPPORTING THE WASHING MACHINE PROJECT TO DRIVE INNOVATION AND IMPROVE LIVES

The Washing Machine Project is our first global social partner. We’re bringing together our colleagues, customers and suppliers around the world to support this amazing cause through fundraising, volunteering, donating products and providing space to build the machines.

2030 ACTION

Support our social impact partners to develop solutions that improve lives – including supporting The Washing Machine Project to help 100,000 people in need

Some 70% of the world’s population does not have access to an electric washing machine and many people have to wash their clothes by hand in rivers, lakes and buckets.

Handwashing is predominantly left to women and girls, forcing them to spend up to 20 hours per week on this task causing severe back and joint pain and painful skin irritation, as well as preventing the chance of an education.

The Washing Machine Project has built an affordable, easy to maintain, manual crank washing machine, requiring no electricity, using 50% less water than handwashing and reducing the time spent on this task by 75%.

We are supporting The Washing Machine Project with essential funding, products and expertise to deploy at least 7,500 machines to disadvantaged families and communities in 10 countries over the next three years.

Together, our goal is to improve the lives of 100,000 people by offering them better health, education and economic opportunities.
SUPPORTING NEW IDEAS CAN HELP TO SHAPE THE FUTURE

We’re proud to support innovative developments, such as WITT Energy, which offers a new unique solution in energy harvesting and portable power generation, by utilising six axes of motion.
FOSTERING INNOVATIVE AND SUSTAINABLE SOLUTIONS

As a business with innovation at its core, we are supporting emerging technologies that will provide our customers with future solutions and help shape a better future for all. We will engage 1.5 million engineers and students via our DesignSpark community in activist engineering projects to generate new ideas and solutions. We’re also supporting start-up businesses, who are leading the way in developing new sustainable technologies, to bring their products and solutions to market.

Current progress
• Over 1.1 million DesignSpark members, working on engineering projects
• First activist engineering initiative launching on air quality data capture and monitoring
• Initial wave of pilot sustainable innovation projects in flight with six companies

Future focus
• Grow DesignSpark community to three million members, with 50% membership engagement on sustainable projects and innovation
• Support start-ups and incubators developing sustainable service solutions with design and prototyping services, routes to market and funding access

DesignSpark is a community platform for engineers and students offering projects, forums, design tools and resources. With over 1.1 million members currently, it connects students, hobbyists and people working in start-ups and large businesses to develop innovative solutions.
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EMPOWERING OUR PEOPLE

Why this is important to us
Our diverse team of c. 7,500 people in 32 countries are the lifeblood of our organisation and critical to making amazing happen for a better world.

We’re building an amazing team by investing in attracting, developing and retaining the best people across our industry and beyond.

We’re also striving to build a culture which enables people to reach their full potential and thrive. We are creating a workplace where people feel their views, opinions and talents are valued and respected, where there are opportunities to learn and grow and every door is open to them. We are building a company which keeps people safe and protects their wellbeing while they strive to deliver success.

WORKING TOWARDS 40% OF OUR LEADERS BEING WOMEN AND 25% BEING ETHNICALLY DIVERSE
WE WANT TO INSPIRE AWARENESS, CONVERSATIONS AND ACTIONS AROUND ETHNICITY

Our EmbRACE Employee Resource Group brings together our ethnically diverse communities and allies to drive our approach to being a more ethnically diverse and inclusive company.
BUILDING A DIVERSE AND INCLUSIVE TEAM

We believe having a diverse team and an inclusive workplace will make us a stronger business and contribute to a better world.

We’re focused on attracting and retaining diverse talent, while creating a truly inclusive culture in which everyone can bring their true self to work and thrive.

As part of this, we want to grow the gender and ethnic diversity of our leadership team to ensure we are fully reflective of our customers, suppliers and the communities we serve.

Current progress
- Mandatory inclusion training for all 7,500 colleagues globally
- Four employee inclusion networks – race, gender, LGBTQ+ and wellbeing – host events, campaigns and training
- Campaign for voluntary disclosure of diversity data (where permitted)
- Future working model launched post-COVID-19, offering greater flexibility
- New partnerships with diverse talent agencies

Future focus
- Improve talent acquisition, development and retention to support greater diversity across the business
- Grow gender and ethnic diversity of our leadership community
- Deliver inspiring cultural campaigns, inclusive communications and diversity training
- Improve diversity and inclusion data and insight

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ENSURING ENGAGED AND MOTIVATED COLLEAGUES

We know that having an engaged and motivated team is critical to ensuring a high-performance culture and delivering future success.

A high employee engagement score is one of the best indicators of being an employer of choice and will help us to attract and retain the best talent to support our ongoing business transformation.

Current progress
- Employee engagement score increased from 72 to 74 in 2020/21. On track to reach our target of 77 by 2024/25
- Voluntary annual turnover rate for 2020/21 across the Group was 6.4%, down from 10.1% in 2019/20
- Our focus on wellbeing, inclusion and leadership development has had a sustained positive impact on employee engagement
- In 2020/21 we launched Amazing Leaders, our global leadership framework
- Ongoing development of our talent strategy and Future Shapers programme to identify and accelerate top talent across the business and ensure strong succession planning

Future focus
- Continue to deliver our wellbeing, inclusion, learning and development and Amazing Leaders programmes
- Focus on improvement areas from the global employee engagement score including, promoting greater work-life balance and removing barriers to execution for our people
ENSURING OUR PEOPLE’S HEALTH, SAFETY AND WELLBEING

Our number one priority is the health, safety and wellbeing of our people.

Current progress
- All Accident frequency rate down by 57% to 0.44 / 200,000 hours in 2020/21 from 2017/18
- Health, safety and wellbeing of our people top priority during COVID-19 pandemic. We offered onsite testing in DCs. We provided access to Keepconnectedec.com website for employees and their families as well as customers and suppliers
- Mental health training delivered to over 120 mental health first aiders and 300 people managers

Future focus
- Maintain strong focus on wellbeing and mental and physical health emerging from COVID-19 pandemic
- Welcome our people back to work safely and flexibly as part of our future working model
- Ongoing focus on safety and avoiding all preventable accidents

OUR 2030 ACTION
AIM FOR ZERO ACCIDENTS WITH OUR PEOPLE
VOLUNTEERING

Each of our c. 7,500 colleagues globally have two paid days a year to volunteer their time and skills to help make a difference in their local communities. Volunteering builds engagement, creates a sense of purpose and supports skills development for our people.

Our volunteering programme was launched in April 2021 and since then colleagues across the business have been volunteering their time to make a difference to good causes in their communities.

Colleagues from our Beauvais DC in France recently took part in a community clear up and litter pick. In the UK, 48 colleagues helped to build and package 30 manual washing machines, ready to be sent to The Washing Machine Project’s first pilot programme in Iraq.

OUR 2030 ACTION

INSPIRE OVER 50% OF COLLEAGUES TO VOLUNTEER TO SUPPORT THEIR COMMUNITIES AND BUILD NEW SKILLS
Why it’s important
As we accelerate our business growth, it’s essential we do this responsibly by acting in a compliant, trusted and transparent way.

We have robust governance, ethics and compliance processes in place to maintain high ethical and business standards. We are working hard to ensure ESG metrics are fully embedded in our business strategy, leadership performance and reporting.

Beyond our direct organisation, we work with thousands of supplier partners around the world and we want to collaborate with them to raise ethical and environmental standards across our global supply chain. From sourcing responsibly, to strengthening labour practices and improving environmental standards.

This is important for our supplier partners and also our customers who want ethical supply and quality assurance. We know that by working together as one global value chain, we will drive positive change for people, communities, the planet and our business.

DOING BUSINESS RESPONSIBLY

We are taking action to ensure the highest ethical and environmental standards throughout our business and global value chain.

EMBEDDING ESG OBJECTIVES IN EMPLOYEE REWARDS, SUSTAINABILITY-LINKED LOANS AND SUPPLIER OBJECTIVES

FOR A BETTER WORLD
Electrocomponents 2030 ESG approach
INTEGRATING ESG INTO ALL ASPECTS OF OUR BUSINESS

Strong governance, ethics and compliance practices are inherent in our business model. We are taking further action to integrate ESG across all aspects of our business and continuously raise standards.

Current progress
- The Board has strategic oversight for ESG, led by our Chief Executive Officer, Lindsley Ruth
- New ESG Leadership Committee overseen by the Chief Executive Officer
- ESG criteria and KPIs integrated into strategy and initiative prioritisation, as well as due diligence and integration of acquisitions
- Suite of policies and procedures in place to ensure compliance and ethical standards across our business – see policy library

Future focus
- Global ESG reporting in line with SASB and GRI standards
- New ESG data centre published to enhance transparency and disclosure
- New sustainability-linked loan arrangement with social and environmental criteria

OUR 2030 ACTION
ESG RELATED TARGETS INCLUDED IN OUR EMPLOYEE REWARDS PROGRAMME

FOR A BETTER WORLD
Electrocomponents 2030 ESG approach
CODE OF CONDUCT
- Our code of conduct sets out our business standards and practices for our people and suppliers
- All people manager and senior leaders must review, sign and brief their teams annually
- Board reviews ethics and compliance matters

HUMAN RIGHTS
- Committed to protecting and advancing human rights of employees and supply chain workers
- UN Global Compact signatory. Support the UN Universal Declaration of Human Rights and the International Labour Organisation Core Conventions
- Our modern slavery act transparency statement and our modern slavery policy are on our website
- Targeted modern slavery training delivered to our people in RS PRO, our main own-brand range

WHISTLEBLOWING
- Speak Up, our whistleblowing policy and helpline, for reporting wrongdoing
- Operated globally by a third party, (except Germany, where it is in-house by law)
- Speak Up training and awareness campaigns to encourage use of the facility to report wrongdoing
- Audit Committee reviews reports and actions

ANTI-BRIBERY AND CORRUPTION
- Zero tolerance anti-bribery policy covering bribes, gifts and hospitality, facilitation payments, political contributions and charitable contributions – for our people and partners
- Robust processes, systems and controls embedded throughout our business and supply chain
- Audit Committee reviews reports and actions

ANTI-COMPETITIVE BEHAVIOUR
- Strict anti-competitive behaviour policy to compete fairly and vigorously wherever we do business
- We comply with competition and anti-trust laws in all of the jurisdictions in which we operate and would report any material proceedings as appropriate
- Key competition risks assessed and monitored
- Training programme and templates for relevant business areas
"We recognise that information security is a business issue, not solely a technology-focused one, and equally that it is a fast-moving and constantly evolving area. Our approach reflects this and we are focused on developing a level of continuous vigilance that is both business and customer-focused. There is no such thing as 100% secure and therefore, we follow a pragmatic, risk-based and customer-focused approach that enables us to do the right thing while balancing our need to innovate."

Joseph Da Silva
Chief Information Security Officer

A RISK-BASED APPROACH TO DATA AND INFORMATION SECURITY

Data and information security
- Cyber-security breach / information loss is a principal risk for the Group
- Information Security programme aligned with NIST-CSF and ISO 27001
- Regular testing and continuous monitoring to identify security threats
- Education, awareness and training campaigns for colleagues as the first line of defence and attack
- A compliance toolkit for employees including a data protection chatbot and templates

Future focus
- Suite of robust policies governing data protection
- Mandatory annual data protection training
- Global network of local data champions supported by Group legal team
- Group internal audit and risk team undertake regular assessments
WE’RE PARTNERING WITH OUR SUPPLIERS TO RAISE ETHICAL STANDARDS ACROSS OUR SUPPLY CHAIN

We’re ramping up our responsible sourcing programme. We’ve committed to the UN Global Compact, joined forces with Sedex and enhanced our supplier code of conduct.
TAKING ACTION TO ENSURE A RESPONSIBLE SUPPLY CHAIN

We’re committed to supporting our suppliers to raise social and environmental standards across the supply chain. We’re increasing our risk mapping, screening, due diligence, ongoing monitoring and consequence management with suppliers. We are also working to help improve environmental and labour practices, and ensure the products we sell are free from conflict minerals.

This action is important for our customers, who want to partner with a distributor who shares their values and is committed to raising standards throughout the global value chain.

**Current progress**
- In 2020/21 we became signatories of the United Nations Global Compact
- We’ve introduced an enhanced ethical trading declaration, initially being rolled out to all new and RS PRO suppliers
- We’ve reinforced our ethical audit programme for RS PRO suppliers in Asia Pacific with some 89 audits conducted over the past two years
- We’re partnering with Sedex to improve the visibility of our supply chain, enhance our ethical trading tools and conduct future inspections of high-risk suppliers
- In 2020/21 we were awarded a gold EcoVadis rating demonstrating we are a trusted partner for customers and suppliers

**Future focus**
- Roll out ethical trading declaration and ESG objectives for strategic suppliers
- Undertake a full mapping and risk assessment of our global supply chain
- Increase supplier screening, due diligence, ongoing monitoring and consequence management

2030 ACTION EVALUATE OUR SUPPLIERS AGAINST OUR HIGH ETHICAL AND ENVIRONMENTAL STANDARDS. SET ESG OBJECTIVES FOR STRATEGIC SUPPLIERS.
ENSURING PRODUCT COMPLIANCE

**Conflict minerals**
We are committed to ethical practices and seek to keep our supply chain and products free from conflict minerals.

We endorse and support the objectives of the Responsible Minerals Initiative (RMI).

As a distributor of electrical and mechanical components and related components, we do not design, manufacture or control the content of any products we sell. Therefore we rely upon our manufacturer partners to advise us as to the conflict mineral status of the products we distribute.

We require suppliers to have due diligence processes in place to identify and verify the source of conflict minerals contained in their products. We require them to advise the conflict mineral status of products, by completing a Conflict Minerals Reporting Template on request.

We welcome dialogue from customers on areas of their conflict minerals compliance with which we may be able to support.

**Chemicals of concern and REACH regulations**
We have strict policies around chemicals of concern and controversial products, including forbidding their sale.

We have processes in place to ensure compliance with the EU and UK REACH regulations for chemical products and substances in products.

We have recently implemented a new process for SVHC (Substances of Very High Concern), a new EU regulation which, as a requirement of the Waste Framework Directive, requires registration of products containing SVHCs in each EU market where the Group has a presence. The initial focus of this work is our main own-brand, RS PRO.

Our approach and compliance position is summarised in our Ethical Sourcing Policy.

> Ethical Sourcing Policy
> Commitment to compliance brochure