

arco®
in the
community
2006-2007



Welcome to the second *Arco in the Community Report*. Since last year, we have made significant progress with a number of the programmes that we talked about in the 2006 report and introduced some exciting new ones.

We believe strongly that business can be a force for good and at the same time, achieve its commercial goals. This belief underpins our approach to our role in the community – be it local to our home town of Hull, in the communities that surround our ever-expanding branch network across the UK, or internationally where we take our approach to those involved in our supply chain and those in the communities from which they are drawn, so seriously.

Our people live out our community values every day and their enthusiasm and generosity continues to be a great source of pride for us.

This year's report is a celebration of their achievements as much as a recognition of all that the business has contributed.

Jo Martin and Thomas Martin
Joint Managing Directors

Objectives

As a reminder, our community objectives are:

- To make a positive contribution to the communities in which we operate
- To support our people in the things that matter to them
- To uphold our core values – Respect for People, Excellence in Reputation and Hard Work and Enterprise

The Arco Charity Committee

Much of the charity and community work is overseen by the Arco Charity Committee. This year, David Corp retired from Arco and his contribution to the Committee will be greatly missed.

We were delighted to welcome Ian Jeffrey, from Sales Development, and Danny Hobson, from Business Process, to the team.

The Charity Committee has a budget to support Arco people who take part in their chosen charity or community projects and we will match the funds raised up to a £300 limit.

a celebration[®] of achievement





Our communities include all those where we are represented as a business: Hull, home to our Head Office and National Distribution Centre, the communities surrounding our 33-strong branch network and China, where we have a procurement office. Every one of these is important to us as our people are drawn from these communities.

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support
for our communities

Live Music Now! (LMN!)

Live Music Now!, founded in 1977 by the late Yehudi Menuhin, sets out to fulfil two aims:

- To make high quality live music widely accessible
- To promote standards of excellence in young musicians and music leaders.

During the year, we supported 20 concerts in homes for the elderly in the North West and South East regions. Over the four years we have been involved with LMN!, we have sponsored concerts across the UK, with Arco people in attendance at all.

"It was truly humbling to watch people's reactions and to witness the sheer joy that one hour's music brought into their lives."

Lisa Smithson, Blaydon at a Live Music Now! event at Ryton Towers Care Home, Gateshead

North Reddish Shooters

Our Trafford Park branch now sponsors local youth basketball team the North Reddish Shooters and has provided team members with a smart new kit.

Decorum Borough Council

Our Watford branch recently supported Decorum Borough Council's 'Spring Clean & Fun Day'. Armed with plenty of Arco gloves, bags and 'litter pickers', Account Manager Jon Legg helped residents and council workers to collect rubbish in the local area.

80

Live Music Now! concerts sponsored by Arco have taken place over the last four years.

200

charities supported by Arco during the 12 months to June 2008.

Humberside Police Lifestyle Project

Once again, we were very pleased to sponsor the Humberside Police Lifestyle Awards ceremony in 2006 – our fourth year of support to the programme. The Lifestyle Project recognises and rewards young people involved in initiatives to improve their local communities.

We would like to extend our congratulations to the Healing Pool Savers for their fantastic winning project. For two years, the outdoor pool at Healing Primary School had been closed; the pool was full of stagnant water and the changing rooms had been vandalised. The team enlisted the help of parents, grandparents and local businesses to renovate and then re-open the swimming pool.

We also continued with our support for the Humberside Police Lifestyle Rock Challenge, which encourages youngsters to achieve a natural high through music performances.

5,000

schoolchildren take part in the Humberside Lifestyle Project, every year.

Project Hope

Our commitment to the Chinese community is as important as that to our local communities in the UK.

Last year, we invested in libraries in three schools in Xinjiang – the home province of the manager of our China office.

This year, we made a further investment in the same three schools, fitting out a room in each with computer equipment to assist with learning.

“We are grateful for Arco to donate library and video room to our school, which means the children here can access the outside worlds via these facilities provided.”

Mr. Cheng, Director, Chartleke town school

“Absolutely, you did the right thing to help children in countryside. We appreciate your donation to Turpan area as you are the second foreign company to donate here. We can feel strongly the good enterprise culture and social responsibility of Arco.”

Ms. He, Chief Secretary, Xinjiang Youth Foundation



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arco [®] involving our people

One of our key objectives is to support our people in the things that matter to them – so encouraging them to participate during company time makes perfect sense. Volunteering also helps our people develop skills that are valuable to the business. So it's a win-win.

Yorkshire Wildlife Trust (YWT)

During the year, we established a successful partnership with the YWT by getting teams of Arco people involved in environmental projects, such as scrub clearing and path maintenance. This makes a great link between our Employee Volunteering Policy and our desire to help the environment.

"It is very encouraging that Arco's forward thinking approach to environmental issues is translated into positive action on the ground, enabling employees to undertake practical conservation work during office hours."

Katherine O'Brien, Development Officer, YWT

Wallasey Young People's Project

Kevin Williams of our Ellesmere Port branch answered a call from Wirral Council to supply respiratory safety equipment and training for disadvantaged teenagers keen to decorate a new skate area.

"Graffiti art is a subculture within youth society and this provided an outlet to do it in a legitimate way. Without Kevin and Arco, this project would have been impossible."

Michael Holbrook, Neighbourhood Youth Worker

Macmillan Cancer Support

Once again, we took part in Macmillan's World's Largest Coffee Morning event, in September 2006. Thanks to the generosity of Arco's people across the business and the support of many of our vendor partners, we raised a significant amount of money – fund matched by the Charity Committee.

Multiple Sclerosis Society

Members of our Aberdeen branch went ten-pin bowling to raise money for the Lord Provost's Charitable Trust. They helped to raise £4,000 for the Multiple Sclerosis Society – enough to buy a brand new minibus!

"As a daily dog walker, I would like to thank and congratulate the group of Arco volunteers and helpers who were working on the King George V Park walk...It was so nice to see such a cheerful group working to improve an area, and making an important wildlife statement."

A member of the public

£10,000

raised for Macmillan by Arco people, Arco supplier partners and the Arco Charity Committee.

250

hours of volunteering provided to the Yorkshire Wildlife Trust over the last 12 months.

2

days paid leave per annum given to every member of staff for volunteering with charity or community projects of their choice.



Hull Children's University

The Children's University (CU) is an out-of-school hours literacy programme for primary school pupils aged 7-11 and Year 7 pupils in secondary school.

The Hull CU mission is to give students the best possible start in life by creating an environment in which school children can learn about a subject in a way that helps them achieve more and improves their self esteem and confidence.

Key to this programme are mentors from businesses such as Arco, who support the pupils through the out-of-school-hours sessions. During 2006, we developed our own four-week course called 'The Arco Experience', which shares what Arco does. In particular, it shows what our commitment to trading ethically actually means for our suppliers by demonstrating how we can use our buying power in a positive way.

"It was brilliant. For instance, on that first visit, we were told a bit about the company and then these people showed us all they sell and let us try on the masks and gloves and boots and helmets. When we left, they gave us each a hard hat. Wow! Cool!"

Student, Children's University

"It's just fantastic to do something for local children. Helping them out with reading, writing and spelling – and building their confidence at the same time – is just a wonderful feeling."

Jo Straw, Arco Materials Planner

300

hours of mentoring provided by Arco people to school children in the Hull area through our partnership with the Children's University.

£1,700

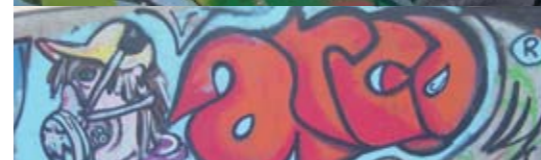
given every month by Arco people to charity, through Give As You Earn.

Lock Up Your Boss

The sight of Joint Managing Director Thomas Martin spending a day behind bars encouraged our people and suppliers to raise over £4,000 for Hull's Dove House Hospice.

Give As You Earn

Another way we support personal commitment is through the Give As You Earn (GAYE) scheme. Charity contributions are deducted from pay before it's taxed, and Arco covers the administration charge – meaning donations go much further.



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involving
our people



Our company values mean that we are committed to ensuring responsible practice is embedded throughout the business.

arco responsible business practice

English for Speakers of Other Languages (ESOL)

We have introduced ESOL training for our people at our National Distribution Centre in Hull. This approach has a number of benefits. Those for whom English is not their first language are able to be more effective members of the Arco team because their communication skills are enhanced. We can ensure they understand and comply with our health and safety policies. The training also enables them to make a greater contribution to the community at large.

“I’m very satisfied that I could attend ESOL training at Arco. Thanks to our teacher, lessons were very helpful and interesting. Thanks to this course, I feel more confident and it is easier for me to communicate with my colleagues.”

Joanna Szafarczyk, National Distribution Centre

Code of Conduct

Everyone in Arco will be trained this year in our Code of Conduct. This sets out the principles underpinning the way we do business and how this translates into responsible business practice for all Arco people.

Business in the Community (BITC)

For the third year running we have qualified for BITC’s PerCent Club, which recognises those businesses contributing one per cent or more of pre-tax profits to the community.

320

hours of English language training provided to those who do not speak it as a first language, at our National Distribution Centre.

30

ethical audits carried out over the last 12 months.

Ethical sourcing

In China, where we source a number of products, we set out from the start to be fair and ethical with a view to producing a sustainable supply chain and one which provides the highest ethical and health and safety standards for employees in the factories there.

We carry out ethical audits – focusing on improving working conditions and enforcing health and safety policies – on all new factories and twice a year on existing ones.

Our *Ethical Guide for Vendors* is translated into Mandarin so that all our vendors can understand the standards for which we are aiming.

The environment

Our commitment to improving the way we work with the environment remains the centrepiece of our approach to responsible business practice. We've retained our ISO 14001 accreditation at our Hull sites and achieved a top quartile result in Business in the Community's Yorkshire and Humber Environment Index.

At our National Distribution Centre site in Hull, we have created a nature reserve that is now home to a diverse range of species.

Wilberforce 2007

In March 2007, it was 200 years since the Abolition of the Slave Trade Act, which transformed the face of world history. William Wilberforce, son of Hull, led the long and arduous campaign against the trade, which resulted in the Abolition Bill in 1807.

Our support for the Wilberforce 2007 celebrations kicked off by us flying the 'Fight for Freedom Flag' at our head office and linking our website to that of Wilberforce 2007. We are also helping to put together the Arco Global Citizenship module.

In addition, we're sponsoring the warm up race to the 2007/2008 Clipper Round the World Yacht Race and sponsoring the Wilberforce 2007 album – *One Dream, One Heart, One Song*. For more information visit www.wilberforce2007.co.uk

Recycling electrical equipment

When we dispose of unwanted computers and electrical equipment, we ensure that local schools, charities and voluntary organisations benefit. During the last 12 months, 52 monitors, 28 printers, 49 PCs and 44 keyboards and mice were collected by Refurbit, part of Hull City Council, for delivery to beneficiaries.

73%

of packaging waste at the National Distribution Centre is sent for recycling.

arco
responsible
business practice





Aberdeen Air Training Corps
 Aberdeen Students Association
 Addenbrookes Hospital Radio
 Adelaide Primary School
 Afghan Action
 Air Ambulance
 Air Cadets 439 Squadron
 Alzheimers Society
 Ardencaple Boys Club
 Asthma UK
 Association of Children's Hospices
 Avonmouth Aged Peoples Fund
 Babadogo School Charity Ball
 Blaydon Rugby Club Youth Section
 Bobby Moore Fund
 Boy's Brigade
 Braunstone Community Association
 BREAK
 Breast Cancer Care
 Breast Cancer Centre, Castle Hill Hospital
 British Heart Foundation
 Bubble Appeal
 Bury St Edmunds Hospice
 Butterwick Hospice
 Cadley FC childrens football team
 Cancer Research UK
 Carers' Centre, Hull
 CASE
 Castlemilk Community Time Bank
 Cat & Kitten Rescue
 Cerebral Palsy Sport
 Charleston School PTA
 Child Protection UK
 Childflight
 Children in Need
 Children North East
 Children's Hospice Association Scotland
 Children's Safety Education Foundation
 Children's Theatre Boness
 Children's University
 Chislehurst District Scouts

CityBuilding LLP - HIV Clinic, Malawi
 Claire House Hospice
 Comic Relief
 Cove Community
 Cramlington Juniors Football Club
 Cwmbran Boys Club
 Cystic Fibrosis Trust
 Danish Seaman's Church
 Dealburn Primary School
 Demelza House Children's Hospice
 Derian House
 Diabetes UK
 Dove House Hospice
 Duke of Lancaster's Regiment
 Eden Valley Hospice
 Exel Foundation
 Exhall Grange School
 Fairbridge Teesside
 Faith in Education
 Football Aid
 For the Kids
 Frederick Holmes School
 Friends of Chernobyl
 Garnock Rugby Club
 Gateshead Youth Council
 Genesis Appeal
 Grampian Fire & Rescue
 Grangetown Vocational Centre
 Great North Air Ambulance
 Great Ormond Street Hospital
 Children's Charity
 Greenwood Academy
 Gurkha Welfare
 Hartlepool & District Hospice
 Have a Heart Appeal
 Hearing Dogs for Deaf People
 Help a South Wales Child
 Henshaws Society for Blind People
 Hilda Park Football Club
 Hillingdon Partnership Trust
 Hilton Community Gala

Hope House Hospice
 Hospice of the Good Shepherd
 Housing 21
 Hull College
 Hull Homeless & Rootless
 Hull in Bloom
 Humberside Youth Association
 Inland Waterways Association
 Jack Godfrey Honeylands Support Fund
 Jeans for Genes
 Juvenile Diabetes Research Foundation
 Kid Alert
 Leaves of Hope
 Leonard Cheshire Foundation
 Leukaemia Research
 Leyland Trucks Helping Hands
 Lifestyle Project
 Lifestyle Rock Challenge
 Linlithgow Bridge Primary School
 Live Music Now!
 Loirston Community Learning Centre
 Lord Mayor's Carol Concert -
 Sea Cadets & Danish Seamen's Church
 Loudoun Sports Centre
 Luston School Kids Club
 Lymphoma Association
 Macmillan
 Maggie's Cancer Caring Centre
 Make a Wish Foundation
 Marie Curie
 Martin House Hospice
 Mayor of Seaham's Charity Ball
 Mencap
 Meningitis Trust
 Mi King Boxing Club
 MIND
 Minster College Rugby Tour
 Momentum
 MS Society
 Multiple Sclerosis Society
 National Autistic Society
 National Children's Home
 Newlife Regenerator
 Northern Ireland Children's Hospice
 Northern Ireland Transplant Team
 No Limits Disabled Children's Sports Club
 North East Children's Cancer Research
 North Shields Under 13 Football Team
 North West Air Ambulance
 NR Shooters Basketball Team
 NSPCC
 Odessa Orphanage
 Oesophageal Cancer Fund
 Open Arms Club
 Oxfam
 Pinderfields Hospital Paediatric Unit
 Prince's Trust
 Project Hope
 Queen Elizabeth Hospital
 Quiddenhams Children's Hospice

Rainbow Child Foundation
 Ridewell 2006
 RNLI
 Rotary Club of Rushmoor
 Rothwell District Lions Club
 Royal School for the Deaf
 Ryton 2 Ethiopia
 Sailors' Families' Society
 Samantha Dickson Brain Tumour Trust
 Sandwell District Charity Football Cup
 Scleroderma Research
 Scope
 Sea Cadets
 Seaham Town Sea Angling
 Seamen's Mission
 Society of Local Entertainers
 South Ayrshire Befriending Project
 South Ayrshire Scouts
 Cadishead Primary School
 Special Olympics Great Britain
 Spennymoor Health Centre
 Sport Relief
 Sporting 87
 Spurley Hall FC
 Spurley Hey JFC Stockport
 St Andrew's Children's Hospice
 St Edmundsbury Performing Youth Group
 St George Foundation (Sierra Leone)
 St Mary's Hospice
 St Nicholas Hospice
 St Oswald's Hospice
 St Thomas' Handicapped Children's Club
 Steps
 Stockton & Thornaby District Scouts
 Stonham Hull Womens Services
 Strathclyde Fire Brigade Charity Ball
 Strathclyde University Charity Golf Day
 Sunderland Council Charity Ball
 Tasmanian Youth Exchange Group
 The Daisy Appeal
 The Lord Provost's Charitable Trust
 The Pink Rose Appeal
 Thornberry Animal Sanctuary
 Tsunami Aid
 Ty Hafen Children's Hospice
 U Foundation
 Unicef/Kids Yorkshire & Humberside
 Victim Support Humber Water Aid
 Watford Sheltered Workshop
 WellChild
 West Lothian Youth FC
 West Suffolk Hospital
 Willaston CE Primary School
 William Howard School
 World Scouting Jamboree
 Yorkhill Children's Foundation
 Yorkshire Cancer Research
 Yorkshire Wildlife Trust
 Zoe's Place - Daisy Chain

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 with people in mind

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