TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

At the time of publication, we comply with Listing Rule 6.6.6R and the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 by providing disclosures consistent with the 11 TCFD recommendations. Our quantitative scenario analysis draws on the TCFD Final Recommendations Report, Annexes (2021) and related technical supplements, and we will continue to use these resources as we prepare for future alignment with IFRS S2 and the UK Transition Plan Taskforce (TPT) framework.

Climate change remains a defining global challenge, and as a critical partner to the industrial sector, we are committed to supporting the transition to a low-carbon economy. We work with customers and suppliers to drive more sustainable and efficient industrial operations across the value chain. This focus strengthens our ability to identify growth opportunities, generate long-term value, and support the decarbonisation journeys of both our customers and suppliers.

This is our fifth TCFD disclosure, and we continue to mature our reporting. Over the past year, we have refreshed our quantitative scenario analysis across our five climate-related risks and opportunities (CRROs) and further enhanced the governance and risk management processes that support our approach. This includes updating our climate risk control questionnaires across regions and functions and refreshing our solar generation modelling to ensure alignment with our net zero plan.

In parallel, we have continued to deepen the integration of climate and ESG priorities into our products, solutions, and operational excellence strategies.

The table below sets out the 11 TCFD recommendations and where the related information can be found within this report:

Recommendations	Disclosure	Reference
Governance	A) Describe the Board's oversight of climate-related risks and opportunities	Doing business responsibly (page 58)
	B) Management's role in assessing and managing climate-related risks and opportunities	Doing business responsibly (page 58)
Strategy	A) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long-term	TCFD strategy (pages 63 to 67)
	B) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	TCFD strategy (pages 63 to 67)
	C) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	TCFD strategy (pages 63 to 67)
Risk management	A) Describe the organisation's processes for identifying and assessing climate-related risks	TCFD risk management (page 67)/ Risks, viability and going concern (page 38)
	B) Describe the organisation's processes for managing climate-related risks	TCFD risk management (page 67)/ Risks, viability and going concern (page 38)
	C) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	TCFD risk management (page 67)/ Risks, viability and going concern (page 38)
Metrics and targets	A) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Advancing sustainability (pages 44 to 50)/ TCFD metrics and targets (page 67)
	B) Disclose Scope 1, Scope 2 and if appropriate Scope 3 GHG emissions and the related risks	Advancing sustainability (page 45)
	C) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Advancing sustainability (pages 44 to 50)

These enhancements ensure we have the insight, systems and strategic focus needed to respond effectively to a changing climate, while positioning RS to create value for both our business and our stakeholders by enabling the transition to a low-carbon industrial sector.

TCFD continued

Our five CRROs are summarised in the table on this page and further detail can be found on pages 64 and 65. These remain consistent with our assessment and disclosure in prior TCFD reports (available at: **rsgroup.com/sustainability/reporting-centre**), which set out further complementary detail and context on our climate governance and risk management approach and our climate-related scenario analysis.

Governance

Our climate governance activities are fully embedded within our broader corporate governance framework. For an overview of our ESG governance and key activities for 2025/26, including the management of climate-related risks and opportunities, please refer to page 58. For a summary of key ExCo and Board climate-related engagement and activities during 2025/26, see pages 79 to 81.

Strategy

Climate action is integral to our purpose, vision, and values, and is embedded in our strategy and 2030 ESG action plan. ESG is a core strategic enabler – strengthening our competitiveness, surfacing opportunities for growth and innovation, and ensuring that climate-related risks are identified, managed, and mitigated effectively. By aligning our strategy and ESG priorities, we are able to accelerate delivery and reinforce our position as a trusted partner in the low-carbon industrial transition. Some key examples of how we are mitigating climate risks and maximising opportunities through our strategy include:

- **Customers:** offering customers products with verified sustainability claims that build transparency and trust through responsible design, circular material choices, and evidenced in-use and end-of-life decarbonisation benefits, while developing enhanced carbon reporting solutions for high-value customers and supporting growth across sectors central to the low-carbon transition, including renewables, energy and utilities, and automotive (see pages 48 and 49)
- **Products and suppliers:** working with our suppliers to develop a specialist, technically led range of sustainable products, such as variable speed drives, energy-efficient motors, etc. within our broader portfolio, while strengthening strategic partnerships as their go-to-market partner of choice. At the same time, we continue to collaborate with suppliers to decarbonise the industrial value chain by encouraging them to set SBTs (see page 50)
- **Services and solutions:** supporting customers to improve safety, sustainability, and operational efficiency by providing service solutions that meet their needs, from energy-saving technologies to more sustainable PPE (see pages 48 and 49)
- **Operational excellence:** offering our customers a greener distribution service, through more sustainable distribution sites, product shipments and packaging (see pages 23 and 44 to 50)

We are collaborating with suppliers, customers, and other value chain partners to accelerate sector-wide decarbonisation, supported by initiatives such as our Better World product range and supplier ESG action plan (see pages 48 to 50). Our strong ESG performance is a key commercial differentiator, helping us win and retain high-value customers with their own ambitious ESG agendas.

In June 2026, we will publish our first Climate Transition Plan, outlining our climate ambition and the key decarbonisation levers, enablers, and dependencies that support progress towards our net zero targets. Designed primarily as a stakeholder engagement tool ahead of a fully TPT-aligned version, the CTP is more than a roadmap – it is a call to action. Working with our customers, suppliers, and employees, we are using our scale, influence, and technical expertise to accelerate the low-carbon transition, supporting suppliers to advance more sustainable product development, responsible sourcing, and lower-carbon manufacturing, while providing customers with trusted, cost-effective, and sustainable procurement choices.

Maturing our climate scenario modelling

In 2025/26, we further enhanced the robustness and transparency of our quantitative climate scenario analysis. Working jointly, our ESG and Group Financial Control teams updated the analysis to reflect the latest five-year strategic and financial plan and projected impacts through to 2050. This work has strengthened visibility of the potential financial implications of our CRROs and demonstrates our continued commitment to embedding climate considerations into core business planning and decision-making.

We assessed the potential impact on Group adjusted operating profit, both before and after the application of mitigation measures. As in previous years, we have modelled transition risks using three International Energy Agency (IEA) climate scenarios and for physical risks we have used the three Intergovernmental Panel on Climate Change Representative Concentration Pathways. The residual, post-mitigation impact of each CRRO under these scenarios is presented on page 66, with a reference table summarising the scenarios used.

We identified the likely timeframe for each CRRO to emerge:

- **Short term:** 0 to 5 years (aligned to our five-year strategic plan)
- **Medium term:** 5 to 10 years (aligned to the risk management process, modelled as 2030 in our quantitative climate scenario analysis)
- **Long term:** 10 to 30 years (aligned to the risk management process, modelled as 2050 in our quantitative climate scenario analysis)

While we have identified short-term climate opportunities, we have not identified any material short-term risks or experienced any climate-related incidents with a material impact on the business in 2025/26. We have modelled our medium and long-term CRROs in the table on page 66.

OUR FIVE CLIMATE-RELATED RISKS AND OPPORTUNITIES (CRROS)

Products, solutions, and customers

1. Changes in customer segments and product demand (transition opportunity)

Logistics

2. Technology transition and rising fuel costs (transition risk)

Distribution sites

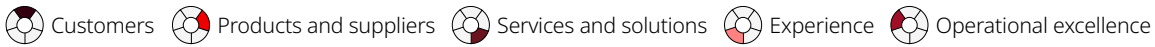
3. Reduced emissions and energy costs through solar generation (transition opportunity)
4. Impact of extreme heat (physical risk)
5. Impact of extreme weather (physical risk)

TCFD continued

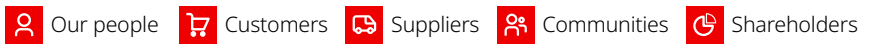
2025/26 actions on our CRROs:

CRRO		Description	Business owners	Metrics monitored	2025/26 initiatives, progress and investment activities
Transition					
Opportunity	**1. Products, solutions, and customers:** Changes in customer segments and product demand **Strategic action alignment:**  **Connected stakeholders:** 	Growth in customer segments linked to the low-carbon economy and product categories enabling the net zero transition. A smaller downside risk of decline in traditional customer segments (fossil fuel) and products that are not prevalent in the low-carbon economy (although modelling indicates this is of low significance).	Chief of Product and Supply Chain (P&SC)	– Number of products in the Better World product range (ambition for 100,000 by 2030) – Investment in and incremental revenue from sustainable products and services e.g. Better World products, industrial MRO services that reduce energy and carbon, and low-carbon industry sectors – Reduce Scope 3 emissions 51.6% per £m value added (SBTi validated)	– Better World products – c. 33,000 products from 350+ product families across 30 countries, with 167 suppliers contributing to the range (see pages 48 and 49) – New Scope 3 intensity SBTi commitment to continue to drive decarbonisation of products across the lifecycle (see page 45) – Reset our supplier sustainability target for 2030 focusing on strategic suppliers where we have the greatest ability to influence progress (see page 61) – Delivered product CO_2 training to upskill category teams on Scope 3 emissions, the importance of low-carbon manufacturing and circular design, and how to embed this knowledge to drive value through the Better World product range – Developing customer carbon reporting for high-value customers (see page 49) – Low-carbon industry sectors – for example, partnered with a customer to deliver bespoke OEM conventions for ageing UK wind turbines, identifying 157 RS products and creating a scalable maintenance framework for global turbine models (see page 49) **2026/27 focus:** Continue to grow our customer propositions and revenue from sustainable products, including launching more enabling solutions that help customers to reduce carbon, energy, and operating costs
Risk	**2. Logistics:** Technology transition and rising fuel costs **Strategic action alignment:**  **Connected stakeholders:** 	Increased costs from third-party logistics providers associated with carbon freight taxes and investment in low-carbon technologies (expected to continue to be embedded in pricing margin).	Chief of P&SC and Regional Presidents (RPs)	– Reduction in total CO_2 emissions and emissions intensity for product transportation – 40% reduction per tonne of product sold by 2029/30 from 2019/20[1] – Logistics costs as a percentage of revenue	– Raised our 2030 product transport emissions intensity target to 40% (from 35%), reflecting projected performance (see pages 44 and 50) – 34% reduction in product transport emissions intensity since 2019/20[2], supported by a more regionalised supply chain and distribution network that shortens delivery distances, lowers transport costs, and reduces emissions (see page 50) – Reviewed our cross-border logistics model to cut air shipments into Canada, ahead of a new local hub launching in 2026/27 **2026/27 focus:** Drive further supply chain optimisation via regional sourcing and modal shifts to reduce distance, emissions, and cost, supported by enhanced carrier engagement and technology to enable greener delivery options

Strategic action



Stakeholder key



1. Target reset in 2025/26. Previously 35% reduction per tonne of product sold.

2. Scope 3 emissions from product transportation (Category 4) per tonne of product sold.

TCFD continued

CRRO		Description	Business owners	Metrics monitored	2025/26 initiatives, progress and investment activities
Transition					
Opportunity	**3. Distribution sites:** Reduced emissions and energy costs through solar generation **Strategic action alignment:** **Connected stakeholders:**	Installation of solar panels on available distribution site roof space to reduce energy costs and increase resilience.	Chief of P&SC and RPs	– Capital expenditure on distribution site solar generation and storage solutions has been embedded in goodwill impairment on page 94 – Reduction in energy costs – Percentage of 2025/26 electricity use from on-site solar generation: 3%	– Enhanced our net-zero plan by updating and expanding our solar generation modelling, including installing solar PV at Monterrey, Mexico and assessing further rollout across other Risoul sites – Solar now provides 38% of electricity at our distribution sites in Germany, Spain, Australia, Switzerland, and South Africa – Net zero capex investment of c. £2 million per annum included in the five-year strategic plan **2026/27 focus:** Review and progress proposals for installation of solar generation at further sites
Physical					
Risk	**4. Distribution sites:** Impact of extreme heat **Strategic action alignment:** **Connected stakeholders:**	Increased costs associated with installation of high-efficiency cooling systems and/or potential impacts on the health, safety, and wellbeing of people working at our distribution sites which could reduce productivity. Key material site identified to be exposed to extreme heat is our regional DC in Fort Worth, US.	Chief of P&SC and RPs	– Distribution site operating temperatures – Worker productivity and absence during high-heat periods (>35°C and >40°C) – Capital expenditure in heating, ventilation, and air conditioning (HVAC) systems has been embedded in goodwill impairment on page 94	– Employee productivity monitored by site management teams in distribution sites during high-heat periods with increased ventilation, regular breaks, and refreshments – £1 million capital investment in energy efficiency projects at our DCs and FCs, for example insulation improvements, rapid roller doors, and LED lighting – Our regional DC in Fort Worth, US, made further efficiency improvements to its HVAC systems **2026/27 focus:** Ongoing mitigation through business continuity planning, review additional sites for HVAC and fabric improvement options
	5. Distribution sites: Impact of extreme weather **Strategic action alignment:** **Connected stakeholders:**	Extreme weather events, including flooding, storms, and tornadoes, have the potential to disrupt our operations and logistics and cause physical damage to our infrastructure. Our regional DC in Fort Worth, US, was identified to be the key site at risk, due to physical exposure and strategic importance for our Americas distribution network.	Chief of P&SC and RPs	– Distribution site insurance costs – Frequency and cost impact of severe weather events on distribution sites – Investment in distribution site facility improvements	– Ongoing business continuity planning by our regional DC team in Fort Worth, US, includes mitigations such as drop shipments, alternative warehousing, and revising its business continuity plans as part of a broader optimisation of the North America–Mexico network **2026/27 focus:** Ongoing mitigation through business continuity planning

Strategic action

Customers | Products and suppliers | Services and solutions | Experience | Operational excellence

Stakeholder key

Our people | Customers | Suppliers | Communities | Shareholders

TCFD continued

Refreshed climate scenario analysis

High-level results from our refreshed 2025/26 climate scenario analysis are presented to the right, with the net financial impact of CRROs post mitigation. Opportunities indicate a positive net impact on operating profit (shaded green) and risks indicate a negative net impact (shaded red). Our analysis indicates that physical risks are expected to be greater under a higher warming scenario, whereas transition opportunities and risks are greater under lower temperature scenarios, due to faster and more significant policy and market changes to deliver the low-carbon transition.

For further detail on our quantitative financial scenario analysis methods, please refer to our ESG basis of reporting document at: **rsgroup.com/sustainability**

Net financial impact

Overall, we have low exposure to physical climate risks, with our operations generally in low-risk locations. Furthermore, our diversified business model and global customer base, strong supplier partnerships, and capital strength mean we are well placed to mitigate potential future risks. We are also well positioned to support the transition to a low-carbon industrial sector by leading in sustainable products, solutions, and industry sectors.

Our analysis shows that at a gross level our climate-related risks are financially material. However, through effective mitigation activities and investment (detailed on pages 64 and 65), the risks present a limited financial impact to the Group as detailed in the table to the right. It also shows that if we deliver upon our strategic growth ambitions relating to low-carbon products, service solutions and industry sectors, we will see a net positive financial impact from the CRROs. This demonstrates the overall resilience of our business model to manage our risks and maximise our opportunities under various future climate pathways.

CRRO		Description	Financial impact	Timeframe[1]	Annual net impact (post mitigation) on Group adjusted operating profit financial materiality key		
Transition				**Temperature rise**	**1.5°C**	**2°C**	**>2°C**
1.	**Opp**	**Products, solutions, and customers: changes in customer segments and product demand**	Annual revenue impact	2030	Very low	Very low	Very low
				2050	Medium	Low	Very low
2.	**Risk**	**Logistics: technology transition and rising fuel costs**	Increased operating costs, fully offset through embedding in pricing margin	2030	No impact	No impact	No impact
				2050	No impact	No impact	No impact
3.	**Opp**	**Distribution sites: reduced emissions and energy costs through solar generation**	Annual operating costs impact (including depreciation)	2030	Very low	Very low	Very low
				2050	Very low	Very low	Very low
Physical				**Temperature rise**	**2°C**	**>2°C**	**>4°C**
4.	**Risk**	**Distribution sites: impact of extreme heat**	Capital and operating costs to mitigate risk, expected to fully mitigate impact on productivity	2030	Very low	Very low	Very low
				2050	Very low	Very low	Very low
5.	**Risk**	**Distribution sites: impact of extreme weather**	Annual revenue impact and operating cost, offset by recovery via insurance policies	2030	No impact	Very low	Very low
				2050	No impact	Very low	Very low

Key: Annual impact (post mitigation) on Group adjusted operating profit[2]

Very high	**>32%**	Low	**8 to 16%**
High	**24 to 32%**	Very low	**0 to 8%**
Medium	**16 to 24%**	No impact	**0%**

Temperature scenarios[3]

Temperature	Scenario	Temperature	Scenario
Transition		**Physical**	
1.5°C	**NZE - 1.4°C**	2°C	**RCP 2.6 - 2.0°C**
2°C	**APS - 2.1°C**	>2°C	**RCP 4.5 - 2.4°C**
>2°C	**STEPS - 2.6°C**	>4°C	**RCP 8.5 - 4.3°C**

1. 2030 – medium term, 2050 – long term. Time horizons for the climate scenario analysis were selected according to the time periods for which data was consistently available for both IEA and RCP scenarios within the range of RS's medium- and long-term risk time horizons outlined on page 63.
2. Aligned to RS enterprise risk management guidance, a CRRO is considered to be material where the annual net impact (post mitigation) on adjusted operating profit is greater than +/- 16-24%. CRRO 1 (Products, solutions, and customers: changes in customer segments and product demand) is the only CRRO deemed to be material, aligned to this threshold. At a gross impact level (pre mitigation), we apply the same materiality threshold, plus our enterprise risk management framework for financial resilience to evaluate the financial materiality of our climate risks. CRROs 2 (Logistics: technology transition and rising fuel costs) and 4 and 5 (Distribution sites: impact of extreme heat and weather) are deemed to be financially material at a gross level under the financial resilience assessment for Group risks.
3. NZE – The Net Zero Emissions scenario by 2050, APS – The Announced Pledges Scenario, STEPS – The Stated Policies Scenario (Source: IEA), RCPs 2.6, 4.5 and 8.5 (Source: IPCC).

TCFD continued

Risk management

Our CRROs are managed in line with the Group's risk management framework to ensure a robust and consistent approach. We maintain a high-level CRRO risk register and mitigation plans, which are refreshed annually in consultation with market and functional leaders. We have strategies and controls in place to mitigate physical climate-related risks on our operations and wider supply chain (see page 38).

CRROs are integrated into our risk management process for ongoing monitoring and action. Each CRRO has an assigned owner, defined mitigating controls, and supporting metrics and targets that are monitored and reported annually. The internal audit and risk team reviews the controls associated with our CRROs and considers these frameworks, where relevant, as part of audit inspections. ESG impacts are assessed during due diligence for acquisitions, and climate-related considerations will be incorporated into future integration plans. Updates on CRROs, including key risks and progress, are provided to the ExCo, Audit Committee and Board through their annual risk reviews, ensuring clear visibility and alignment with strategy, business planning, and decision-making.

A key focus for 2025/26 has been strengthening first-line ownership of climate-related risks. This included targeted support for regions and functions to assess, design, and enhance climate-related controls, embed climate considerations into risk processes, and improve the consistency and quality of climate risk reporting across the Group. For more information on our risks, including climate change, see pages 34 to 38.

Metrics and targets

To understand and manage our climate impacts, we monitor a suite of key metrics for our CRROs and set performance targets for those with the greatest potential financial impact (see page 66).

Each CRRO has an accountable business owner who oversees its management with relevant leadership teams (see pages 64 and 65).

The Group's non-financial KPIs include four climate-related metrics – Carbon emissions (Scope 1 and 2), carbon intensity, packaging intensity, and waste (recycled) – and we have two SBTi-validated SBTs covering our direct operations (Scope 1 and 2) and the intensity of our Scope 3 emissions.

In 2025/26, we strengthened our Scope 3 accounting through detailed modelling, enhancing the credibility of our Better World product range and supporting customers' decarbonisation goals. Based on this analysis, the ExCo approved a Scope 3 target to reduce Scope 3 emissions by 51.6% per £m value added (validated by the SBTi), that balances ambition, strategic progress, and stakeholder value with our role as a distributor and the external dependencies this creates.

We also increased the ambition of our supplier and product transportation targets – raising our 2030 product transport emissions intensity target to 40% (from 35%) – and reset our 2030 supplier sustainability target to focus on setting SBTs with our strategic suppliers across c. 43% of Group spend, where we have the deepest supplier relationships and greatest ability to influence progress. These changes followed significant engagement with the ExCo, Board, and product and supply chain leaders (see pages 50, 58 and 61).

Our science-based Scope 1 and 2 emissions target forms part of the annual performance incentive for 48% of RS employees, including Executive Directors (see page 59). Progress against our net zero metrics is reported in the Advancing sustainability section (pages 44 to 50), with full data available online.