

CONFLICT MATERIALS POLICY

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Conflict Materials Policy

Conflict Materials refers to minerals mined in conditions of armed conflict and human right abuses and which are sold or traded by armed groups.

For some years this has been a particular problem in the Democratic Republic of the Congo (DRC) and adjoining countries where the mineral wealth is enormous and the revenues generated from these may be directly financing armed groups engaged in civil war.

Conflict minerals in the eastern DRC are generally defined (including in US legislation and the Organisation for Economic Cooperation and Development OECD due diligence guidance for responsible mineral supply chains) as cassiterite (tin), coltan (tantalum), wolframite (tungsten) and gold, or derivatives of these minerals.

Companies at the 'downstream' stage of the supply chain (i.e. from smelter to end user), are at risk of using conflict minerals in manufacturing products, including in the electronics, automotive, aerospace, defence, software, pharmaceutical and other industries.

As a distributor, Aerco promotes 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 in the products manufactured by its supply chain. As a result, Aerco cannot fully certify whether the products supplied are "DRC conflict free." Component information can only be obtained directly from the component manufacturer subject to their disclosure.

Consequently, whilst Aerco are aware of the Dodd-Frank Act Section 1502, it cannot certify compliance 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. Aerco flows down this expectation to its Suppliers to follow this example to only source minerals and components from responsible sources.

As guided by the UK Government, Aerco encourages its suppliers whose supply chains involve any of the conflict minerals listed above to implement the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. This Guidance provides management recommendations for global responsible supply chains of minerals to help companies to respect human rights and avoid contributing to conflict through their mineral or metal purchasing decisions and practices.