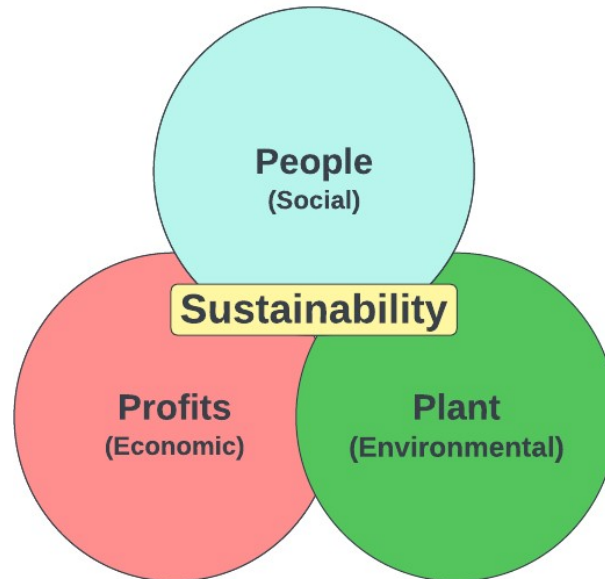


## Introduction to Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) refers to the way businesses regulate themselves to ensure that all their activities positively affect society as a whole. CSR policies aim to guarantee that companies work ethically, considering human rights as well as the social, environmental, and economic impacts of what they do as a business; often referred to as the 3 P's.



Businesses should meet, and aim to improve on, any relevant legislation, and if legislation does not exist in a particular area, should ensure they carry out best practices.

CSR has become an important focus for businesses in all industries. People and businesses alike are making more conscious decisions when it comes to choosing which businesses to work with or support. Customers, clients, investors, and employees want to see businesses prioritising the welfare of their workforces and any other people who might be affected by their operations, either directly as employees or indirectly as part of society and the environment.

Businesses need to meet their primary objective to be successful, however this must not be at the expense of operating in an ethical, responsible manner. Embracing a CSR Culture brings cost savings; for example: -

- staff wellbeing and development; increasing skill levels, engagement and staff retention,
- improved morale and better-quality of work,
- better risk management,
- initiatives to reduce waste, bringing cost savings
- winning business from Customers that value CSR throughout their Supply Chains,
- social media and marketing opportunities to share how the business gives back

Aerco Limited recognises its responsibility and is committed to ensuring that its business undertakings are conducted ethically, that the social impact of Aerco's operations is positive and its negative environmental impact minimised.

Aerco has formulated this within this Code of Conduct to guide employees and communicate this to Customers, Suppliers, and other interested parties.

## 1. Who Are Aerco and What Do We Do?

### 1.1 Company History

Aerco Ltd was formed in 1956 by Bill Laughton. He had been trained as an Aircraft Radio Engineer by the RAF and had been working at Gatwick (before it was the international airport it is now) on various aircraft flown by the early commercial freight and passenger operators working from there.

When he decided he'd rather work for himself he rented a small workshop in Horsham, West Sussex and began taking on similar work for those operators and others and the business flourished and developed from there.

After some years the technologies changed and there was little requirement for that work because all aircraft came with the radio equipment already installed. Bill decided to adapt the business to become a stockist of the kinds of electrical components he had been working with. He developed this idea over years and the business became a franchised distributor of electrical components serving not only the aircraft market but also other equipment manufacturers, notably defence.

As Bill approached the age of 70, he suggested to his son Rob, that he might take an interest in helping to manage Aerco; leaving a career in IT and marketing, Rob was happy to help. His first job was to introduce computers to the operation! A couple of years later he decided that he should take over management of the business and his wife and (then young) family moved to West Sussex.

Now 20 years later, Rob is still engaged at Aerco as managing director, with his wife Fiona, son Harry all involved. Aerco employs about 50 people, and we continue as a stockist and distributor of electrical components, supplying manufacturers and service companies within the aerospace, defence, medical, industrial, rail and transportation markets both in the UK and throughout the world.

Aerco maintains franchised partnerships with world-class manufacturers to make Aerco the ideal partner for Supplier Reduction Programmes. Our product range includes a wide range of electro-mechanical products.

Aerco's long experience enables customers to benefit from the product knowledge we have of components manufactured by franchised suppliers, minimising the effort in product selection for our customers' design engineers.

When Bill Laughton first transformed the business from radio engineering to a component stockist the very business model of "distribution" in the supply chain was a novel idea. Industry is now completely adjusted to the benefits of fast delivery from stock and being able to focus procurement on a small number of nimble suppliers. It has been our concentration on these benefits which has enabled Aerco to continue to provide service to its customers and this continues to be our mantra.

## 1.2 Mission Statement



*Helping manufacturing companies reach their goals  
by supplying technical expertise and components on time.*

## 1.3 Company Values

Aerco has defined its core values below; these are reviewed and subject to change but ultimately remain the backbone to the continued success of the business.

- **Finance** - The company provides excellent financial performance to enable the business to flourish.
- **Customer Relations** - Aerco delivers excellent person-to-person Customer Service to the customers that seek this, and effective and efficient interaction via their computerised interfaces when these are required. The Customer Perception of Aerco is in alignment with the above
- **Supply Chain** - Aerco seeks maximum reliability and responsiveness from our supply chain, which includes our internal Production team. We expect the right product at right price at the right time.
- **Product and Services** - Because Franchised distribution provides greater barriers to competition than brokered sourcing a minimum of 60% of our orders booked value is for Franchised products. Aerco constantly seeks to acquire new profitable franchises and enhance the profitability of existing franchises. Aerco's Franchise suppliers perceive that Aerco adds value to their business as well as ours. The whole market is aware of the products and services available from Aerco
- **Safe and Secure** - The business is safe and secure for employees, shareholders, our customers and suppliers and for the greater community. Potential risks (including H&S, externally caused disaster, accidental or deliberate breach of regulations) are identified, protected against, and mitigated. IT systems deliver reliable and efficient support to our activities and are resilient to attack from outside or internal actions.
- **Teamwork** - As called for in the Mission Statement, Aerco invests in people and training to stimulate and sustain an energetic and enthusiastic atmosphere. Operational procedures are constantly developed to achieve efficient processes. The company delivers on its corporate social responsibility and staff believe that Aerco shares duties and rewards fairly.
- **Compliance & Improvement** – Aerco will endeavour to comply with all relevant legislation, protecting the company and our people and with the requirements of the International and Industry-specific Management System Standards that Aerco holds certification for, Customer approvals and other industry related schemes. We drive the business to identify risks, take the customer's view, review our performance and to set objectives and targets, to improve our efficiency and effectiveness making our business stronger and contributing to making today better than yesterday.

## 1.4 Interested Parties

Aerco have identified persons and, or organisations that can be affected by decisions that Aerco makes or by our activities, including not limited to the below. These are reviewed to ensure alignment of requirements as part of annual Business Planning and determine ongoing strategy and objectives.

- Customers
- Suppliers
- Employees
- Owners/Shareholders
- Neighbours and Local Community
- Regulatory Bodies

## 2. Integrity and Commitment to Compliance

It is a fundamental principle for the ongoing success of our business that Aerco complies with the current laws and legal requirements in the countries that we operate or trade.

Even where an activity is not controlled by law Aerco will, as a minimum, look to adopt best practice from within our own industry, look to market leading organisations (in whatever industry) and what is morally right within society and utilise this within this Code of Conduct to guide our actions.

### 2.1 Corruption

We do not tolerate corruption, bribery, or blackmail: they impede competitive conditions. Gifts made with the intention of influencing business decisions, or which could give the appearance of doing so to obtain some other undue advantages are neither promised, offered, granted requested nor accepted in our business relationships. Nor do we allow these to be promised to us.

### 2.2 Fair Competition

We operate in compliance with national and international competition and anti-trust legislation, and we do not participate in price agreements, sharing markets or collusion in respect of customers, markets, and bids.

### 2.3 Prevention of Money Laundering

Money laundering is the term used for bringing money obtained illegally or from illegally acquired assets into the legal financial and economic system. We comply fully with our legal obligations to prevent money laundering and do not participate in transactions that serve to disguise or integrate criminal or illegally acquired assets.

### 2.4 Protection of Information and Intellectual Property

We protect confidential information and respect intellectual property; transfers of technology and know-how must be made in a way that protects intellectual property rights, customer information, business secrets and information that is not in the public domain. We observe the current laws to protect business secrets and to treat our business partner's confidential information accordingly.

### 2.5 Data Protection

We process, store, and protect personal data in compliance with statutory regulations. Personal data is therefore treated confidentially and only collected for legal purposes in a transparent manner.

We only process personal data if it is protected against loss, modification and unauthorised use or disclosure using appropriate technical and organisational measures.

## 2.6 Export Controls

We undertake to comply with legal standards relevant to export controls issued by the UK Government including but not limited to approval requirements, export embargoes, while shipping and exporting our goods.

## 2.7 Avoidance of Conflicts of Interest

We avoid internal and external conflicts of interest which could legitimately influence business relationships. Where this is not successful, we disclose these conflicts.

## 3. Health and Safety

We protect our employee's health by taking suitable measures in relation to health and safety at work (e.g. in the implementation of a company health and occupational safety management system) that provides appropriate cover in the following: -

- Compliance with current laws and guidance set out relating to health and safety at work.
- Suitable workplace design, safety regulations and provision of suitable personal protective equipment.
- Implementation of preventive checks, emergency measures, incident reporting systems including corrective action and further suitable measures for continuous improvement.
- Provision of adequate welfare facilities, including clean rest rooms to eat and drink away from workstations and clean sanitary facilities for employees
- Provision of adequate training to allow them to conduct their work in a safe manner.

## 4. Remuneration and Hours of Work

Remuneration is based on current laws and, where applicable, current binding collective agreements including the relevant national legislation on minimum wages. Employees are given clear, detailed, and regular information on their remuneration.

We comply with current laws and working standards in respect of the maximum permissible working hours and ensure that: -

- Working time, including overtime does not exceed the relevant legally permissible maximum limits.
- Within the UK, hours worked per week including overtime do not exceed 48 hours per week for persons over 18 (when averaged over 17 weeks), and 40 hours if under 18.
- AERCO do not feel employees 'opting out' of the 48-hour week promotes a healthy home work life balance and so do not promote this option.
- Employees have at a least one full day per calendar week free and a minimum of 11 hours rest between working days.
- Employees shall have one uninterrupted 20-minute rest break, in every 6 hours worked.

## 5. Observance of Human Rights

AERCO are firmly committed to the shared values of Dignity, Fairness, Equality, Respect, and Independence and: -

- Respect the personal dignity, privacy, and personal rights of each individual
- Protect and uphold the right to freedom of speech and freedom of expression
- Do not tolerate unacceptable treatment of employees such as physical and psychological hardship, sexual and personal harassment, or discrimination

## 5.1 Prohibition of Child Labour

We do not tolerate any child labour. We do not employ anyone who cannot prove that they are at least 16 years old, and we require proof of age to be submitted. Aerco will not knowingly use any equipment, product or service that has used any child labour in its production.

Aerco does not consider it exposes any of employees to dangerous work, however, would comply to International Labour Organisation Convention No. 182, by not exposing anyone below the age of 18 to any dangerous activity.

## 5.2 Prohibition of Forced Labour

Forced labour, modern slavery or comparable acts that involve the deprivation of liberty are forbidden. All work must be voluntary, and it must be possible to end the employment relationship.

## 5.3 Freedom of Association and Collective Bargaining

We respect the rights of employees to freedom of association, freedom of assembly and to engage in collective bargaining and pay negotiations.

## 5.4 Promotion of Diversity and Equal Opportunities

As an Equal Opportunities employer, Aerco is committed to eradicating any form of discrimination and treating all people equally regardless of sex, age, origin, religion, sexual orientation, physical appearance, state of health, family circumstances, political opinions, pregnancy status, trade union membership or disability.

Aerco has zero tolerance of threats of violence, abuses, coercion, or corporal punishment or anything that violates the recipient's dignity, including unacceptable language or unwanted attention which creates an intimidating, hostile, degrading, humiliating or offensive environment for the recipient. These are considered to be harassment and violate our commitment to provide a suitable, inclusive workplace.

## 6. Environment, Energy and Climate Protection

Aerco acts in compliance with current legislation applicable to its operations to minimise negative impacts on the environment and to continuously improve our activities in respect of environment and climate protection.

We are working to implement an Environmental Management System, with the aim to achieve certification to ISO14001. Within this framework: -

- Employees are made aware of environmental issues and suitable training is provided.
- Objectives are set, defining, and implementing measures and ensuring continuous improvement of these
- Environmental aspects such as the reduction of CO<sub>2</sub> emissions, increasing energy efficiency, using renewable forms of energy, safeguarding the quality of water and reducing water consumption, safeguarding air quality, encouraging resource efficiency, reducing waste and disposing of waste in the proper way and responsible handling of substances that are dangerous to human health and the environment

## 7. Dealing with Conflict Materials

As a distributor, Aerco exercises care to take measures to promote the traceability of the supply chain but does not manufacture the component products that it supplies and does not have visibility

into the country of origin of the raw materials used within the products, manufactured by its supply chain.

Consequently, whilst Aerco are aware of the Dodds-Frank Act Section 1502, it cannot certify compliance that the products supplied are "DRC conflict free." but will not knowingly purchase products that contain conflict minerals that directly or indirectly finance, or benefit armed groups in the DRC or adjoining countries or abet human rights abuse.

## 8. Supply Chain

We expect our suppliers to comply with the principles of this Code of Conduct or their own comparable versions of the same. Furthermore, we encourage them to implement the criteria in this Code of Conduct in their own supply chains.

We reserve the right to systematically apply this Code of Conduct with our suppliers and to carry out checks as warranted. This may take the form of questionnaires, assessments etc.

Should this cause doubts as to whether this Code of Conduct is being followed, the Supplier will be requested to take suitable measures to counter the cause of concern. If applicable, we will consider removal from the Aerco Approved Supplier's list, resulting in the need to share this information with Aerco's Customers.

## 9. Execution and Implementation

We make suitable and reasonable efforts to continuously implement, document and apply the principles and values in this Code of Conduct. All employees are made aware of what this Code of Conduct contains and receive training on relevant topics as required. Violations of the Code of Conduct are not tolerated and can have consequences under employment law.

### 9.1 Communication

We communicate openly in dialogue with employees, customers, suppliers and other interested parties regarding the requirements of this Code of Conduct and its implementation.

### 9.2 Information on Infringements

Aerco places the upmost importance on any fraud, misconduct or wrongdoing by workers or Directors of the business which potentially causes harm to the interest of the organisation, people, and society. Any such events will be reported and properly dealt with.

UK law provides protection for workers that raise legitimate concerns about specified matters. These are called "qualifying disclosures" which are made in the public interest by a worker who has a reasonable belief that one of the below is being, has been, or is likely to be, committed: -

- a criminal offence
- a miscarriage of justice
- an act creating risk to health and safety
- an act causing damage to the environment
- a breach of any other legal obligation
- concealment of any of the above

Workers who make a protected disclosure have the right not to be dismissed, nor be subjected to any other detriment or victimisation because they have made a disclosure. Thus, Aerco encourages employees to raise any concerns under this procedure and if unsure whether to raise it or not, to discuss the issue with the Managing Director.

## Corporate Social Responsibility - Code of Conduct



Equally, should customers, suppliers or other interested parties outside of Aerco like to pass any information relating to this Code of Conduct's application, then please forward this to the Managing Director at Aerco Limited, Unit 17 Lawson Hunt Industrial Park, Broadbridge Heath, Horsham, West Sussex, RH12 3JR, either directly or anonymously.