



GROUP

UNITED NATIONS GLOBAL COMPACT COMMUNICATION ON PROGRESS

July 2024

To our stakeholders,

Statement of continued support:

I am delighted to confirm that RS Group Plc reasserts its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual Communication on Progress, we set out the actions we have taken and initiatives we have instigated to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We commit to sharing this information with our stakeholders using our primary channels of communication.

Yours sincerely

Simon Pryce
RS Group CEO

Introduction:

In the last year, we have continued to embed environmental, social and governance (ESG), into our business and across our wider supply chain as part of our commitment to driving value for people, planet and profit. This strategy forms an integral part of our approach to integrating the principles of the UN Global Compact into everything we do and towards achieving our purpose of making amazing happen for a better world.

In addition, our annually reviewed, updated and communicated Group Code of Conduct sets out our position on key governance, environmental and ethical areas and provides guidance to our people and partners in maintaining the highest standards of ethical and legal conduct.

1. Human Rights Principles

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses

1.1 Human Rights Principles

We are committed to protecting and advancing the human rights of our employees and across our wider supply chain. As such, we support the Universal Declaration of Human Rights and the International Labour Organisation Core Conventions, which we have stated publicly in our 2030 ESG action plan – For a Better World, which can be viewed at www.rsrgroup.com/sustainability.

Beyond our own organisation, we work with thousands of supplier partners around the world and we are collaborating with our strategic supplier partners to raise ethical and environmental standards across our global supply chain. From sourcing responsibly, to strengthening labour practices and improving supply-chain visibility.

By establishing clear standards upfront in our supplier engagement process, we can ensure that we are prioritising suppliers that share our values and that display clear evidence of taking ESG improvement actions both within their own businesses and with their partners.

Our Ethical Trading Declaration (ETD) further details the specific expectations we place upon our suppliers and partners with regard to human rights.

Our Modern Slavery Statement and Policy details our zero-tolerance approach to partnering with suppliers who do not have measures in place to ensure confidence that their supply chain is free from modern slavery, child or forced labour.

Our Diversity and inclusion policy protects our employees from workplace harassment of any kind while promoting a culture where all our people's views, opinions and talents are respected. This is supported by our whistleblowing policy and process, which gives all employees, contractors and partners the opportunity to anonymously raise concerns of any nature, safe in the knowledge that each and every one will be investigated.

A full list of our Codes, Policies and Standards can be found on our website at:
www.rsgroup.com/sustainability/codes-policies-and-standards/

1.2 Implementation

We have implemented several measures to reduce our human rights risks across the business which include:

- Asking our suppliers to sign our ETD - targeting at our RS PRO and top 67% of suppliers by spend, representing c. 390 businesses. In 2023/24, 59% of our suppliers by spend had signed our ETD a nine percentage point increase from 2022/23
- Ethical inspections of RS PRO suppliers - in 2023/24, we conducted 39 audits on higher-risk RS PRO suppliers from Asia and confirmed improvements to be made. Key issues raised related to contracts and health and safety, which are being addressed by the suppliers. 143 ethical inspections of RS PRO Asia suppliers have taken place since May 2019. This covers 90% of RS PRO suppliers operating in higher-risk sourcing countries
- RS PRO partnership with Sedex - this is to improve the visibility of our supply chain, enhance our ethical trading tools and conduct future inspections of high-risk suppliers. In 2023/24, 66% of RS PRO suppliers by spend had a Sedex membership and we are targeting 90% by 2030
- Supplier pre-qualifications process risk screening - since May 2023, all new suppliers are required to complete a mandatory pre-qualification questionnaire as part of our supplier onboarding process. In 2023/24 we updated the questionnaire and trialled a re-qualification supplier ESG questionnaire for our top supplier, covering 67% of supplier spend. We will aim to re-qualify our suppliers every three years to ensure they are all aligned to evolving and emerging standards. In addition, as of 2023/23, we have risk screened all existing suppliers on the RS database against global government lists
- Ecovadis assessment - we ask our product suppliers to get EcoVadis assessed and drive improvements through the platform. 52% of our suppliers by spend are EcoVadis members, marking an increase of three percentage points from 2022/23.
- Conflict minerals and materials of concern - we are actively developing and improving our approach to conflict minerals and other 'materials of concern' by going beyond 3TG minerals to include other materials that exist in our products which carry human rights concerns and risks in their production. Our Chemicals of Concern statement can be found on our website here: rsgroup.com/sustainability
- Mandatory Code of Conduct training - including a specific section on our whistleblowing process, has been rolled out across the whole business. As of 2023/24, 100% of our top 500 leaders and 91% of employees had completed the training

1.3 Measurement of outcomes

- In 2023, we were awarded a Platinum EcoVadis medal, placing us in the top 1% of 100,000+ companies rated. We were also included in the S&P Sustainability Yearbook for the first time. We hold a AA rating by MSCI and are in the Global top 50 for

Sustainalytics, demonstrating that we are a trusted partner for customers and suppliers

- Not only has supplier participation in EcoVadis assessments increased in 2023/24; overall scores have improved from an average bronze medal in 2022/23 to silver in 2023/24
- Our training on how to raise concerns via our whistleblowing line has led to increased awareness and use of the facility compared to the same period last year

2. Labour Principles

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation

2.1 Assessment, Policy and Goals

Our Group Code of Conduct clearly sets out that we recognise freedom of association by permitting our employees to establish and join organisations of their own choosing without our permission and we will recognise collective bargaining where it is required by local laws.

Our Modern Slavery Statement and Policy details our zero-tolerance approach to partnering with suppliers who do not have measures in place to ensure confidence that their supply chain is free from modern slavery, child or forced labour.

Our Diversity and inclusion policy demonstrates our commitment to ensuring that existing and prospective employees are treated fairly and with respect in an environment that is free from any form of discrimination. This ensures that:

- All employment, including: recruitment, promotion, reward, working conditions and performance management related policies, practices and procedures are applied impartially, fairly and objectively;
- We have equality of opportunity for all, and we will provide employees with the opportunity to develop and realise their full potential; and
- Respect is a right – we will inspire trust through honesty and openness.

It also defines the characteristics of RS Group as a diverse organisation, in which:

- We recognise diversity as a business-critical requirement and strength
- To ensure our team is reflective of the customers, suppliers and communities we serve, we are working towards 37%-42% of our leaders being women and 17%-22% being ethnically diverse by 2030
- We are creating an environment where the insights of diverse groups are proactively

sought and welcomed; where people are accepted and respected for their views, opinions and talents, whoever and wherever they are based

- An innovative culture where ideas are born from different perspectives and experience
- A mindset where backgrounds and lifestyles do not affect perceptions, or opportunities for development and promotion
- Where flexible working practices are available where appropriate, as we believe that people can deliver their objectives successfully by working flexible hours, patterns and from different locations
- We are working towards building the diversity of our workforce through our actions, policies and objectives

2.2 Implementation

We have produced a Modern slavery policy, reviewed annually, to sit alongside and above our annual Modern Slavery Statement and publicly available on our website here:

www.rsgroup.com/sustainability/codes-policies-and-standards/

We have also implemented Modern slavery training as part of our Group Code of Conduct training.

2.3. Measurement of outcomes

In 2023/24, we delivered training on diversity and inclusion, and discrimination, as part of our Code of Conduct education programme. This was completed by 91% of employees across the Group in multiple languages.

We actively encourage our employees to report any instances of discrimination or harassment of any kind by using our confidential and anonymous whistleblowing process and we disclose our progress within our annual report and in our ESG report. In 2023/24, we received 23 Speak Up reports globally which were reviewed and monitored by our Audit Committee.

In 2023/24, 1,661 employees were part of collective bargaining arrangements (representing 19%) of our workforce.

3. Environmental Principles

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies

3.1. Assessment, Policy and Goals

The Group environment and health and safety (EH&S) policy statements apply across the Group and are designed to protect and safeguard people and protect the environment. They include aims on how we operate and how we involve communities close to our operations.

Our commitments and policies reflect the integrated way we work across the Group in the areas of EH&S and sustainability. All Group companies, contractors and joint ventures under our operational control must manage EH&S and sustainability in line with the Commitment and Policies.

RS Group is committed to:

- Protecting the environment
- Complying with all applicable EH&S laws and regulations
- Using energy and other resources efficiently to provide our products and services
- Respecting our neighbours and contributing to the societies in which we operate
- Setting targets for and reporting on our EH&S performance
- Promoting best practice in our workplace
- Managing EH&S and sustainability matters in line with other critical business activities
- Promoting a culture in which all Group employees share this commitment

Our 2030 ESG Action plan – For a Better World, outlines our long-term commitments towards advancing sustainability and targeting environmental improvements within our direct operations and across our value chain. We have made a commitment to be net zero in our direct operations by 2030 and in our wider value chain by 2050. We have set science-based targets relating to our Scope 1, 2 and 3 emissions, which have been validated by the Science-Based Targets initiative (SBTi). We have also set supporting targets for sustainable packaging, waste, transportation, products and service solutions, as well as supplier carbon reduction, which are in line with our commitment to advance sustainability across our industry.

We align to external frameworks and standards to ensure we adhere to best practice and to enhance comparability of our ESG performance data. For our reporting, we align to the sector-specific recommendations of the Sustainability Accounting Standards Board (SASB) and the Global Reporting Initiative (GRI). We are also members of the United Nation's Global Compact (UNGC) and our priorities are aligned to six UN Sustainable Development Goals (SDGs).

3.2. Implementation

Our Group policies, processes and systems help manage our environmental performance.

To date, we have been focusing our operational efforts towards net zero by reducing our dependence on fossil fuels via the use of renewable electricity in our distribution sites and green transportation solutions for our company cars. We are also investing in our infrastructure to decarbonise our distribution centres.

Beyond our own business, we are committed to supporting our customers and suppliers on their journey to achieve net zero by 2050. This includes offering an increasing range of sustainable product and service solutions to our customers, such as the launch of our Better World product range - our new range of products with sustainability improvements that are supported by clear and credible third-party evidence, including sustainability certifications or eco-labels.

We are decarbonising our global value chain by reducing our Scope 3 emissions, both upstream with suppliers and downstream with customers. This includes reducing Scope 3 product transport emissions intensity through modal shifts from air to sea or air to road and by optimising our supply chain to source, store and ship more products locally.

We are also committing to engage 67% of our suppliers by spend to set science-based targets by 2025 and at the end of 2023/24, 32% had done so with the SBTi.

To measure our carbon footprint, the Group uses the Greenhouse Gas Protocol. We report the breakdown of our CO₂e emissions in line with the three scopes defined under the WRI/WBCSD GHG Protocol: Scope 1 (direct emissions), Scope 2 (energy indirect emissions) and Scope 3 (other indirect emissions, including business travel).

To calculate Scope 1 and 2 carbon emissions we include: premises energy use, company vehicles and fugitive emissions. The emission conversion factors are from the latest version of internationally recognised sources such as the Department for Business, Energy and Industrial Strategy (BEIS), Department for Environment Food and Rural Affairs (DEFRA) and the International Energy Agency (IEA).

For Scope 3 emissions reporting, we evaluate the categories of Scope 3 emissions which are material and relevant to our business and report these in our Annual Report & Accounts. These include category 1 (purchased goods and services), category 4 (upstream transport and distribution) and category 11 (use of sold products). We then apply the relevant reporting methodology for that specific Scope 3 category, recognising that we must adopt a continuous improvement approach to increase the quality of our data and maturity of our reporting approach each year.

The methodologies and annual results for our Scope 1 and 2 and material Scope 3 emissions categories (Category 1, 4 and 11) are externally assured by a third-party.

We report our annual GHG emissions in accordance with the Companies Act 2006 (Strategic and Directors' Report) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. This can be found in our 2024 Annual Report.

We have participated in CDP since 2008. In 2023, we achieved a CDP climate leadership score of A- for our climate action and disclosure for our direct action and an A for supplier engagement. We have been signatories of the Task force for Climate-related Financial Disclosures (TCFD) since 2020 and our climate-related governance, strategy, risk management, metrics and targets are reported in line with the TCFD recommendations and externally disclosed in our 2024 Annual Report. This disclosure is aligned with the requirements of Listing Rule 9.8.6R and the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

3.3. Measurement of outcomes

We have not had any legal action or investigations brought against us for environmental failings. We have robust and clear reporting mechanisms for Environmental, Health and Safety incidents which are communicated to the Group.

We have had several positive achievements in our long-term goals to reduce our emissions and achieve our goal of being net zero in our direct operations by 2030.

Highlights include the following:

Carbon:

- We have achieved a 57% reduction in total Scope 1 and 2 emissions against our 2019/20 baseline, including emissions data from 2022/23 and 2023/24 acquisitions
- In 2023/24, 90% of total group electricity usage was from renewable sources
- In 2023/24, we reduced total premises energy usage by 4% and 9% since 2019/20. Our energy intensity has reduced by 33% since our baseline year of 2019/20

Fleet emissions:

- In 2023/24, 82% of UK company car fleet is electric or hybrid
- We're increasing electric vehicle infrastructure by installing 40 additional electric charging points in locations across the UK, Europe and Americas

Packaging:

- In 2023/24 we reduced packaging intensity by 8% from 2022/23 and 94% of our packaging is widely reusable or recyclable

Waste and recycling:

- We have seen a 10% reduction in waste intensity since 2019/20
- 82% of our waste is recycled with many key sites sending no waste to landfill

Environmental management systems and certification:

- 37 sites covering 49% of our operations by revenue and 59% by floor area are covered by ISO 14001 environmental management certifications
- All of our distribution sites have environmental management systems in place to manage risk, track ongoing performance and identify opportunities to target further emissions reductions

Transportation:

- 26% reduction in Scope 3 transport emissions intensity since 2019/20 (covering inbound, outbound and inter-company product movements under RS control)
- In Europe, we expanded the inventory capacity of our regional DC in Bad Hersfeld, Germany which is used to serve our European customers. This represents a 14% increase in capacity. We also introduced new routes into France, Italy and Spain which have resulted in fewer products being shipped from the UK into mainland Europe, reducing emissions and saving

- transportation costs
- We are also continuing to engage our freight partners to prioritise decarbonisation and lower carbon technologies, for example electric last-mile deliveries, air efficiencies and the use of sustainable fuel alternatives

Supplier carbon:

- 32% of Group suppliers (by spend) had set SBTs, as of 31st March 2024

Sustainable product and service solutions:

- We are growing our range of sustainable products and solutions that help our customers design, build and maintain more sustainable operations
- In March 2023, we introduced Better World products, our new range of products with sustainability improvements. We launched with c. 20,000 Better World products and we are now at c. 30,000 products in the range from over 90 suppliers. Each product is certified by trusted experts and is tagged with a Better World badge. This makes it easier for our customers to select greener product alternatives that they can trust
- Our goal is to offer 100,000 Better World products by 2030

4. Anti-corruption Principles

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

4.1 Assessment, Policy and Goals

We have a zero-tolerance approach to bribery and corruption which is stated in our Group Code of Conduct.

Our Anti-Bribery and Corruption Policy applies to all businesses within our Group, inclusive of all directors and employees. Its purpose is to ensure compliance with all laws and regulations governing anti-bribery and anti-corruption in the countries where we operate. We are committed to conducting our business and affairs to ensure that we do not engage in or facilitate any form of bribery.

4.2 Implementation

Regular anti-bribery and corruption training is delivered across the Group on a biannual basis.

Businesses within the Group, which are based in countries deemed to be at high risk for anti-bribery in accordance with the Transparency International Corruption Perceptions Index 2020, receive training on an annual basis.

In 2023/4, we delivered anti-bribery training to 91% of our employees globally via our mandatory Code of Conduct training.

Measurement of outcomes

We have had no claims for any breaches of any anti-bribery or corruption laws brought against us in any jurisdiction.

All incidents or suspected incidents of bribery and corruption will be investigated and the Group's whistleblowing process is open to all employees, contractors and partners to report any incidents or suspected incidents.