

# **FOR A BETTER WORLD**

**2030 ESG ACTION PLAN  
2023/24 H1 UPDATE**

**NOVEMBER 2023**

**RS**



**MAKING AMAZING  
HAPPEN FOR A  
BETTER WORLD**



# ESG IS CORE IN HOW WE OPERATE...

## FOR OUR PEOPLE

Driving a high performance, purpose-driven culture

## FOR OUR SHAREHOLDERS

Sustainability-linked loan extended another year in October



## FOR OUR CUSTOMERS

Developing sustainable products and service solutions

## FOR OUR COMMUNITIES

Empowering young engineers, improving lives via The Washing Machine Project

## FOR OUR SUPPLIERS

Raising ESG standards across our supply chain



Better World products



Sustainability solutions



Serving emerging low-carbon industries

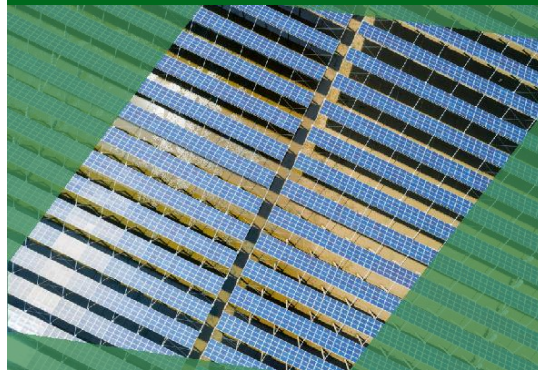
# INCREASED FOCUS ON SUSTAINABLE PRODUCT AND SERVICE SOLUTIONS

# OUR 2030 ESG ACTION PLAN

4 GLOBAL GOALS BY 2030



**ADVANCING  
SUSTAINABILITY**



Developing sustainable operations and product & service solutions for our customers and suppliers.



**CHAMPIONING  
EDUCATION &  
INNOVATION**



Partnering with education providers, building skills & fostering innovative solutions that improve lives.



**EMPOWERING  
OUR PEOPLE**



Creating a safe, inclusive and dynamic culture where everyone can thrive & grow.



**DOING BUSINESS  
RESPONSIBLY**



Ensuring the highest ethical and environmental standards throughout our business and global value chain.

# ESG HIGHLIGHTS IN H1 2023/24

- Direct carbon emissions reduced by 10% to 1,800 tCO<sub>2</sub>e (compared to H1 2022/23: 2,000 tCO<sub>2</sub>e) due to energy savings, switching to renewable electricity and a net zero fleet. Reduction from baseline year (b/y) to 2022/23 was 58%\*
- Four science-based targets covering our direct operations, logistics, suppliers and products (the most material areas of our Scope 1, 2 and 3 carbon emissions) have been validated by the Science Based Targets initiative
- Packaging intensity reduced by 2% to 1.73 (compared to H1 2022/23: 1.76). Positive progress due to more reusable eco-totes in our internal systems. Also switching to higher levels of recycled content in our customer packaging. Reduction from b/y to 2022/23 was 32%\*
- % of waste recycled increased by 7 pts to 83% (H1 2022/23: 76%) as we continue to prioritise better waste segregation, recycling and reuse

Environment			
1.4	1,800	1.73	83%
Carbon intensity** (tonnes of CO <sub>2</sub> e due to Scope 1 and 2 emissions / £m revenue)	Carbon emissions** (tonnes of CO <sub>2</sub> e due to Scope 1 and 2 emissions)	Packaging intensity** (tonnes / £m revenue)	Waste** (% of waste recycled)

\* Baseline year 2019/20.

\*\* Excludes acquisitions completed in 2022/23 and 2023/24.

# ESG HIGHLIGHTS IN H1 2023/24

- Better World product range now live in 15 countries, helping customers make more sustainable product choices, save energy and cut carbon emissions in their operations. c. 20,000 products in the range, targeting 100,000 by 2025
- Continuing ESG action plan engagement with suppliers. Four key priorities focused on raising environmental and ethical standards across the industry
- % of women in leadership roles decreased by 1 pts to 31% (H1 2022/23: 32%). Focusing on diverse talent in succession planning and hiring processes and the retention and development of women through mentorship / networking programmes
- All accident rate reduced by 3% to 0.34 (H1 2022/23: 0.35) driven by behavioural safety and driver safety campaigns. Reduction from b/y to 2022/23 was 42%\*

Better World Products		
<b>c.20k</b>	<b>15</b>	<b>30+</b>
Products in the range	Markets served	Suppliers
People		Health and safety
<b>78</b>	<b>31%</b>	<b>0.34</b>
Employee engagement**	Percentage of management that are women	All Accidents (per 200,000 hours)

\* Baseline year 2019/20.

\*\* We are in the process of compiling the results from our October 2023 engagement survey and the results will be published in our Annual Report 2024.

“RS Group's commitment to sustainability aligns seamlessly with our own standards, making them a clear partner of choice. The Better World product framework is commendable, promising a wider range of evidence-based products with sustainability benefits. ”

## RS GROUP CUSTOMER

## OUR ESG APPROACH RECOGNISED BY LEADING ESG RATINGS



- MSCI ESG rating: AA
- Sustainalytics rating: Global top 50 ESG companies
- CDP climate change leadership score 2022: A-
- EcoVadis rating 2023: Platinum medal
- FTSE4Good Index score: 3.8/5
- Constituents of: Dow Jones Sustainability Indices (DJSI)





**COMMITTED TO  
NET ZERO**  
IN OUR OPERATIONS BY 2030



## ADVANCING SUSTAINABILITY

Developing sustainable operations  
and product and service solutions  
for our customers and suppliers.

# OUR PATHWAY TO NET ZERO

Delivering net zero for **people**, **planet** and **profit**

## Net zero across our direct operations by 2030

### Greener DCs

(energy efficiency and low-carbon technologies)

**SBTi Target:** Reduce absolute emissions from our own operations by 75% by 2029/30

### Renewable electricity

(renewable electricity generation / procuring green electricity)

**Ambition:** 100% of Group electricity from renewable sources by 2029/30

### Net zero fleet

(net zero emissions company car and van fleet)

**Ambition:** Net zero emissions company car fleet by 2029/30

## Net zero across our value chain by 2050

### Products and solutions

(developing products and solutions that support the low-carbon transition)

**SBTi Target:** 20% reduction in in-use emissions intensity of RS PRO products sold by 2029/30

### Logistics

(reducing cost, distance and emissions from our product transportation)

**SBTi Target:** 25% reduction in product transport emissions intensity by 2029/30

### Suppliers

(collaborating to remove carbon from the supply chain)

**SBTi Target:** 67% of suppliers by spend to set science-based targets by 2025

### Enabled by....

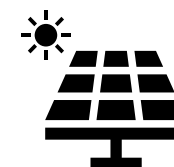
Access to technologies



Government policies and incentives



Cleaning of the grid



Carbon offsets





# CASE STUDY

## SBTi TARGET VALIDATION

### Four climate-related targets verified by Science Based Targets initiative (SBTi).

- SBTi is the **gold standard** of corporate climate targets and action
- Targets cover Scopes 1, 2 and 3 (direct operations, logistics, products and suppliers)
- Support global ambition to **limit global warming to 1.5°C**
- One of the first global providers of industrial product and service solutions to pass this sustainability milestone
- A link to our validated targets on the SBTi website is available [here](#)

Here is a [short video](#) and [blog](#) on our progress, including an overview of our targets, actions and initiatives that are driving our climate agenda.





# SUSTAINABILITY IN OUR OPERATIONS



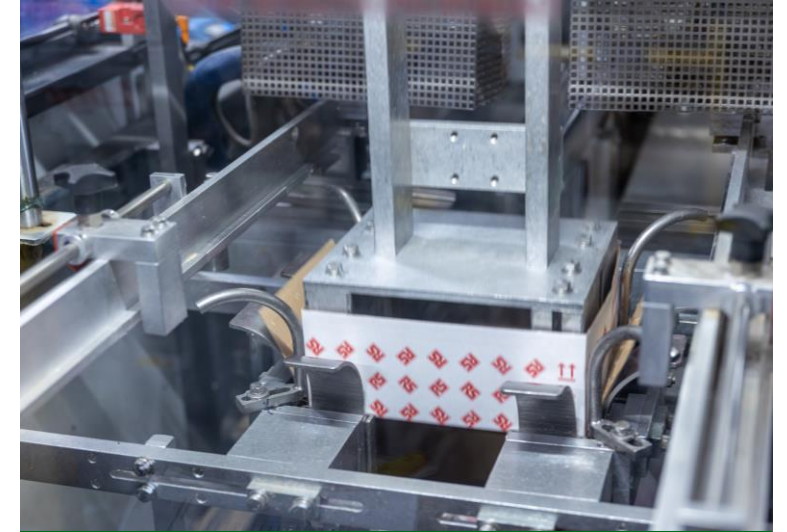
**Greener Distribution Centres**

- Energy efficient and sustainable DCs - solar panels, EV charging stations etc.
- **58%** reduction in direct emissions and a **72%** reduction in carbon intensity to 2022/23, since 2019/20



**Renewable electricity**

- **94%** renewable electricity across the Group at H1 2023/24



**Greener packaging & logistics**

- Packaging: At end of 2022/23, **94% reusable / recyclable**; introducing brown recycled content, auto pack machines to reduce excess packaging and reusable totes
- Logistics – modal switch and supply chain optimisation has reduced transport emissions intensity by **28%** to 2022/23 from 2019/20





# SUSTAINABILITY IN PRODUCT AND SOLUTIONS FOR CUSTOMERS



## 1. Better World products

- BWP now live in 15 countries
- Highlights products with sustainability improvements and certifications, providing a robust sustainable product standard for the global industrial sector
- 20k products, 30+ suppliers. Ambition for 100k products by 2024/25



## 2. Sustainability Solutions

- Sustainability solutions for MRO customers e.g. energy, water saving and air quality surveys that promote operational efficiency, cut costs & reduce energy and carbon emissions
- Product recycling / circular economy trials
- Health & safety services (training & product)



## 3. Serving low-carbon industries

- Establishing RS as an MRO partner of choice to UK offshore wind industry
- Specialist team formed and partnerships in development
- Increasing presence in UK EV charging market





## CASE STUDY OFFSHORE WIND

**The UK is home to some of the largest offshore wind farms in the world.**

- RS is working with the **Offshore Wind Growth Partnership** to increase our presence in crucial renewable energy sector
- Programme funded by the UK Government to drive shared growth opportunities in this sector
- Ambition to be **first choice partner** to maintenance, repair and operations (MRO) customers through curated, high-quality product range, high service distribution and new innovations
- Formed a specialist team dedicated exclusively to servicing the offshore wind industry

**Strategic partnership formed with Equinor to deliver MRO products and services within the UK.**





**BUILDING SKILLS AND  
FOSTERING INNOVATION WITH  
1.5 MILLION  
YOUNG ENGINEERS AND INNOVATORS**



## **CHAMPIONING EDUCATION & INNOVATION**

**Partnering with education providers,  
building skills & fostering innovative  
solutions that improve lives.**





# BUILDING SKILLS AND FOSTERING INNOVATION



## Inspiring future engineers and innovators

- Sell educational products to **c. 4,400** educational institutions globally
- At end of 2022/23, **471,000** young engineers and students reached through educational programmes since 2020/21



## Purpose-driven innovation

- At end of 2022/23, **319,000** engineers and innovators engaged in purpose-driven innovation initiatives since 2020/21



## Social impact partnerships

- At H1 2023/24, **£560k** raised for The Washing Machine Project since 2019/20
- At H1 2023/24, **28,000** lives impacted (especially women and girls) since 2019/20





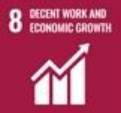
## CASE STUDY EDUCATION PARTNERSHIPS

- RS Grassroots offers a broad range of **product and service solutions** to enable young engineers and innovators to learn the skills they need for their future careers
- Creates **lifetime loyalty** with future customers whilst addressing **skills gaps**

Examples include:

- Partnering with **The Engineering & Design Institute (TEDI), London**
  - Provide super skills training and equipment to students from diverse academic backgrounds
- Engaging young talent through our **Fresh Advisors Board (FAB15)**
  - Generate innovative solutions to ESG and business challenges utilising the fresh perspective of the younger generation





**WORKING TOWARDS**  
40% OF OUR LEADERS BEING WOMEN  
**AND 25% BEING**  
**ETHNICALLY DIVERSE**



## EMPOWERING OUR PEOPLE

We are creating a safe, inclusive  
and dynamic culture where our  
people can thrive and grow.





# OUR PURPOSE INSPIRES EVERYTHING WE DO



## Engaged employees

- **78** employee engagement score in 2022/23 (75 in 2021/22). We are in the process of compiling the results from our October 2023 engagement survey and the results will be published in our Annual Report 2024



## Diverse and inclusive culture

- **31%** of leaders are female at H1 2023/24
- Introduced a new suite of **global people policies** covering topics from D&I, wellbeing, employee benefits, flexible working and learning and career development



## Health & Safety and Volunteering

- Reduced accidents by **42%** to 2022/23 since 2019/20
- At end of 2022/23, **18%** of employees have volunteered over the last 2 years to support communities and build new skills





## CASE STUDY DIVERSITY & INCLUSION

- Our aim is to promote a high-performance, purpose-driven culture by recruiting and retaining amazing talent in line with our diversity and inclusion (D&I) strategy
- In 2022/23, we partnered with [STEM Returners](#) – a programme designed to aid D&I within the science, technology, engineering and maths (STEM) sectors
- The programme enables employers to attract candidates (specifically women who have taken a career break) back into the workforce
- Provides career advice, coaching, networking opportunities and mentoring

**We have hired four talented females into our technology function through the STEM Returners programme.**





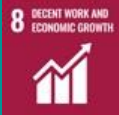
## CASE STUDY DIVERSITY & INCLUSION

- We are committed to enhancing diversity and inclusion across our global organisation
- Since June 2022, we have partnered with **Remarkable Women** to grow female leaders exponentially by completing their nine-month Remarkable Leadership programme
- With monthly live masterclasses and 'wisdom hours' the programme provides techniques that change the game for our female leaders and everyone around them
- 12 female leaders from the US will begin their Remarkable Leadership journey in December 23', creating a global RS community of 55 remarkable leaders

**“Remarkable Leadership has been a game changer for me. It has made look at myself and reflect on how I operate today and my style of leadership, and given me tools to move towards where nd who I want to be.”**







8 DECENT WORK AND ECONOMIC GROWTH



12 RESPONSIBLE CONSUMPTION AND PRODUCTION

EMBEDDING ESG OBJECTIVES IN  
**EMPLOYEE AWARDS**  
SUSTAINABILITY-LINKED LOAN  
AND SUPPLIER OBJECTIVES



## DOING BUSINESS RESPONSIBLY

We are taking action to ensure the highest ethical and environmental standards throughout our business and global value chain.





# RAISING STANDARDS ACROSS THE VALUE CHAIN



## Strong governance, ethics and compliance

- Strong ESG governance structure driven by ExCo, supported by SLT and with Board ratification / oversight
- We have a suite of global policies and standards that help govern this



## Incentivising ESG progress

- **50%** of Group employees had their annual incentive aligned to Group carbon reduction in 2022/23
- ESG OKRs in Group and regional scorecards
- **£400 million** sustainability-linked loan, linked to three ESG KPIs, extended to 5 years



## Responsible supply chain

At end of 2022/23:

- **50%** suppliers by spend are EcoVadis members
- **25%** have set science-based targets
- **52%** have signed our Ethical Trading Declaration
- **49%** RS PRO suppliers are Sedex members



# CASE STUDY

## ESG SUPPLIER ACTION PLAN

**RS is committed to partnering with suppliers to ensure a strong ESG approach.**

- Responsible procurement and raising ESG standards across the value chain is a key focus
- Partnering with suppliers to offer **sustainable product** and **service solutions** to customers, for example the Better World product range
- Other key actions: signed ethical trading declarations in place, EcoVadis / Sedex ESG assessments, advocating to set SBTs
- By prioritising ESG, suppliers can differentiate with customers, develop new revenue streams and build a stronger business

**Strategic suppliers are requested to progress our ESG supplier action plan with four immediate priorities.**



**MAKING AMAZING  
HAPPEN FOR A  
BETTER WORLD**

## FOUR IMMEDIATE PRIORITIES

For our partners just starting out on your ESG and sustainability journeys we ask you to prioritise these **top 4 immediate priorities**:

**01.**

### ETHICAL TRADING DECLARATION

Sign and return by 31st March 2023

**02.**

### SUSTAINABLE PRODUCTS

Develop, certify, share

**03.**

### SCIENCE-BASED TARGETS

Map & set emissions target  
4.2% reduction p.a. e.g. 42%  
from 2020 to 2030

**04.**

### ECOVADIS OR SEDEX

**EcoVadis:** Join March Webinar.  
Aim for Silver medal+  
**Sedex:** membership for RS PRO

## RS Group ESG Supplier Handbook





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**GROUP**



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