

CORPORATE & SOCIAL RESPONSIBILITY

STATEMENT OF INTENT



Hotchkiss is committed to approaching our business aims responsibly, with an awareness of our surrounding social and environmental needs, whilst achieving a profit and remaining competitive.

We believe that by being socially responsible in areas such as environment, health and safety, local community, employee welfare and training we can enhance our reputation, gain a competitive edge, achieve better risk management and keep our staff committed and efficient.



Technology and our understanding of our surroundings, and our effect on them, are constantly evolving and we are therefore continually actively seeking to identify good working practices so that we can implement as many as practicable.

Not only are our staff fully trained and aware of their responsibilities, but we also encompass sub-contractors within our environmental, quality assurance and health & safety strategy. We have developed environmental awareness training dealing with global warming down to waste management, engaging staff through surprising statistics and reinforcing what they have been shown via an end of presentation quiz. This has been a learning experience for the Company as well as its staff and has demonstrated to us our employees' commitment to preserve the world around them. An added benefit is that many of the initiatives have also resulted in cost savings enabling us to remain competitive in the market place.



We have specialised software to help manage the three disciplines of Quality, Environment and Health & Safety and are certified to ISO 9001 for quality, ISO 14001 for environment and OHSAS 18001 for health and safety. These three areas are co-ordinated by a dedicated individual ensuring a comprehensive overview rather than a fragmented approach. Our next challenge, was to put together an integrated Quality, Health, Safety and Environmental Management System thus avoiding a duplication of effort experienced by the inevitable cross over between these areas. We now have a fully integrated management system (IMS) and believe this is the way forward.



With regard to our use of natural resources, we endeavour to reduce energy consumption and have started to replace the lighting at our Eastbourne premises with LED lamps. Non-essential electrical equipment such as lights, computers and copiers etc are switched off at night and in the 10 year period from 2006-2016 our electricity consumption reduced by 19% and our gas consumption reduced by around 38% in the same period. Also, the urinal flushing system has been adapted to utilise less water. However, upon investigation, rainwater harvesting proved not to be viable as we do not use water in our manufacturing process and therefore have minimal water usage. Despite this, we are continually reviewing our energy and water consumption which we hope will identify ways in which we can reduce them.



In an effort to reduce fuel usage, vehicles likely to do high mileage are usually diesels while sports models and 4x4s are excluded as Company vehicles and car sharing is routine, as is use of the rail network. Our lorry fleet complies with the Greater London Low Emissions Charging Order 2006 and is managed in line with the requirements of current legislation, Highway Code, FTA/RHA



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guidance and all mandatory requirements of the TFL Fleet Operator Recognition Scheme. We were certified to FORS standards in 2013 and have held FORS Gold status since 2015. In addition, employees are provided with a Drivers Handbook dealing with all emergency situations and giving guidelines for safe practices in parking vehicles, planning journeys, mobile phones, personal safety, health, tiredness, eyesight, drugs and alcohol, breakdown, accident etc.

Hotchkiss signed up to the government's Cycle to Work scheme as of 2012. This initiative encourages employees to choose an environmentally friendly method of travelling to work by purchasing a bike through a salary sacrifice scheme.



Any timber required is obtained from sustainable sources (Forest Stewardship Council or PEFC approved) and recycled paper is utilised where practicable. We currently source recycled paper products for our washrooms from a supplier on the same industrial estate which helps to keep down our carbon footprint.



2016 saw us join the EcoPoint scheme whereby we make a monthly contribution to the Yorkshire Dales Millennium Trust (YDMT) via our fuelcard provider. The funds are used to plant new trees towards offsetting carbon. At the point of joining the scheme 53,906 trees had been planted with an expected 18,225 tonnes of carbon offset.

If required we ensure safe removal of hazardous waste from Eastbourne and various project sites for disposal by licensed waste contractors. Removal of waste from project sites is often determined, and sometimes arranged, by the principal contractor and we therefore comply with their requirements in these instances. We are constantly reviewing options for "greener" products for use in our processes.

Paper, magazines, cardboard, plastic bottles, tins and empty food containers are recycled and general non-hazardous waste is removed from our Eastbourne offices and works by a licensed contractor under Duty of Care/Waste Transfer Notes. Initial introduction of recycling in 2007 achieved a 48% reduction in the amount of waste sent to landfill and a 55% reduction in the cost of waste disposal overall and we continue to work to improve this.

Our stationary supplier selects charities to partner with, of which the current one allows older people to live independent and fulfilled lives. In addition, all their employees are allowed one working day every year to work on community initiatives. We routinely return unused consumables to stock. Additionally redundant IT hardware is donated to charity. We have a strong supply chain and have developed good working relationships with them via regular meetings, fair treatment and an open and honest approach.

At our manufacturing works, use of the latest technology (eg automated cutting systems) ensures that material usage is maximised and waste kept to a minimum but 100% of waste metal is sold to a licensed contractor for recycling into reinforcing bar. In addition, we have long-since moved from lead-containing galvanised steel ("spangled" finish) to lead-free galvanised steel ("smooth" finish) and the steel we purchase is contains approximately 20% recycled material. Whilst our emissions from factory exhaust ducts are purely from Plasma Cutters with little or no impact, they are still routinely monitored.

A small garden has been created at Eastbourne with plants, seating and bird feeding facilities as well as trees being planted along the boundary. Staff can use this as a "breakout" area to relax, chat, lunch and enjoy the fresh air in an environment far removed from the constraints of a busy office.

We have a very strong (and long-running) apprenticeship scheme averaging about 9 apprentices per year in the offices (draughters, surveyors, engineers, estimators), workshop (tradespersons) and on site (craftspersons), including a good proportion of female apprentices.

Hotchkiss' First Apprenticeship Agreement was for Frederick Scarlett dated January 20th 1911, a copy of which can be found on our website (www.hotchkiss.co.uk).

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Since 1980, Hotchkiss have made an annual apprenticeship award in recognition of one of our apprentices who sadly died whilst on holiday - the cup was donated by his family in his memory. It is an emotionally priceless and coveted award originally only awarded to those in the workshop; however, the Vernon Parry award was opened up to the whole Company following consent of the Works management in 2006. The award is divided into Departmental Awards (best apprentice within their department) and an Overall Award (of the cup) chosen from departmental winners.

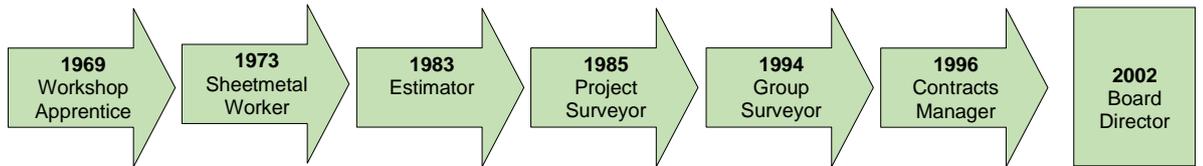
We also have a comprehensive training strategy including a commitment to CSCS/Skillcards, SMSTS and SSSTS.

Part of our strategy is succession planning and many of our staff have progressed up to management positions (see examples below). We also have a very impressive retention record with a thriving “25-year club” for employees who have completed 25 or more years service (currently over 100 members). Our retention rate of experienced employees (Stability Index) is 92% and our Labour Turnover is 10% and we believe our apprenticeship system is a key factor in this. In fact, 65% of our workshop staff (including traineeships), 59% of our site staff and 53% of our contracts staff are or were apprentices with Hotchkiss and 7 of our senior staff, including our Operations Director, Managing Director, Commercial Director and three Associate Directors, started out as Hotchkiss apprentices.

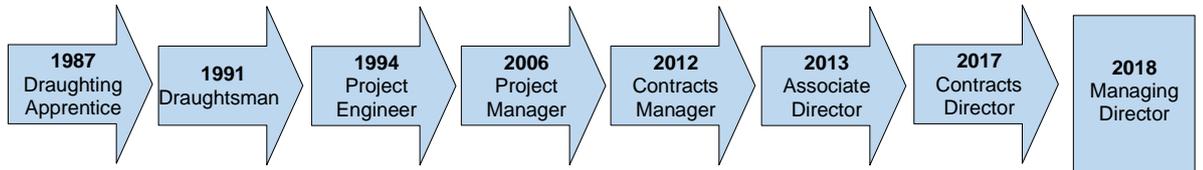
Examples of career progression:



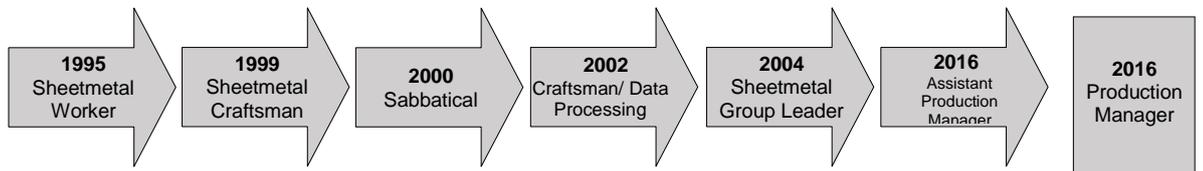
**CHRIS
BEADLE**



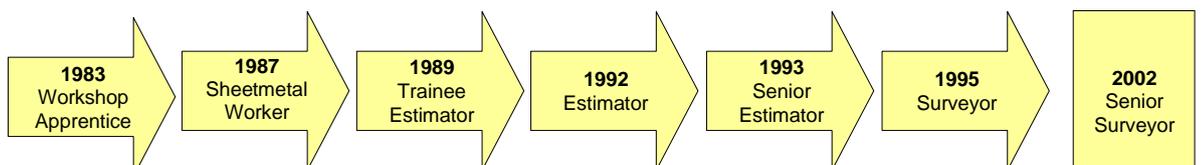
**DAVID
BALDOCK**



**ANTHONY
LOVERIDGE**



**JASON
LYON**



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As well as running our own training programmes, Hotchkiss are also involved with a number of initiatives to try and promote and encourage training locally, regionally and nationally, to raise the Industry Standards for all, including:

- Work Experience Schemes
- Regular presentations on the benefits of apprenticeships at local schools and colleges
- ADCAS – The Ductwork Industry Trade Association
- Heathrow Employment Forum (members)

In addition to our involvement in the above, our Health & Safety Advisor delivered health and safety workshops to the apprentices (which were not just from Hotchkiss) at Bexley College and liaised with the college tutors. Following Bexley's decision to cut the course, we transferred this to a new training provider Alpha Building Services and Engineering Limited in West Ham where we have set up new NVQ Level 2 and 3 courses.

As a general rule, we source employees for Eastbourne and our site operations from the respective local communities.

We have a dedicated Health and Safety Advisor, fully documented Health & Safety Policy, Procedures, Method Statements, Risk Assessments and Tool Box Talks as evidenced by our OHSAS 18001 certification. The dedicated attitude of our management staff, site employees and fabrication workers alike has been rewarded by the receipt of the RoSPA Gold Award for Occupational Safety which was won in four successive years until 1998. Since 1999, Hotchkiss have been annually awarded the RoSPA Gold Medal, one of the highest accolades from that organisation, received the RoSPA President's Award "for an outstanding performance in occupational health and safety over a period of fifteen years" and subsequently have received the RoSPA Order of Distinction for the past six years. Our accident statistics are well below the national average and our teams repeatedly win site-specific safety awards.

Health and safety initiatives include the introduction of safety helmets with integral visor and ear



defenders, prescription safety glasses, "podium" steps (as an alternative to step ladders), Alto Room Scaffolds (which fold to fit through doorways) and close-fitting lightweight gloves. We are constantly evaluating new systems such as small internal MEWPs (eg "pop-up") both on site and in our production facility. For the International Broadcast Centre / Main Press Centre on the 2012 Olympic Park, we worked closely with the plant hire suppliers to redesign a standard MEWP to secure and safely lift large ductwork units into position 10m high, eliminating the need for manual handling and reducing the number of operatives working at height. Once the fork lift truck had loaded the MEWP with the duct, the

MEWP could be driven into position ready for installation. The controls were operated from the ground position and away from the lifting zone. Once raised into position the duct could be installed onto brackets and bolted up by operatives from adjacent MEWPs.



For many years we have provided free eye-tests and glasses for anyone using VDU equipment in their work and were one of the first companies to bring in prescription safety glasses. We provide prescription protective eye wear/safety glasses for spectacle wearers on project sites where over-glasses are not permitted. We have an agreement with a chain of opticians and all direct employees are given an allowance, either for basic lenses or, where required, bifocals or varifocals. We issue vouchers to enable staff to undertake a regular eye test and replace their safety glasses every 2 years if necessary with our lorry drivers undergoing 6-monthly checks to DSA standards. We also carry out comprehensive audiometric testing for our factory staff.

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Hotchkiss' HR team provides a professional and comprehensive service to the business on all human resource issues and oversees general human resource administration, maintenance of human resource records and the implementation and maintenance of human resource policies. They work proactively with Directors, Managers and staff, providing first line advice and guidance on all HR matters. They also deal with all employment issues including employment law, recruitment and selection, contracts of employment, disciplinary and grievance procedures, absence management, employee reward, people and performance management as well as learning and development.

With regard to the local community, we donate funds to local children's charities. We also donate off-cuts of sheet metal (on request), redundant secure storage containers (eg for sports equipment) and offer advice to local schools, including work experience. We have also exhibited at local career fairs for schools and colleges and some of our apprentices have been interviewed on local radio in conjunction with a local school to highlight opportunities. Slightly less common is that one of our staff is released as required for his voluntary role as lifeboat crew.



Eastbourne Lifeboat

We also regularly support staff members participating in the London to Brighton Bike Ride by providing transportation for the riders and their bikes and giving each a team T-Shirt to wear on the day.

We strive ensure our involvement with well-known charities rotating our support annually. Each year we select a minimum of 3 charity events we will be supporting, for example over the last year we supported St. Wilfred's Hospice (local end of life care organisation), Christmas Jumper Day (Save the Children) and donated several football kits to Africa. Historically we have supported many of the other big charity events such as Wear It Pink, Blue Day and Movember.

Over the past 2 years we have participated in Dig Deeper- The Construction Industry Adventure Race. 4 members of the Hotchkiss team compete in challenging activities such as navigation, fell running and mountain biking. All entry fees are donated to charity. Charity 353 support bereaved families of those suffering life changing injuries in Afghanistan, and Anthony Logan charity helps save lives of people with blood cancer.



More locally we occasionally loan one of our vehicle fleet for use as a float in a local carnival supporting Families with Autism. We also provide a driver and additional support for the day.

In addition, we continue to provide kit sponsorship for a local girl's football Club, Eastbourne Girls FC Under 15's. They compete in the Sussex County Women & Girls Football League and last year managed to win the treble of League Champions, League Cup and County Cup along with five other tournaments through the summer months.



Our commitment runs across all sectors of our business and we are always seeking improvements and new initiatives, welcoming suggestions from all members of the Company and can demonstrate a long-standing company-wide culture of commitment to reducing our impact on the environment, improving the health and welfare of our employees and giving back to the local community in return for its support of the Company for over 125 years

Authorised for Issue:



David Baldock
Managing Director

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