



**Simon Boddie**  
Group Finance Director

## NATURE OF THE BUSINESS

Electrocomponents plc is a high service distributor of electronic, electromechanical and wider industrial products. The Group operates in 27 countries and sells to most of the remaining countries of the world via third party distributors. The Group offers a wide range of products to customers who are typically research and development ('R&D') or maintenance engineers in business. A large number of high quality goods are stocked, which are dispatched the same day that the order is received. The average customer order value is generally less than £100 although the range of order values is wide. The number of customer contacts is very large and their product demands diverse. This means that the Group manages tens of thousands of orders each working day.

## PROGRESS ON 3 YEAR PLAN

As explained in the Chief Executive's Review we have continued to make good progress implementing the new strategy announced in May 2005.

## STRENGTHS AND RESOURCES

### Brands

The Group has a number of major brands. The most significant of these is 'RS' which is used all over the world, except in North America, France and Ireland where the 'Allied', 'Radiospares' and 'Radionics' brands are used respectively.

## Customer relationships

We supply nearly 1.5m customers from all industrial sectors. We have relationships with both the end users who utilise our products and also with the companies for whom they work. Our customers are typically R&D and maintenance engineers.

## Supplier relationships

The relationships with our suppliers are an important element in allowing us to maintain high standards of product availability for our customers. We purchase 350,000 products from 2,300 major suppliers throughout the world with increasing focus on global purchasing agreements. Our offer to R&D engineers is valuable to many of our suppliers, who would otherwise find the small order and immediate dispatch requirements of such customers difficult and costly to satisfy.

## Employees

The skills and support from our employees are major assets to the Group. During the year we employed around 5,500 employees worldwide. The geographic spread includes: 1,900 in the UK, 1,300 in Continental Europe, 600 in North America, 800 in Asia Pacific and 900 in the Groupwide processes. Within the Operating companies an increasing proportion of employees are focused on our sales and marketing activities.

## OPERATING PERFORMANCE AND KEY PERFORMANCE INDICATORS

### Operating performance

	2007	2006
Revenue	£877.5m	£828.5m
Gross margin	50.5%	51.5%
Contribution	£192.2m	£183.2m
Group Process costs	(£82.9m)	(£81.9m)
EBS costs	(£19.0m)	(£25.1m)
Headline operating profit	£90.3m	£76.2m
Interest (net)	(£5.9m)	(£3.4m)
Headline profit before tax	£84.4m	£72.8m
Headline earnings per share	12.8p	11.2p
Dividend per share	18.4p	18.4p

## Key performance indicators

	2007	2006
Group revenue growth	9.0%	5.0%
International	14.5%	11.8%
UK	1.9%	(3.0%)
e-Commerce revenue share	28%	25%
Headline Group return on sales	9.6%	8.8%
Headline EBITDA <sup>(1)</sup>	£118.2m	£100.3m
Free cash flow	£45.3m	£26.9m
Headline ROCE <sup>(2)</sup>	20.5%	16.7%
Stock turn (per year)	2.7x	2.5x
Revenue per head (£'000) <sup>(3)</sup>	161	155
Number of customers (millions)	1.5	1.4

<sup>(1)</sup> Headline earnings before interest, tax, depreciation and amortisation

<sup>(2)</sup> Return on capital employed is defined as headline operating profit expressed as a percentage of net assets plus net debt

<sup>(3)</sup> Revenue on a like for like basis (2006 and 2007) adjusting for trading days and foreign exchange

Headline profit before tax has increased by £11.6m [15.9%]. The main areas of improvement were an increase in the contribution of our International business of £10.0m and a reduction in EBS costs by £6.1m. Against this, the UK contribution declined by £1.0m and Process costs and interest costs increased by £1.0m and £2.5m respectively.

Profit before tax was adversely affected by the strengthening of Sterling by ca. £0.9m year on year. Adjusting for this effect headline profit before tax would have grown by 17.2%.

The contribution of our International business has again increased due to a combination of high revenue growth and improved cost leverage. The UK contribution fell slightly despite the revenue growth as operating costs increased, principally as a result of additional operating costs to support the new EBS markets.

EBS costs were reduced following higher costs associated with the UK implementation in the last financial year. Interest costs increased due to the higher level of debt and rising interest rates.

e-Commerce is a key enabler of the strategy. It allows the Group to make a very wide range of products available globally at a lower cost. It also allows rapid new product introductions and price changes. In addition, supplier relationships have been leveraged through brand shops on the web. e-Commerce revenue growth remains strong at 23% and it now represents 28% of

Group revenue, including 57% in Japan and 32% across Europe and the UK. In several operating companies we now take more orders through our e-Commerce channels than by telephone.

Gross profit increased by £17.1m in 2007 with growth in all regions. The Group gross margin reduced by 1% point year on year with different patterns by region.

The UK gross margin was stable throughout the year. The selling price realignment, undertaken over the last few years to improve competitiveness, was largely complete and the gross margin has benefited from reduced product costs, through better buying and rationalisation of the MRD range, as well as greater use of the higher margin RS own brand products.

The International gross margin declined year on year by 1.6% points but with the rate of decline slowing during the year with a decline of 0.3% points first half to second half. The strong growth of our lower, but stable gross margin business in North America, was responsible for a proportion of the full year decline. The underlying gross margin decline was in the European and Asia Pacific regions. In Europe, selling price realignments and the growth of profitable larger order business have impacted gross margins while in Asia Pacific foreign exchange movements have been significant. In the future the European region, the largest region in the International business, will benefit from the completion of the selling price realignment and the full year impact of product cost savings coming through.

Both Operating and Process costs have been reduced as a percentage of revenue due to tight management control and the beneficial scale effect of higher revenue. Actions in the year have realised a further £3.2m of annualised cost reductions comprising headcount savings, catalogue paper savings and the sale of the head office in Oxford, combined with a move to smaller accommodation. The total of annualised cost reductions achieved so far is £7.6m and further actions are planned to deliver the annualised £10m targeted for 2008.

Net debt was £136.2m at 31 March 2007, £15.4m higher than last year with interest cover remaining high. The pension deficit (net of deferred tax) fell by £0.6m to £29.1m.

The reorganisation income of £0.8m comprised costs, relating to the creation of a lower cost infrastructure (£1.1m), and a one-off profit on sale of the head office (£1.9m).

Free cash flow at £45.3m was up £18.4m on last year principally due to higher profits, and the sale of the head office. These improvements were offset, in part, by increased gross capital expenditure associated with the build of the new office and warehouse facilities in our North American business.

#### INTERNATIONAL

	2007	2006
Revenue	£521.3m	£474.9m
Revenue growth	14.5%	11.8%
Gross margin	48.7%	50.3%
Operating costs % of revenue	(30.2%)	(32.1%)
Contribution	£96.3m	£86.3m
% of revenue	18.5%	18.2%

The International business comprises Continental Europe (55% of revenue of the International business), North America (30%) and Asia Pacific (15%). During the year the International business continued to grow and now accounts for 59% of Group revenue and 50% of Group contribution. After adjusting for the £1.9m adverse impact of the strengthening of Sterling, contribution from the International business increased by £11.9m year on year.

Revenue growth increased during the year with all regions growing faster than in 2006.

Operating costs reduced as a percentage of revenue by 1.9% points demonstrating the ongoing operational gearing benefits of higher sales in the region.

#### Continental Europe

	2007	2006
Revenue	£287.5m	£267.9m
Revenue growth	10.1%	8.3%
Contribution	£64.5m	£59.9m
% of revenue	22.4%	22.4%

During the year, the European region maintained strong revenue growth of 10.1%, which was consistent throughout both halves of the year.

This performance was achieved against the backdrop of the preparation for and implementation of EBS in seven out of the eight European businesses: Austria, Benelux, Germany, Ireland, Italy, Scandinavia and Spain. Our French business implemented an upgrade to EBS in September 2006.

The European business continues to implement the strategy. This has included refocusing local sales forces towards the EEM offer with dedicated EEM sales forces being established in France and Germany. The EEM offer has improved with the North American extended range being made available to the majority of the European markets. Our quotations and larger order business, which delivers good margins, has continued to grow in response to the more flexible approach we have taken with our customers.

The level of best practice sharing and focus on key supplier initiatives across businesses has been increased.

#### North America

	2007	2006
Revenue	£157.2m	£137.5m
Revenue growth	21.8%	18.0%
Contribution	£23.4m	£19.2m
% of revenue	14.9%	14.0%

Allied, our North American business, increased its revenue growth during the year. This is the third consecutive year of growth at around 20%. Contribution grew to 14.9% of revenue, due to strong revenue growth, limited cost increases and a stable gross margin.

The business has continued to pursue its proven sales growth strategy. This has involved the strengthening of the field sales team

throughout the business's 55 local branches. Allied's close relationships with its suppliers is another key strength, with joint promotion programmes and suppliers often accompanying Allied staff on customer visits. In addition, customer service and stock turn have improved during the year.

The development of the new warehouse and office in Fort Worth is proceeding according to plan. The new office move is now complete and the warehouse move is planned in the middle of the next financial year. Move costs of around £1m are expected to be incurred in the next financial year.

### Asia Pacific

	2007	2006
Revenue	£76.6m	£69.5m
Revenue growth	17.3%	14.5%
Contribution	£8.4m	£7.2m
% revenue	11.0%	10.4%

Asia Pacific also accelerated its revenue growth from 2006. All regions grew significantly including North Asia (19%), South Asia (38%), Australasia (8%) and Japan (15%). We have strengthened the senior management across the region.

In China, the business started implementing its plan to accelerate its revenue growth. The business recently launched its fifth Chinese language catalogue with 50,000 locally stocked products and another 100,000 extended range products from Japan and North America available via the web. The sales force and number of local sales offices have been increased and there are now nearly 300 employees involved in sales and marketing in China. The revenue investment by the Group on this initiative in the financial year was around £1.3m.

South Asia's strong growth was due to the successful customer acquisition programme and the contribution from the new Thailand sales office, which started trading during the year.

Both Australasia and Japan continued to grow strongly during the year. e-Commerce now represents some 57% of Japan's revenue.

### UK

	2007	2006
Revenue	£356.2m	£353.6m
Revenue growth	1.9%	(3.0%)
Gross margin	53.3%	53.0%
Operating cost % of revenue	(26.4%)	(25.6%)
Contribution	£95.9m	£96.9m
% of revenue	26.9%	27.4%

The UK returned to revenue growth with the strategy delivering results. The full year growth of 1.9% was 4.9% points higher than last year. Growth improved during the year from around 1% in the first half to nearly 3% in the second half.

The business benefited from the improvement in the UK manufacturing economy and the implementation of the strategy. There has been increased sales focus with the sales force realignment to the two customer offers of EEM and MRD, the growth in larger order business at good margins and continued large account wins.

e-Commerce grew significantly and accounted for 32% of the UK business's revenue. The internet trading channel has continued to be upgraded with additional functionality being created to support our EEM customers.

This was the first full year for the UK on the EBS platform and while certain operational costs have increased post go-live, there has been a focus on realising the benefits of the system. The system facilitates the use of targeted technology-based discounts which have increased sales. In addition, an ongoing continuous improvement culture is being used to drive enhanced customer service and greater efficiency in the business.

### EBS

	2007	2006
Depreciation and amortisation	£10.7m	£6.8m
Project and local business cost	£8.3m	£18.3m
Total	£19.0m	£25.1m
Cash outflow	£16.0m	£38.0m

The roll out of EBS in Europe is now complete. By the year end, a single integrated regional system supported our businesses in Austria, France, Germany, Italy and the UK. The final

element of the European roll out was completed in May 2007, with the businesses in Benelux, Ireland, Scandinavia and Spain migrating to the EBS platform. During their first few months post implementation these businesses are being supported by teams from the rest of the Group with previous EBS expertise.

The benefits of an integrated system are starting to be realised. While there are some higher operating costs initially after implementation of the new system, the costs are expected to be lower in the medium term. This was the pattern experienced in France after its implementation in June 2003. In 2007, the UK benefited from the additional flexibility of technology-based customer discounts which have helped drive its sales growth. In the future, we expect increased stock turn in Europe due to the improved stock visibility and regional demand planning.

The EBS implementation in our Asian operations was virtually completed during the year, with the Chinese sales offices being brought onto the system. The timing of the roll out of EBS into our North American business will be determined after the completion of the local warehouse move.

The EBS costs have reduced by £6m year on year to £19m. This is as a result of the lower implementation costs (£10m) following the high prior year costs as a result of the UK implementation, offset in part by the higher depreciation (£4m) as the asset has now been in use for a full year. The cash outflow has reduced by £22m year on year principally due to the lower implementation costs (£10m) and the prior year safety stock, associated with the UK implementation, coming out in this financial year (£14m).

In the next financial year the total EBS costs, including depreciation, implementation costs, and system development costs incurred post implementation, are expected to be slightly lower than in 2007. As there have been implementation costs incurred in early 2008, the depreciation and implementation costs will

continue to be disclosed as EBS costs. The costs of developing the system post implementation to drive the strategy and benefits will be included with the other information system costs and disclosed within Process costs. As in prior years the depreciation and implementation costs will be disclosed as EBS costs. From 2009 it is anticipated that the EBS costs will not be separately disclosed and the ongoing EBS depreciation costs will be included within Process costs.

## PROCESSES

	2007	2006
Process costs	£82.9m	£81.9m
Process costs % of revenue	9.4%	9.9%

The Processes support our operating companies by ensuring that they have the products, infrastructure and expertise to provide consistently high service levels around the world. The costs have reduced year on year as a percentage of revenue even after allowing for the £3.1m one off Information Systems costs incurred last year.

## Information Systems

The role of Information Systems is to support and develop the enterprise system applications that are required by the business.

The recent focus has been on consolidating the operations of the businesses on the EBS platform. Other activities have included completing the global technology refresh of desktop hardware, software and email infrastructure. The ongoing move of core applications to our data centres has also strengthened our disaster recovery capabilities.

## Supply Chain

The Supply Chain Process is responsible for all the logistics surrounding product supply and the management of stock levels.

The dual objectives have been to maintain high levels of customer service whilst also starting to exploit the regional planning capabilities provided by EBS. This has now started, evidenced by the improvement in stock turn from 2.5 to 2.7 times.

## Product Management

The role of Product Management is to manage the selection and purchase of some 350,000 distinct products around the world.

During the year, Product Management strengthened relationships with key EEM and PCA suppliers. This has led to more joint initiatives, focusing on product range development, marketing and web promotions across all geographies. Examples extend to suppliers where their European customers, who wish to buy small volumes of certain products, are directed to our local operating companies for fulfilment.

## Media Publishing

The Media Publishing Process is responsible for the design and production of the Group's publications and associated content for e-Commerce.

Further strides have been made by Media Publishing to reduce costs particularly in the print and paper costs of our catalogues whilst maintaining their quality.

## Headline profit before tax

up **15.9%**

## CAPITAL STRUCTURE

Net debt of £136.2m comprised gross borrowings of £155.3m (currency split: £52.6m in US Dollars, £40.5m in Euros, £31.9m in Japanese Yen, £10.3m in Sterling and the balance of £20.0m in other currencies), and financial assets of £19.1m (currency split: £1.9m in Sterling, £13.3m in Euros and the balance of £3.9m in other currencies). This currency mix is due to the hedging of translation exposure, interest differentials and tax efficiency. The peak net borrowing during the year was £179m. In addition the pension deficit (net of associated deferred tax) was £29.1m at 31 March 2007.

The Group's main sources of debt are a syndicated facility for \$120m and £110m from nine banks and a syndicated facility for £63.5m from three banks, both maturing in February 2010. At 31 March 2007, the Group also had a bilateral facility for \$100m in place which was terminated in early April 2007.

## TAXATION

The Group's effective tax rate is 34% of profit before tax which represents a 1% point increase from the prior year due to the increasing proportion of Group profits realised in higher tax countries outside the UK. This rate includes the effect of a significant, and ongoing, increase in the deferred tax liability due to the tax amortisation of overseas goodwill. The deferred tax liability is not expected to crystallise in the foreseeable future. This, together with the differing timing of payments, causes a discrepancy between the effective tax rate of 34% and the cash tax rate, of 26% of profit before tax.

## PENSION

The Group has defined benefit schemes in the UK, Ireland and Germany. All these schemes are now closed to new entrants. Elsewhere (including the replacement schemes in the UK and Ireland) the schemes are defined contribution.

Under IAS 19 the combined deficit of the defined benefit schemes was £38.7m at 31 March 2007.

The most recent valuation of the UK defined benefit scheme was carried out as at 31 March 2007. This disclosed a gross deficit of £31.9m. To eliminate the deficit, based on the assumptions used in the valuation as at 31 March 2004, the Group will make additional annual payments to the scheme for the next 12 years (2007: £4.5m and increasing at 3% per year).

## RISKS

Electrocomponents has an established risk assessment and management process that provides regular reports to the Board and the

Executive Committee on the principle risks and uncertainties facing the business, and on progress with their control and mitigation.

It is a key element of our management strategy to respond to the risks identified and to the challenges they present.

We have summarised our most significant risks as follows:

### Group Strategy

Considerable progress has been made on the implementation of the Group's strategy as outlined in the Group Chief Executive's Report and the Business Review. The most significant risk to the Group strategy is that it does not deliver the anticipated results.

The risk is being responded to in many ways, focusing on the development of the EEM and MRO ranges, supported by robust customer research and dedicated sales teams to ensure the relevance and competitiveness of the offers in meeting customer needs. The effectiveness of these actions are closely monitored and assessed for their contribution to the success of the strategy.

### Pricing

We operate in highly competitive and innovative markets worldwide. To be successful we must continue to improve value for money rating through market pricing, high service and effective customer communication. The risk is that we do not maintain our service differential or price positioning with our competitors, and that we fail to communicate with our customers effectively.

To address the risk we closely monitor market developments and competitor pricing, and assess the potential these may have to influence the market. We have robust market pricing frameworks in place to respond quickly and decisively to these risks, with continuing activities to refine, improve and effectively communicate our service offer in each of our markets.

### People

The successful implementation of our Strategy is ultimately dependent on the

expertise, commitment and strong support of our employees. Developing the appropriate skills and a high performing, supportive organisational culture are therefore key ongoing challenges.

To ensure individuals have a clear understanding of their contribution to the Group Strategy, personal objectives and rewards are being aligned with Group Strategy delivery to ensure there is successful operational implementation. We continue to enhance technical skills by the development of internal competencies and to supplement these by adding new expertise through external appointments.

Our values and culture activities continue to be promoted throughout the Group emphasising the positive attributes of speed, flexibility and customer service. These values are embedded into the UK organisation by 'continuous improvement' workshops where employee teams are encouraged to identify, develop and implement process improvements to promote customer satisfaction and process efficiency.

### IT and Communication Systems

We are heavily dependent on our data processing and communications systems to support our worldwide distribution businesses. The completion of our EBS systems implementation in Europe, and the systems upgrade in our Asian businesses have substantially replaced our 'Legacy' data processing systems and has significantly improved the Group's risk profile.

The introduction of an integrated data network and infrastructure does, however, introduce new risks of region-wide dependencies on common systems solutions.

We have made significant investments in resilient systems infrastructure, systems knowledge and region-wide disaster recovery provision. New Incident Management processes and updated business continuity arrangements have been introduced to support our business units should systems disruption occur. These processes are subject to ongoing testing and review with sharing of experiences and solutions.

As we build our experience of operating in the new systems environment we are confident that this risk will be progressively mitigated.

### Summary

The identification, assessment and control of these risks are an integral part of the management of the business, and we believe we have made significant and positive improvements over the past 12 months.

### CORPORATE RESPONSIBILITY

Corporate Responsibility (CR) is part of our business philosophy and we have established a set of CR principles both to guide our trading practices and to set ethical standards for our management processes. Electrocomponents is a member of the FTSE4Good index and we participate in the Carbon Disclosure Project.

Our CR procedures and processes form part of our established procedures for the identification, management and control of risk to the business. Our CR principles are communicated to all employees in our Group Policy Manual and in induction and other training courses. We support independently managed procedures for the confidential reporting of breaches of these principles.

The General Managers of each business have operational responsibility and, in practice, all employees are responsible for ensuring that our CR policies are implemented and for identifying opportunities for further development.

### Ethical Trading

As we develop and expand our product range and supplier base, we ensure that all new and existing direct suppliers are aware of our corporate responsibility principles and undergo a process of assessment and, where appropriate, audit based on Ethical Trade Initiative (ETI) guidelines.

To date we have conducted ethical audits at 64 direct suppliers in countries of concern as defined by the ETI. These suppliers are audited on a three year cycle. If suppliers are unable to satisfactorily address matters raised in an audit assessment they will be rejected.

## Health and Safety

Our Group-wide health and safety management processes are based on the application of risk management techniques and on the Occupational Health and Safety Management Standard OHSAS18001. We use Group-wide metrics to monitor performance, with quarterly summaries to the Executive Committee and an annual Board review.

### Health and Safety KPIs

	2007	2006
All accidents per 100,000 hours worked	3.39	3.92
Lost time accidents* per 100,000 hours worked	0.33	0.43

\* Lost time accidents are those where the employee is off work for at least 24 hours

In 2007, 33 lost time accidents were reported (2006: 43). Underlying accident trends reflect this improvement with the total number of accidents including lost time accidents, per 100,000 hours worked, also down on 2006. The working time lost due to accident or occupational ill health conditions for the year to 31 March 2007 was 0.3 days per 1,000 days worked.

Manual handling activities, and slips, trips and falls accidents continue to be the most frequent cause of accidents. These areas will be the focus of continuing accident reduction initiatives in 2007 including targeted investments in process improvements, employee training and workplace inspection processes.

The Group health and safety objectives for 2008 will continue to focus on accident reduction together with the development of safety auditing and external benchmarking.

## Environment

Our business activities are concerned with distribution, and as such we are not an intensive user of energy or generator of large amounts of waste. We are committed to minimising the impact of our activities on the environment, which we measure by calendar year. Our primary environmental impacts are carbon emissions due to the use of energy in our facilities, the generation of waste and water usage which are

analysed below. Currently 53% of our staff are employed in ISO14001 Environmental Management Standard certified operations.

During 2006 our environmental performance was influenced by a period of significant business activity with high growth, and major Group projects including EBS rollout, the global technology refresh and the US warehouse build.

Energy intensity at our premises (i.e. indexed to Group turnover) was reduced by some five per cent. Freight transport emissions indexed to turnover rose slightly in the year however, reflecting business growth and more shipments from the UK warehouses into Europe and Asia. The completion of the EBS systems integration project in Europe will reduce dependence on the UK warehouses for European order fulfilment. Major Group projects also contributed to an increase in business travel in 2006 over 2005.

A number of initiatives are underway to improve performance, with more business units now sourcing electricity generated from renewable sources compared to 2005, although this remains low as a percentage of total electricity purchases. Our investigations into renewable sources of energy for the UK warehouses continue. The programme to replace 'Legacy' computer equipment across the Group with flat screen technology has now been completed.

### Emissions KPIs

	Total Emissions (Tonnes CO <sub>2</sub> )		Total Emissions (Tonnes CO <sub>2</sub> ) per £m Turnover	
	2006	2005	2006	2005
Premises Energy Use*#	19,945	19,290	22.7	22.3
Freight Transport**	10,759	9,594	12.3	11.6

\* includes CO<sub>2</sub> due to electricity (constant CO<sub>2</sub> factor for all countries/states), natural gas and fuel oil use

\*\* based on supplier estimates, subject to approximations

# 2005 data amended to correct under reporting on gas emissions

The total quantity of waste generated by our business activities increased during 2006 reflecting both international growth and also the routine large scale purchase of materials such as pallets as part of periodic replacement programmes.

Our catalogues continue to use optimised grades of paper to reduce paper consumption and where practicable distribution costs. All pulp is obtained from Forestry Stewardship Council (FSC) or Sustainable Forestry Initiative (SFI) approved sources. Catalogues and other promotional literature are printed in facilities accredited to the ISO14001 standard as a minimum, whilst two thirds of catalogues and all CDs are produced in EMAS (Eco-Management and Audit System) and 'Nordic Swan' accredited facilities.

### Waste KPIs

	Total Waste (Tonnes)		Total Waste (Tonnes) per £m Turnover	
	2006	2005	2006	2005
Total Waste	2,507	1,947	2.9	2.4
Waste reused /recycled	1,812	1,401	2.1	1.7

A small reduction in water consumption was recorded for 2006 over 2005, with the main European businesses in particular reporting reductions in overall water usage rates.

### Water KPIs

	Total Water Consumption (m <sup>3</sup> )		[m <sup>3</sup> ] Water Consumption per employee	
	2006	2005	2006	2005
Total Water Use	40,972	41,900	6.9	7.2

Employee involvement has been encouraged with the launch of the 'Bright Ideas' initiative sponsored by the Group Chief Executive, where employees contribute their ideas on business improvement. Environmental suggestions featured strongly in the feedback and a number are being investigated for adoption.

### Verification

Electrocomponents evaluates its CR policies and performance as part of its risk management and internal audit processes and those locations accredited to ISO14001 and OHSAS18001 have periodic external audits. We have considered external verification of the Group's CR performance, but have decided to limit this to external professional advice on specific matters as required.