

For a Better World: our 2030 ESG action plan

Our purpose and new 2030 ESG action plan will generate greater long-term value for our stakeholders and triple bottom line benefits for people, planet and profit.

How we developed our 2030 ESG action plan
Our purpose, making amazing happen for a better world, reflects our focus on delivering results for people, planet and profit. To reinforce this commitment, we launched our 2030 ESG action plan – For a Better World in November 2021.

For a Better World builds on our former 2025 ESG targets with four global goals and 15 supporting actions. With insights gathered from our materiality assessment, the plan complements our Group strategy, The RS Way, by delivering long-term value for all our stakeholders and accelerating our Journey to Greatness.

Our refreshed approach supports six of the UN SDGs and lays the foundation for our long-term vision to 2050. Our key commitments and 2021/22 performance highlights can be found in the table below.

See our progress against 15 supporting actions on pages 60, 66, 69 and 74 ▶

Alignment to ratings and standards



CDP:
A- climate leadership score 2021



EcoVadis:
Gold medal 2021



FTSE4Good Index:
3.2/5 score 2021



MSCI:
A rating 2021



Sustainalytics:
Global top 50 ESG companies – 18/14,661; Negligible risk (6)

2030 ESG action plan		Global goals	Key action areas	Performance highlights		
 <p>Supporting six United Nations Sustainable Development Goals (UN SDGs)</p> 	 Advancing Sustainability	We are developing sustainable operations and product and service solutions	Net zero emissions in direct operations by 2030 , value chain before 2050. SBTi, UN Global Compact's Business Ambition for 1.5°C and UN Race to Zero commitments	50% reduction in Scope 1 and 2 emissions since 2019/20 ¹	88% of Group electricity from renewable sources in 2021/22 ²	17% reduction in Scope 3 transport emissions intensity since 2020/21 ³
	 Championing education and innovation	We are building skills and fostering innovative solutions that improve lives	Building skills and fostering innovation with 1.5 million engineers and innovators	1.2m members, students and start-ups engaged through DesignSpark	£218k raised to support The Washing Machine Project to improve lives ⁴	c. 4,200 universities, colleges and schools use our educational products in their teaching
	 Empowering our people	We are creating a safe, inclusive and dynamic culture where our people can thrive and grow	Working towards 40% women and 25% ethnically diverse leaders	75 employee engagement score in 2021/22 – our highest to date	44% of the Board are women, including the Chair	23% reduction in our all accident frequency rate since 2019/20
	 Doing business responsibly	We ensure the highest ethical standards throughout our business and global value chain	Increasing screening and ESG objectives for suppliers. ESG metrics in employee rewards and sustainability-linked loans	ESG metric added to annual incentive for 2022/23 to drive progress against our 2030 climate actions	£300m sustainability-linked loan (SLL) to help facilitate ESG action	112 RS PRO supplier ESG inspections since May 2019

1. Scope 1 and 2 CO₂e emissions updated to reflect changes in reporting and emissions factors.
2. Percentage of total electricity use.
3. Tonnes of CO₂e due to Scope 3 transport emissions per tonne of product sold.
4. This includes a corporate donation of £97,000 made in April 2022.



Advancing sustainability

Our approach

We sit at the centre of the global industrial value chain as a critical partner to our customers and suppliers. Thus, we play an important role in advancing environmental sustainability and tackling climate change across many sectors of the global economy.

We are committed to the Science Based Targets initiative (SBTi) and to achieving net zero in our operations by 2030. We are also helping customers and suppliers meet their climate ambitions in line with our commitment to delivering a net zero value chain by 2050.

Supporting UN SDGs



Our commitments and progress

2030 actions

By 2030 in our direct operations:

- **Carbon:** Be net zero with a science-based target to reduce absolute emissions from our own operations by 75%¹
- **Packaging:** Make our packaging more sustainable: reduce intensity by 30%¹, with 100% of packaging widely reusable, recyclable or compostable, and made with 50% recycled content
- **Waste:** Reduce, reuse and recycle our waste: reduce intensity by 50%¹, recycle > 95% and achieve zero waste to landfill in our direct operations

Working towards a net zero global value chain by 2050:

- **Transport:** Reduce Scope 3 transport emissions by 25% per tonne of product sold¹
- **Products and solutions:** Develop innovative and sustainable product and service solutions for all our customers
- **Supplier carbon:** Engage 65% of suppliers by spend to set SBTs by 2025

Performance

50%
reduction in Scope 1 and 2 emissions since 2019/20²

16%
reduction in packaging intensity since 2019/20³

73%
of total waste recycled. Declined by one percentage point in 2021/22

17%
reduction in intensity of Scope 3 transport emissions since 2019/20⁴

19%
of suppliers by spend are committed to setting an SBT by 2025

1. By 2029/30 from 2019/20.
2. Scope 1 and 2 emissions updated to reflect changes in reporting and emissions factors.
3. Tonnes per £m revenue.
4. Tonnes of CO₂e due to scope 3 transport emissions per tonne of product sold.



Our upgraded distribution centre (DC) in Bad Hersfeld, Germany, is powered in part by a 6,000m² solar array which generates 750kW of green photovoltaic (PV) electricity and 22% of the site's annual electricity requirement. The expanded site can now house up to 500,000 products, which will significantly reduce delivery distances and associated transport emissions.

Our net zero roadmap

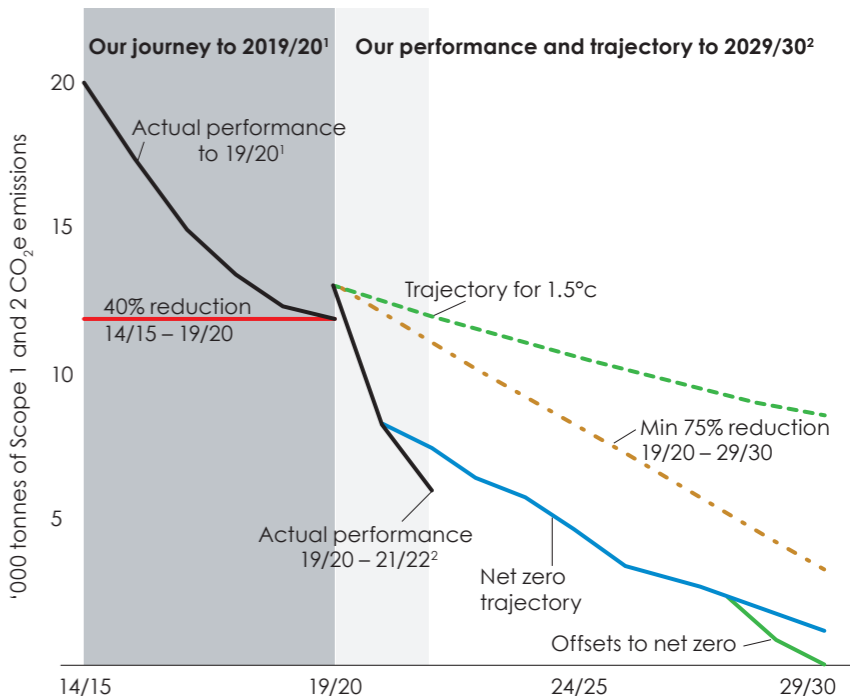
In November 2021, we announced our ambition to become a net zero business by 2030. This included setting science-based targets covering our Scope 1, 2 and 3 emissions with a 75% reduction in direct emissions by 2030. We have also set supporting targets for packaging, waste and transportation to drive further environmental performance and climate action.

Beyond our own business we are committed to supporting our customers and suppliers on their journey to tackling climate change and achieving net zero by 2050. This includes offering an increasing range of sustainable product and service solutions to our customers, as well as committing to engage 65% of our suppliers by spend to set SBTs by 2025.

To drive collaboration and industry-wide action, we joined the UN Global Compact's Business Ambition for 1.5°C and the UN Race to Zero in 2021/22 to align to best-practice guidelines and collaborate to drive positive change.

We submitted our science-based targets covering Scope 1, 2 and 3 emissions to the SBTi for verification in May 2022. We expect to obtain formal approval of our ambitions in 2022/23.

Our pathway to net zero in our direct operations



1. Group performance excluding businesses acquired post 2019/20 baseline year.
2. Performance and plan re-based to 2019/20 to include acquired businesses.

Our journey to net zero

Our journey so far

- 50% reduction in Scope 1 and 2 emissions since 2019/20
- 88% of Group electricity usage from renewable sources in 2021/22
- Solar panels added to German DC: 750kW capacity
- Energy efficiency improvements to DCs and sites
- All new UK company cars are electric or hybrid from 2021/22

By 2030: Net zero in our direct operations

- SBT to cut absolute emissions by 75% by 2029/30, from 2019/20
- 100% renewable electricity across the Group
- Increase onsite renewable electricity generation
- Low-carbon DCs delivered through low-carbon technology and efficiency projects
- Net zero emissions company car and van fleet
- Gold standard offset project strategy for residual emissions

Before 2050: Net zero across our wider value chain

- 65% of our suppliers by spend to set science-based targets by 2025
- 25% reduction in Scope 3 transport emissions, per tonne of product sold by 2029/30, from 2019/20
- Expand sustainable product and service solutions for our customers
- Utilise wider societal and technological developments in increased availability of low-carbon energy, heating and cooling technology, global logistics solutions, carbon capture and storage

Greenhouse gas (GHG) emissions

GHG emissions and Streamlined Energy and Carbon Reporting (SECR) disclosure

In accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, our 2021/22 Group emissions were:

	Metric	2021/22	2020/21
Group Scope 1 emissions			
Combustion of fossil fuels ¹	tonnes CO ₂ e	4,555	4,219
Operation of facilities, including fugitive emissions ²	tonnes CO ₂ e	153	254
Group Scope 2 emissions			
Purchased electricity (market-based) ³	tonnes CO ₂ e	1,446	3,286
Intensity metric			
CO ₂ e due to premises energy and vehicle use per £m revenue	tonnes CO ₂ e /£m	2.3	3.9
Total CO ₂ e per £m revenue ²	tonnes CO ₂ e /£m	2.4	4.0
SECR disclosures⁴			
UK total Scope 1 and 2 emissions (market-based)	tonnes CO ₂ e	3,060	2,987
UK energy consumption (including vehicles)	GWh	30.7	28.8

1. Includes emissions of 1,615 tonnes relating to fuel use in company vehicles (2020/21: 809 tonnes).
2. 153 tonnes of CO₂e due to fugitive emissions from air-conditioning systems (2020/21: 254 tonnes).
3. Market-based electricity purchased from renewable sources at zero CO₂e per kWh. Location-based emissions increased by 6,215 tonnes at grid-average rates (2020/21: 4,441 tonnes).
4. SECR: UK emissions were 50% of 2021/22 global market-based emissions and including vehicles UK energy use was 57% of global energy use.

GHG emissions are calculated using the UK Department for Environment, Food & Rural Affairs and International Energy Agency emissions factors in line with the GHG Protocol (Corporate Standard). Data is updated to reflect reporting methodology changes and current emission factors. Full data can be found in our ESG data centre on our website: rsgroup.com/esg

A greener distribution model

Scope 1 and 2 emissions

Since 2014/15, we have delivered a 70% reduction in Scope 1 and 2 emissions from our DCs and other premises energy use, including the use of company-owned and leased vehicles. For the launch of our net zero ambitions we have set the baseline year of 2019/20 and have updated our current and historic reporting accordingly.

In 2021/22, we reduced our Scope 1 and 2 CO₂e emissions by 50% against our 2019/20 baseline and by 20% year on year. Indexed to revenue, our emissions intensity is down by 63% against the baseline year and 41% since 2020/21. During the year, 88% of our electricity was from renewable sources, including our own onsite energy generated by solar panels on the roof of our expanded DC in Germany. This is a 78 percentage points increase in the use of renewable electricity since 2019/20.

During the year, 25 sites covering 47% of our operations by revenue and 62% by floor area were covered by ISO 14001 certifications. Excluding the third-party managed DC in Hong Kong, our 13 owned and leased DC sites, with total floor area of 264,000m², have environmental management systems in place with four covered by ISO 14001. The majority of our 46 other sites, with total floor area of 57,000m², have certified or internal environmental management systems.

Fleet emissions

We have made significant progress in reducing fleet emissions and in transitioning to more sustainable vehicles over the last two years.

In 2021/22, emissions were 67g/km across our RS UK fleet, a reduction of 38g/km per vehicle from 2019/20. In addition, 94% of all new vehicle purchases in the UK were electric or hybrid vehicles, which now make up 42% of our RS UK fleet.

During 2022/23, we will be rolling out our sustainable fleet framework beyond the UK, increasing the purchase of fully electric vehicles (EVs), conducting electric van trials and increasing our electric vehicle charging infrastructure.

In 2022/23, we will also be introducing a new salary sacrifice benefit called Ignite for our UK employees. The scheme will make it easier and more affordable for our people to purchase or lease their own electric vehicle.

1. KPIs are on a constant exchange rates basis and are updated to reflect changes in reporting methodology and/or emissions factors.
2. Covers the operations under our financial control globally but excludes several smaller sites where energy, waste and water costs and consumption are included in lease costs.
3. As a result of the COVID-19 pandemic, or for other reasons, some reports include estimated data where suppliers have not been able to provide their usual reports.
4. This data aligns to the statutory information required by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.
5. CO₂ equivalent from vehicles and all premises Scope 1 energy sources with market-based Scope 2 emissions calculated with country-specific CO₂ factors and with 100% renewable electricity reported at zero kg CO₂ per kWh.
6. Heads are the average monthly number of full-time equivalent employees, agency workers and contractors.
7. The 2021/22 CO₂e emissions, carbon intensity and packaging intensity, which is shown on the following page, have been subject to assurance by ERM CVS. See independent assurance report on pages 80 and 81.
8. Emissions data for all years has been updated to include CO₂e due to the use of company leased and owned vehicles. Previously this information was only included in the statutory GHG emissions disclosure tables.

Closing the loop on waste

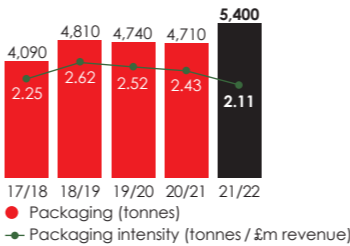
Packaging

Packaging is key to ensuring our products are delivered safely, securely and without damage. Our 2030 packaging actions are to achieve a 30% reduction in packaging intensity; for 100% of our packaging to be widely reusable, recyclable or compostable; and for our packaging to have at least 50% recycled content.

In 2021/22, packaging intensity was down by 13% to 2.11⁷ tonnes per £m revenue versus 2020/21 and by 16% against the 2019/20 baseline. This was primarily due to the continued use of reusable eco-totes and pallets for product movements between our sites in Europe. We also increased the proportion of packaging by weight which is recyclable to 92%, up from 89% in 2020/21.

Currently, 42% of our packaging is made with 50% recycled content, so we have a way to go to reach our target of 100% by 2030. We are working with our suppliers to increase the amount of recycled content in our packaging and rolling out recyclable paper padded envelopes further across Europe.

Packaging use^{1,2,3,7}



Promoting a circular supply chain

To help increase the reuse of packaging in our supply chain, we are replacing wooden and cardboard packaging pallets with reusable, returnable eco-totes for product movements between our European sites.

Eco-totes have a longer life than wooden pallets which need to be repaired more frequently. When rolled out in 2022/23, we expect to save c. 220 tonnes of packaging and 50 tonnes of paper waste every year.

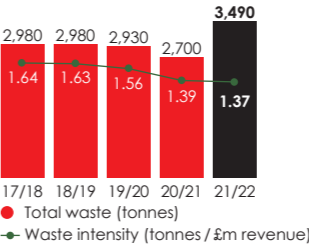
Recycling and waste

We are committed to achieving circularity within our own operations. Our 2030 goal is to reduce waste intensity by 50% from 2019/20. We also want to reuse, reduce and recycle over 95% of our waste and we are targeting zero waste to landfill in our direct operations by 2030.

In 2021/22, waste intensity was down by 1% year on year and by 12% since 2019/20. The proportion of total waste that is recycled declined by one percentage point to 73% and by six percentage points from the baseline year. This decline was due to operational changes by waste contractors during and following the COVID-19 pandemic. Waste that is not recycled is typically sent for incineration or energy recovery. In 2021/22, 8% of our total waste was sent to landfill.

Moving forward, we will continue to work with waste contractors to deliver our targets, reduce intensity and to recycle and reuse materials where possible to avoid landfill.

Total waste^{1,2,3}



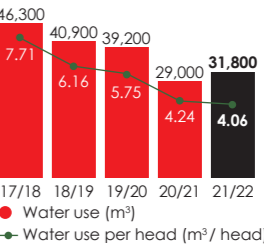
Water

As an industrial product and service solutions provider, RS Group does not have manufacturing facilities. Thus, water use is generally limited to hygiene, cleaning and catering use across our sites.

In 2021/22, as our people returned to our sites following the COVID-19 pandemic, total water use increased by 10%. This was due to enhanced hygiene and cleaning across our facilities. Despite this, total water use per head decreased by 4% to 4.06m³ per head in 2021/22. The cumulative reduction since 2019/20 is 29%.

In 2021/22, the Group commissioned independent external assurance for its Scope 1 and 2 CO₂e emissions, carbon intensity and packaging intensity with ERM CVS. The independent assurance report is set out on pages 80 and 81.

Water use^{1,2,3,6}



Donating inventory

In 2021/22, we launched an exciting initiative targeting two of our core ESG ambitions: reducing waste and improving lives through innovation.

The initiative, Save Our Stock (SOS), notifies our educational customers and charities of any surplus items that they can receive for free by signing up to a regular newsletter.

In April 2022, we delivered a large number of surplus fan heater units to the Salvation Army to help keep vulnerable people warm over the winter months.

Decarbonising our supply chain

Transport emissions

As a global business, we ship over 60,000 parcels to our customers daily, which makes transportation a significant contributor to our overall carbon footprint. By 2029/30, we are targeting a 25% reduction in Scope 3 transport emissions per tonne of product sold against a 2019/20 baseline.

We are switching to lower-carbon transport modes from air to road and sea, which is helping to drive reductions in transport emissions. For example, we moved our product replenishments from the UK to our Asia Pacific DCs from air to sea in 2019/20 which has led to an 80%¹ reduction in transport emissions across these lanes.

In addition, in 2021/22 we switched a proportion of our European customer deliveries from air to road, which reduced emissions intensity by 14%² across these lanes compared to 2020/21.

We also include environmental considerations when selecting logistics providers to ship our products. For example, our UK logistics partner is committed to investing €7 billion in green technologies by 2030.

Together, these efforts have resulted in a 17%³ reduction in Scope 3 transport emissions per tonne of product sold since 2019/20. Moving forward, we will implement further measures to reduce our Scope 3 transport emissions and disclose our progress on an annual basis.

Supplier engagement

With over 2,500 direct suppliers and more than 700,000 stocked products, we know that the carbon footprint of our suppliers and the products they produce is the biggest driver of carbon emissions in our supply chain. To address this, we have set a target for 65% of suppliers by spend to set SBTs by 2025.

At our global supplier conference in July 2021, we asked 450 suppliers to commit to setting SBTs. As of 31 March 2022, 19% of our suppliers have done so. Furthermore, we updated our supplier ethical trading policy in 2021/22 to include a commitment for our suppliers to set SBTs by 2025.

In 2023/23, we will continue to partner with our strategic suppliers to help them improve their ESG performance while bringing new sustainable technologies, circular products, packaging and service solutions to market.

17%

reduction in intensity of Scope 3 transportation emissions since 2019/20³



Shifting our product transportation model in Europe

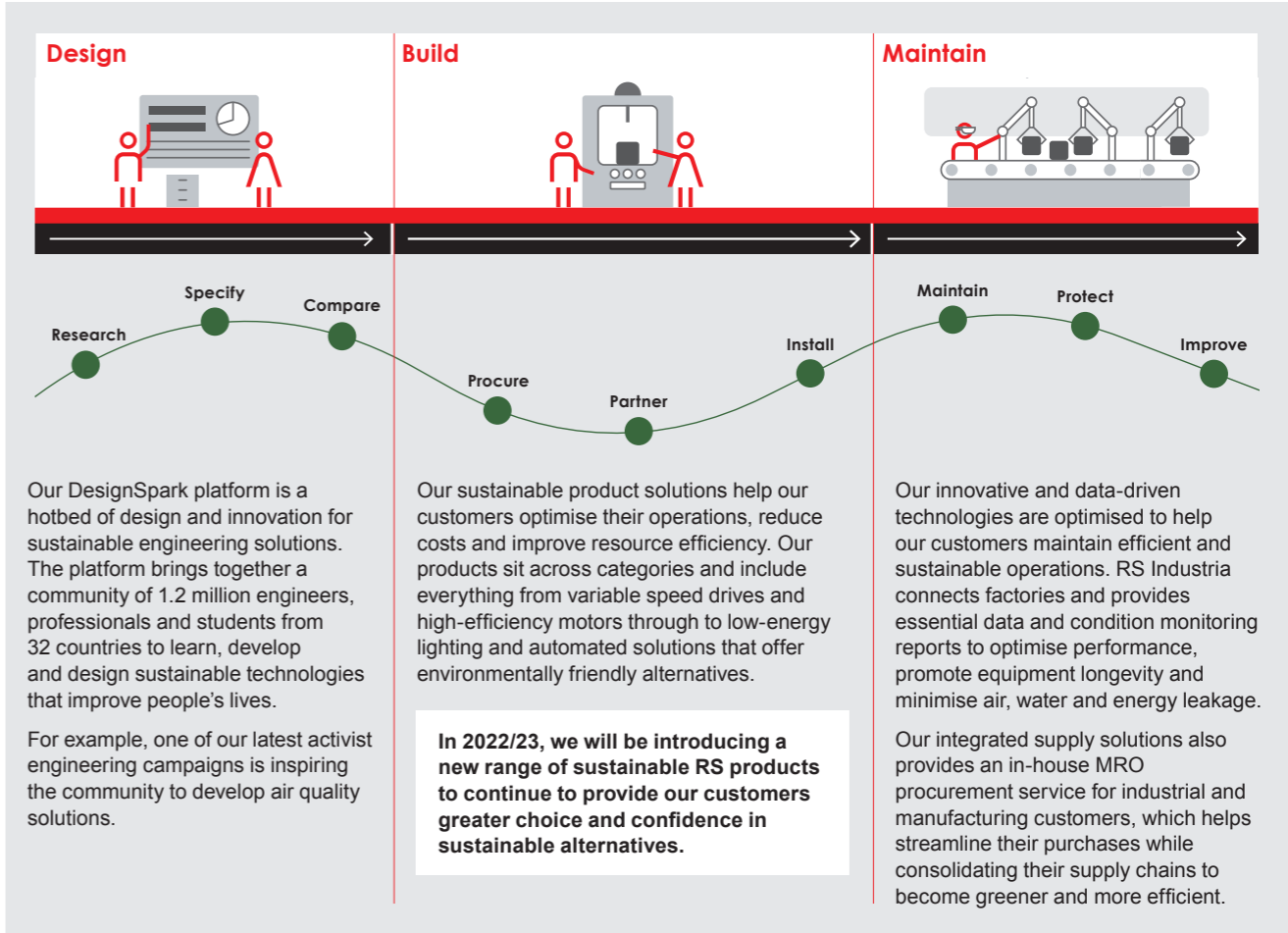
In 2021/22, we implemented key changes across our European operations to source, store and ship a greater percentage of our products regionally and locally. For example, our expanded DC in Germany can now house up to 500,000 products closer to our European customers to drive down costs, distance travelled and carbon emissions in our supply chain.

We are also shifting to lower-carbon forms of transportation, by prioritising road and sea freight over air. For example, we switched a proportion of our European customer deliveries from air to road in 2021/22, which reduced emissions intensity by 14% across these lanes, compared to 2021/22. We are also setting weight limits on what we deliver by air, so we deliver higher-weight items by road wherever possible.

1. Tonnes of CO₂e due to Scope 3 transport emissions for Asia Pacific product replenishments per tonne of product moved.
2. Tonnes of CO₂e due to Scope 3 transport emissions for European customer deliveries per tonne of product sold.
3. Tonnes of CO₂e due to Scope 3 transport emissions per tonne of product sold.

Helping customers and suppliers become more sustainable

We are focused on offering differentiated product and service solutions that help our customers achieve their ESG goals. By working closely with our suppliers, we are providing sustainable products and circular solutions that span all stages of the industrial lifecycle.



What's next?

Carbon:

- Drive forward our net zero plan for DCs, offices and vehicles
- Increase onsite renewable energy generation and use of low-carbon technology

Packaging:

- Introduce additional automated packaging processes
- Continue to use recycled and recyclable materials, including the use of reusable packaging types such as eco-totes and pallets

Waste:

- Achieve zero waste to landfill at sites with alternative facilities
- Collaborate with waste providers, non-governmental organisations and landlords to increase waste management systems and redirect surplus inventory

Transportation:

- Continue to decarbonise our logistics by shifting our transportation modes and reporting our annual Scope 3 emissions

Sustainable products and service solutions:

- Introduce a range of sustainable RS products with eco-labels and certifications in 2022/23

Supplier carbon:

- Continue to encourage our suppliers to set SBTs to reach 65% of our suppliers by spend by 2025



Championing education and innovation

Supporting UN SDGs



Our approach

People and innovation are key to driving a more sustainable and inclusive world. Engineers, innovators and technologists are the beating heart of the global industrial sector – making amazing happen every day and solving some of the world’s most pressing challenges.

To support them, we are committed to building skills and fostering innovation with 1.5 million engineers and innovators by 2030.

Our commitments and progress

2030 actions	Performance
Inspiring future engineers and innovators: <ul style="list-style-type: none">Reach one million young people with educational technologies, learning content and skills development to support future engineers and innovators	c. 420,000 young engineers and students reached through Grass Roots education since 2020/21
Purpose-driven innovation: <ul style="list-style-type: none">Engage with 1.5 million engineers and innovators in creating socially responsible and sustainable solutions	276,000 engineers and innovators engaged in purpose-driven innovation initiatives since 2020/21
Social impact partnerships: <ul style="list-style-type: none">Support our social impact partners to develop solutions that improve lives – including supporting The Washing Machine Project (TWMP) to help 100,000 people in need	1,260 lives improved through the TWMP Iraq pilot



OKdo donated 5,000 micro:bits to the BBC's do your :bit global challenge in 2021/22. The competition provided pocket-sized codable computers to 8–18 year-olds around the world, who were tasked with developing social and environmental innovations that address the UN SDGs.

Inspiring future engineers and innovators

We are empowering the next generation of engineers, innovators and technologists to develop vital skills, experience and inspiration to change our world.

By 2030, we are committed to reaching one million young people with educational technologies, inspirational learning content and immersive skills development opportunities.

As of 31 March 2022, our Grass Roots education programme has reached c. 420,000 future engineers and innovators through our partnerships with professional engineering institutions, universities and youth programmes. We are supporting young people from primary school through to higher education on this journey.

Higher education

We partner with professional engineering institutions and universities to offer a broad range of educational products and services that enable young engineers and innovators to learn the skills needed for their future careers.

In 2021/22, c. 4,200 universities, colleges and schools used RS and OKdo educational products to teach c. 355,000 students valuable technical skills. Over the next 24 months, we will be expanding our higher education offer across our markets and expanding our presence on university campuses.

DesignSpark

Our DesignSpark platform is a hotbed of engineering design, innovation and resources for 1.2 million budding engineers, hobbyists, professionals and students across 32 countries.

To support students, we added a new Grass Roots education platform focused on youth-led content in June 2021. This addition has resulted in a 30% growth in new young users (under the age of 25) to the DesignSpark platform over the last two years, meaning we now support c. 356,000 young users to learn vital engineering skills.

As part of our engagement with students, the Grass Roots team promote competitions and activities throughout the year to help young innovators and engineers develop and flex their skills, gain experience and make new connections.

STEM learning – OKdo

OKdo offers a broad range of coding and electronics products, tools and games to get young people switched on to the exciting possibilities of engineering from a young age.

Raspberry Pi computer boards are one of our most popular products to teach programming and computing in an easy and affordable way. In 2021/22, OKdo shipped c. 1.89 million Raspberry Pis which delivered £6.2 of royalty payments to the Raspberry Pi Foundation. The Foundation is a UK-based charity that works to put the power of computing into the hands of people all over the world.

In addition, 5,000 micro:bits were donated to the BBC's do your :bit challenge.

Purpose-driven innovation

Encouraging innovation

As a purpose-led business at the heart of the global industrial sector, we are passionate about nurturing innovative technologies that will benefit people and the planet. Over the next decade, our aim is to bring together 1.5 million engineers and innovators to create sustainable solutions that will help shape a better future.

In 2021/22, we launched several new initiatives through DesignSpark to engage our online community of 1.2 million students and engineers to co-create sustainable solutions that improve lives.

For example, our #ActivistEngineering initiative set the challenge of delivering cutting-edge environmental and social innovations. In addition, our air quality project sought to improve indoor air quality through innovation by engaging 17,000 engineers in a unique innovation challenge.

Looking ahead, we will continue to provide businesses and individuals with resources and technology to create and test new solutions that address pressing sustainability challenges.



Launching a new innovation hub in Texas

In a first step towards bringing our DesignSpark community into a physical space, we opened the DesignSpark Innovation Centre in November 2021, in Texas, US.

Working in partnership with Lake Walk, the 8,000 m² facility will act as an entrepreneurial hub for new innovation by creating an ecosystem for local start-up businesses, technology researchers and creatives to collaborate.

As of 31 March 2022, there are 12 start-ups in residence who are making use of our tools, resources, products and support to prototype new technologies that will deliver positive social and environmental outcomes.

Social impact partnerships

We support social impact programmes that drive meaningful change through the power of education and innovative engineering solutions. In 2021/22, this included two key partnerships:

The Washing Machine Project
70% of the world's population lack access to an electric washing machine. While handwashing clothes might sound like a simple task, it disproportionately affects the wellbeing and livelihoods of women in low-income communities around the globe.

To tackle this challenge through innovation, we work with TWMP and TWMP Foundation to support their mission of providing accessible, manual washing machines that allow women to take charge of their lives.

We have generated £218,000 to support TWMP Foundation. This includes a corporate donation of £97,000 made in April 2022. In addition, 65 of our colleagues volunteered their time to build washing machines for TWMP's first pilot project in Iraq, which has positively impacted the lives of 1,260 people.

By the end of 2023/24, TWMP's mission is to deliver at least 7,500 machines to 100,000 disadvantaged people around the world. To support TWMP to achieve this goal, we will need to increase our fundraising activity in 2022/23.

Engineers Without Borders International
We have been partnering with Engineers Without Borders-International (EWB) since 2020/21, to support their mission to place global responsibility at the heart of engineering.

As a sponsor of their Engineering for People Design Challenge, we encourage 20,000 students a year to take part in design challenges that broaden their awareness of the social, environmental and economic impacts of their engineering solutions across four countries.

As well as providing funding for the challenge, we also offer critical skills training to students to boost their soft skills. We also sit on the grand finalist panel to judge and select the winning ideas.

Over the last two years, we have extended the challenge beyond the UK and South Africa to reach students in the US and Australia.

What's next?

- Education for engineers:**
- Expand our innovation start-up network of centres and hubs across multiple geographies
 - Roll out our higher education offering across key markets in the next 24 months
- Sustainable solutions:**
- Continue to develop DesignSpark #ActivistEngineering campaigns to cover wider ESG challenges
 - Introduce new tools and resources to help engineers build sustainability into their design processes
 - Support start-ups with resources and technology to create and test new sustainable solutions
- Social impact partnerships:**
- Roll out additional projects and support activities for TWMP
 - Collaborate with EWB to drive innovation through annual design challenges

£218k
generated for TWMP Foundation. This includes a corporate donation of £97,000 made in April 2022.



Empowering our people

Our approach
Our unique team of over 7,600 individuals is the lifeblood of our business. Every day, their passion and expertise enable us to delight our customers and make amazing happen for a better world.

We are working hard to create a purpose-led culture where our people are proud and excited to come to work every day. We are investing in their wellbeing, development and, above all, empowering them to drive our journey towards being a truly great Company.

Supporting UN SDGs



Our commitments and progress

2030 actions	Performance
Engaged employees: • Achieve and maintain an employee engagement score in the top 10% of high-performing companies	75 employee engagement score (out of 100)
Inclusion: • Ensure our team is reflective of the customers, suppliers and communities we serve by working towards 40% of our leaders being women and 25% being ethnically diverse	32% women in leadership roles
Health and safety: • Aim for zero accidents involving our people	20% increase in our all accident frequency since 2020/21
Volunteering: • Inspire 50% of colleagues to volunteer to support their communities and build new skills	185 volunteers shared 2,000 hours of their time in 2021/22



Our aspiration is to be in the top 10% of highest performing companies for engaged employees by 2030. In 2021/22, our employee engagement score increased to 75 – our highest score yet. This positive progress shows we are heading in the right direction when it comes to helping our people reach their full potential and thrive.

Engaged employees

Our people plan

In 2021/22, we appointed our first Chief People and Culture Officer to drive forward our global people plan focused on five key areas:

- 1. Creating a purpose-led culture where our people are empowered to drive our strategy and collective success
- 2. Investing in upgrading the skills of our leaders and workforce while rewarding great work
- 3. Providing an excellent employee experience where our people feel able to show up every day as themselves
- 4. Facilitating a fantastic candidate experience
- 5. Rewarding managers based on the quality of the human and authentic relationships they build

Our people plan sets the roadmap for our journey to being a truly great Company over the next three years, outlining what we need to do to be the best for our people.

MyVoice

We know that having an engaged and motivated team is critical to ensuring a high-performance culture and delivering our future success. A high employee engagement score is one of the best indicators of being an employer of choice and will help us to attract and retain the best talent to support our ongoing business transformation.

We gather regular feedback through our annual MyVoice survey to understand how our people feel about working for us and what we can do to better support them. In March 2022, 75% of our workforce responded. The findings showed our employee engagement score increased again to 75 – up from 74 in 2020/21 and 72 in 2019/20.

Our employee engagement continues to trend in the right direction. We are on track to achieve our ambition to be one of the most engaged companies, globally. Our aspiration is to be in the top 25% by 2025 and top 10% by 2030.

Talent development and leadership

Attracting and retaining top talent is key to our long-term success. Our talent strategy has evolved in recent years to seek a deeper understanding of the career aspirations of our colleagues to match the opportunities we have with developing the leaders we need for the future.

To enable our leaders to create a purpose-led culture, we launched our global leadership framework Amazing Leaders in January 2021. Developed through extensive internal consultation, the framework binds together our leadership values under three critical behaviours that help us be our best: passion, humility and trust.

These behaviours and core leadership skills are reinforced through regular discussions and training sessions that enable peer-to-peer learning and connection. In February 2021, we facilitated 150 conversations on how to become an amazing leader in 10 languages.



SHOW PASSION

ACT WITH HUMILITY

DEMONSTRATE TRUST



Developing our future shapers

Launched in March 2019, our Future Shapers programme invests in tomorrow's leaders by developing leadership skills and experience for those who have the ambition and potential to make a big impact.

In 2021/22, we received 122 applications from 19 countries for 14 Future Shapers positions. The selected cohort received award-winning executive training, coaching and mentoring from the Ivy House master class programme.



Our industry-leading benefits in the US

In 2021/22, we updated our benefits package and diversity policies to provide industry-leading support to the majority of our US employees. Actions included:

- **Extending paid parental leave** to 12 weeks for maternity leave and two weeks for supporting parents or foster parents
- **Extending domestic partner benefits** by enabling employees to enrol their partners in health and dental plans
- **Adding transgender benefits** to our health plans by including additional coverage to meet their individual needs
- **Launching the Mom project** to encourage and support mothers back into the workplace after childbirth

Learning and development

We continued to invest in skills, education and formal training programmes in 2021/22. Working with educational leaders Degreed, we launched our My Academy platform in July 2021, with the goal of migrating all existing and new development programmes onto a single global learning hub.

The My Academy platform now includes all mandatory training, compliance and new-starter content across multiple languages in one centralised space. As at March 2022, over 85% of our people have accessed 49,000 unique learning, training and development opportunities. This is also supplemented with our investment in a state-of-the-art, multi-language learning programme with TED&Work.

For our leaders, our Management Matters programme provides ongoing learning activities to over 1,200 people managers. Launched in October 2019, Management Matters promotes core leadership skills through inspiring monthly live webinars, learning paths and skill sharing initiatives. In 2021/22, this activity was supplemented by quarterly virtual global leadership events. Participation continued to grow in the year, with around half of our EMEA, Americas and Asia Pacific leaders participating.

We continued to support apprenticeships in 2021/22 with 284 employees on England Apprenticeship Levy funded programmes and 151 apprentices graduating into permanent roles. We also received 5% Club Gold status in the UK, with 12% of our UK workforce in 'earn and learn' positions.

Reward and benefits

In addition to supporting our people in their career development, it is important that we offer industry-leading rewards and benefits to attract and retain the right talent, reward excellence and retain our position as an employer of choice.

Beyond the provision of physical and social wellbeing benefits, we are committed to supporting our people financially to create a sense of belonging and ownership. We regularly evaluate our incentive schemes and benefits packages. This includes exceeding minimum legal requirements in areas such as holidays, parental leave and pension provision.

It is important that our people have the opportunity to share in the success of the business that they help create. In the UK, we support our people by providing:

- **Advance payments:** To help our people avoid debt, we offer access to earned pay when needed without charging interest. This scheme allows a withdrawal of up to 40% of earned pay before payday to help them with their financial security
- **Affordable loans:** We provide access to loans at lower-than-market rates which are repaid via employee salaries on a monthly basis to save them the burden of paying high-interest rates
- **Retail discounts:** We offer unlimited access to a range of deals, special offers and savings across a wide range of retailers. Around 76% of our employees access these benefits

Volunteering

We introduced two paid volunteering days for all employees in 2020/21. This enables our people to participate in charitable and education initiatives that boost their physical and mental wellbeing, as well as benefiting the communities that surround us.

In 2021/22, 185 people volunteered nearly 2,000 hours to support their chosen charitable cause, or one of our social impact partners – The Washing Machine Project or Engineers Without Borders-International (see page 68). Volunteering was limited during the year due to the challenges of physically volunteering due to the COVID-19 pandemic and we plan to increase participation in 2022/23.

By 2030, we want to inspire 50% of our employees to use their volunteer time to have a positive impact on global communities.

Inclusion

Our approach

Empowering our people to bring their true selves to work creates a culture of excellence where everyone can thrive. We are proud to support our people in achieving their best by building an inclusive workplace that supports everyone, irrespective of ethnicity, disability, age, religion, sexual orientation or gender identity.

Ethnicity

Every day we work to grow the diversity of our team to ensure it fully reflects our people and the customers, suppliers and the communities we serve. That is why we are targeting 25% ethnically diverse leaders by 2030, with an interim target of 18% by 2025.

In 2021/22, 11% of our leaders and one member of our Board, representing 11% of the Board, were ethnically diverse. We acknowledge that we still have a long way to go, however we are committed to ensuring that we hold ourselves accountable by being proactive in our recruitment practices and internal development programmes to encourage ethnically diverse talent to thrive. Additionally, a key priority for 2022/23 is to encourage more of our workforce (where appropriate) to declare their ethnicity in our HR systems.

We are creating a culture where we can authentically celebrate and transparently discuss the ethnic diversity of our people. This means listening to the challenges of our employees, acknowledging the change required and finding appropriate solutions. This is an ongoing journey and we continue to build this path as we travel along it.

We are signatories to Business in the Community's Race at Work Charter in the UK and the US CEO Pledge, which reinforces our commitment to enhancing representation across all levels of our business.

Gender

We are committed to promoting gender diversity within our leadership team and across the Group. Our ambition is for 40% of our leaders to be women by 2030, with an interim target of 35% by 2025. As of 2021/22, 32% of our leaders and 44% of our Board are female. Across RS Group, our gender representation sits at a near 50/50 split (see table below).

We run several initiatives throughout the year to promote gender diversity within the group. Elevate, our Women's Employee Resource Group, is sponsored by our Chief Operating Officer and hosts monthly Elevate & Connect sessions to share learnings and facilitate discussion. We conducted several programmes in 2021/22 including the 30% Club which promotes female mentorship, along with a more in-depth development programme in collaboration with LHH Penna entitled Women in Leadership.

Celebrating International Women's Day in March 2022, we hosted three internal events. Firstly, a roundtable discussion was held with women across RS Group to hold transparent conversations about career progression, work-life balance and mental health. This was followed by a talk from Roma Agrawal who spoke about being a woman of ethnic diversity in a male dominated industry. Finally, Remarkable Women closed the day with a masterclass on ruthless compassion.

In 2021/22, we were featured in the FTSE Women's Review, a government-backed independent, voluntary and business-led initiative aimed at increasing female corporate representation. RS Group ranked in the top half (33rd) of the FTSE 100 Rankings 2021 Women on Boards and in Leadership. We also ranked 8th in the FTSE 350 peer group of industrial and service companies.

To read more about our gender diversity performance, our 2021/22 Gender Pay Gap can be found on our website: rsgroup.com/esg.



Global diversity and inclusion training

In 2021/22, we launched several initiatives to ramp up our focus on diversity and inclusion, including the launch of a new global inclusion training module through the My Academy platform. To date, 90% of our people have completed the module which is designed to raise awareness of our biases and the impact these have on the decisions we make. From 2022/23, this training will be mandatory for all new starters.

This training complements other inclusion training initiatives such as our Include Me programme, a highly personal and immersive inclusion learning module for 240 of our people leaders, which seeks to promote equality through the values of passion, humility and trust.

2021/22 gender split in numbers:

Gender	Total employees		Management ²		Board of Directors	
	2021/22	2020/21 ¹	2021/22	2020/21	2021/22	2020/21
Female	3,843 (50%)	3,629 (50%)	42 (32%) ³	36 (30%)	4 (44%)	4 (44%)
Male	3,811 (50%)	3,737 (50%)	89 (68%)	84 (70%)	5 (56%)	5 (56%)

1. This excludes one permanent employee that we do not have a gender record for.
2. Permanent employees who operate at a senior level in the Group and typically, although not exclusively, are the Senior Management Team and their direct reports. Temporary employees (three female and one male in 2021/22), contractors and agency staff are not included.
3. The 2021/22 management gender split has been subject to assurance by ERM CVS. See independent assurance report on pages 80 and 81.

Health, safety and wellbeing

Target Zero performance

The health, safety and wellbeing of our people underpins everything we do. Through our Target Zero programme, we are committed to protecting our people, reducing incidents and supporting physical and mental health. In 2021/22, we achieved:

- Our All Accident frequency rate declined by 23% to 0.53 per 200,000 hours worked in 2021/22 against our 2019/20 baseline, however was up 20% from 2020/21. 40 accidents were reported in the year (2020/21: 29), including 23 lost time accidents (LTAs) and 17 first-aid only accidents, up from 15 and 14 respectively in 2020/21.
- LTA frequency rate increased to 0.31 per 200,000 hours worked from 2020/21. A total of 252 calendar days were lost due to LTAs. This is an average of 11 days lost per LTA in 2021/22 compared to 22 days per LTA in 2020/21.
- The increases occurred as there were more accidents as employees returned to site post COVID-19. This is being addressed through enhanced safety training and awareness measures.
- None of the accidents reported in the year resulted in life-changing injuries and there were no work-related fatalities.
- We piloted a safety programme to target the sites with the highest LTA rate from the previous year. Following a successful trial in 2020/21, we initiated the first formal programme in 2021/22 across three DCs.
- Near miss reporting continued in 2021/22, with 13,770 near misses reported, an average of 1.76 per head and 38% up on 2021/22. This increase was due to improved reporting and by encouraging additional reporting of unsafe acts, conditions and near misses.

• All our sites have health and safety management systems in place. Of these, 26 sites are certified to ISO 45001 or an equivalent standard, covering 66% of floor area and 44% of sites.

Promoting mental health and physical wellbeing

Ensuring our people are happy, healthy and able to perform at their best is vital to our success. With the impact of COVID-19 affecting colleagues around the world, we continued to implement measures to support their wellbeing in 2021/22.

To provide emotional support to our people, we trained over 120 mental health first aiders and 300 people managers. This support is supplemented by an app that enables people to set action plans for specific areas of their life and to improve their mental and physical health.

Our COVID-19 response

We have all been affected by the COVID-19 pandemic over the last two years. During these testing times, we have prioritised the health, safety and wellbeing of our people while ensuring ongoing business continuity.

By implementing early-stage controls and adhering to government requirements, all DCs remained operational throughout 2021/22. Our Crisis Management Team met regularly to ensure our safety measures were implemented and maintained effectively and that DCs were able to respond to the evolving situation.

During 2021/22 we launched our future working model 'Unity', to offer our office-based colleagues greater choice and flexibility over where they work. This will promote wellbeing and attract global talent.



What's next?



Engaged employees:

- Reviewing our end-to-end employee listening strategy to further strengthen engagement
- Further rollout of our Amazing Leaders framework

Inclusion:

- Extend inclusion training to all employees and leadership teams
- Sponsorship of the Rainbow LGBTQ+ Tour of Cambridgeshire UK bike ride
- Automated, self-service mental health awareness training to be accessed any where, any time

Health and safety:

- Supporting our people back to working safely and flexibly in our offices
- Ongoing focus on safety and avoiding preventable accidents, including LTA rates

Volunteering:

- Encouraging our employees to use their two paid annual volunteering days, giving their time and skills to have a positive community impact

100%

of sites have health and safety management systems in place



Doing business responsibly

Our approach

As we accelerate our growth, it is essential we do so responsibly by acting as a compliant, trusted and transparent partner. Our robust ethics and compliance approach ensures that doing the right thing underpins everything we do.

By integrating ESG targets in our employee rewards programme and collaborating with thousands of suppliers to raise ethical and environmental standards, we are driving positive change within our business and across our industry.

Supporting SDGs



Our commitments and progress

2030 actions

Incentivising ESG progress:

- ESG-related targets included in our employee rewards programme across all levels and geographies

Responsible supply chain:

- Evaluate our suppliers against our high ethical and environmental standards. Set ESG objectives for strategic suppliers

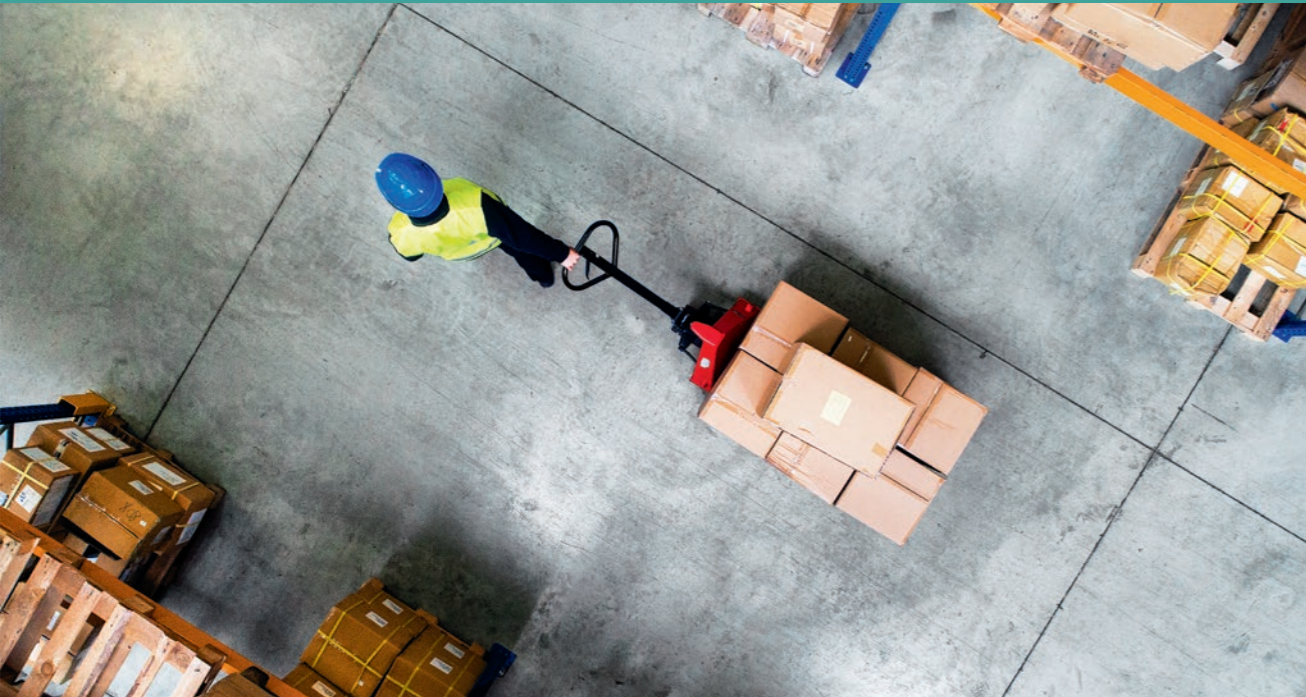
Performance

c. 40%

of Group employees will have their annual incentive aligned to Group climate performance in 2022/23

40%

of suppliers by spend are EcoVadis rated and 29% have signed our improved ethical trading declaration



To incentivise action around our 2030 ESG commitments, we introduced a climate-linked KPI to our employee rewards programme in 2022/23. This means that all employees who qualify for the annual incentive, c. 40% of Group employees, will be incentivised to deliver our science-based Scope 1 and 2 carbon reduction target, aligned to our ambition to be net zero in our direct operations by 2030.

ESG governance

Commitment from the top

Our commitment to ESG is driven by strong governance from the very top of the Group.

The Board has strategic oversight of ESG. Lindsley Ruth, our Chief Executive Officer, is responsible for ESG and also maintains oversight of our ESG Committee which is chaired by Non-Executive Director, Joan Wainwright. Our President, Global Supply Chain is the Senior Management Team (SMT) sponsor for ESG and our VP Social Responsibility and Sustainability leads the development and execution of our 2030 ESG action plan.

Our strong ESG leadership approach is complemented by a suite of policies and procedures that ensures robust governance, ethics and compliance across our business and wider supply chain.

Alignment to best practice

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). We are also members of the United Nations Global Compact (UNGC) and our priorities are informed by the UN SDGs.

We are early supporters of the Task Force on Climate-Related Financial Disclosures (TCFD) and in 2021/22 we conducted our first climate scenario analysis. A summary of our TCFD progress can be found on pages 78 and 79 and our full disclosure can be found in our TCFD Report 2021/22 available on our website: [rsgroup.com/esg](https://www.rs-group.com/esg).

We continued to perform strongly in leading ESG ratings in 2021/22. Our CDP Climate scores were A- for our action and disclosure on climate change, for both direct action and supplier engagement. We were also rated A by MSCI and achieved EcoVadis Gold medal status.

In 2021/22, the Group commissioned external assurance on select environmental and social data from ERM CVS. See pages 80 and 81 for the full assurance report.

To read more about our ESG approach, performance and progress, our 2021/22 ESG Pack can be found on our website: [rsgroup.com/esg](https://www.rs-group.com/esg).

Sustainability-linked loan

To embed a strong ESG approach and facilitate action around our 2030 ESG action plan, we moved our £300 million revolving credit facility to a sustainability-linked loan (SLL) in 2021/22. Maturing in 2024, with a one-year extension option, the loan is linked directly towards the achievement of three of our most material 2030 ESG actions, namely our Scope 1 and 2 CO₂e emissions, packaging intensity and percentage of management that are women.

Policies and standards

Our global compliance framework ensures that a risk-based approach is adopted across our business and supply chain. This is supported by a suite of policies and procedures to ensure the highest standards of ethics and compliance in all that we do.

Code of Conduct

Our Code of Conduct (Code) sets out the standards and behaviours that we live by.

Updated annually and published in seven languages, the Code details requirements related to anti-bribery and corruption, competitive behaviour, privacy, data security, human rights and whistleblowing.

The Board receives updates on ethics and compliance matters every two months. To ensure compliance, we provide mandatory Code of Conduct training and share copies of our Code to all employees. In 2021/22, we expanded training beyond our senior leaders to all our people.

Human rights and modern slavery

We are committed to upholding, protecting and advancing the human rights of all the people who work within our business and across our global supply chain, in line with UN Global Compact Principles 1 and 2.

We support the principles set out in the UN Declaration of Human Rights and the International Labour Organisation Core Conventions, including those on child labour, forced labour, human trafficking, non-discrimination, freedom of association and collective bargaining. Our UNGC Communication on Progress can be found on our website: [rsgroup.com/esg](https://www.rs-group.com/esg).

We do not discriminate in our employment policies and consider all applications for employment fairly. For those with disabilities, we provide training, career development and promotion opportunities.

We also recognise freedom of association by allowing our people to establish and join organisations of their own choosing. In 2021/22, 1,674 employees were part of collective bargaining arrangements.



ESG governance continued



Whistleblowing
Speak Up, our dedicated whistleblowing policy and helpline, promotes an open and accountable culture where employees can raise ethical concerns confidentially without fear of victimisation. The independent reporting tool is operated by a third party and available to all our global employees.

In 2021/22, we received 15 Speak Up reports globally and they were reviewed and monitored by our Audit Committee. Appropriate actions were taken to address them. We continued to deliver Speak Up training, awareness and refresher campaigns to promote awareness and use of the facility throughout the year.

Anti-bribery and corruption
We have a zero tolerance stance on all forms of bribery and corruption and are committed to conducting our business affairs in line with UN Global Compact Principle 10. Our Group-wide anti-bribery policy covers our stance on bribes, gifts and hospitality, facilitation payments, political and charitable contributions.

In 2021/22, we delivered anti-bribery training to 5,220 employees globally.

Anti-competitive behaviour
We will compete fairly and vigorously wherever we do business. In doing so, we always comply with the competition and anti-trust laws in force locally. These laws

vary from market to market but their purpose will always be to prohibit any arrangement which is designed to reduce fair competition.

Our competition law compliance policy sets out the requirements of customer, supplier and market engagement. We received no fines or penalties under applicable bribery, corruption or anti-competitive behaviour laws in 2021/22.

Privacy
We respect the privacy of our colleagues, customers and suppliers by upholding the confidentiality of their personal information. Regular risk-based analysis helps inform key areas of focus and a dedicated compliance toolkit is available to all staff.

To embed privacy considerations into our project processes, our global network of local data champions continued to provide relevant information to our staff and take appropriate action. The Group operational audit and risk team also support our Data Protection Officer with reviewing the process.

In 2021/22, 47% of our workforce undertook privacy training, with more frequent training made available to employees who handle data as part of their role.

Data and information security
Guided by our information security policy, we have a robust information security programme, aligned with the principles of NIST-CSF and ISO 27001. We recognise the high level of trust that our customers, suppliers and employees place in us. This is why we maintain a high level of focus on data and information security as part of our cyber security breach / information loss principal risk (see page 53).

Led by our Chief Information Security and Compliance Officer, our information security team conducts regular horizon scanning to identify emerging cyber security risks and new innovations. This includes staying up to speed with the latest regulation, delivering mandatory information security training to all our staff and raising awareness of information security throughout the year.

All of our employees received dedicated information security training in 2021/22. We also collaborated with security specialists Cybermaniacs to produce a series of short videos providing information security tips to our staff to keep them engaged, safe and compliant.

Responsible procurement

Embedding ESG standards with our key suppliers
We are committed to supporting our suppliers to raise ESG standards across our supply chain. From sourcing responsibly to strengthening labour practices and developing a sustainable distribution model.

Being a proactive supply chain steward is not only the right thing to do, it delivers significant value to our customers by giving them greater assurance, confidence and choice over their purchasing decisions.

In 2021/22, we strengthened processes across every stage of supplier interaction. In particular, we targeted our top 65% of suppliers by spend (c. 380 businesses) as well as RS PRO suppliers, to embed our ESG standards within their processes. Highlights from 2021/22 include:

- 100% of suppliers on our existing RS database are risk screened using the TA15 tool against over c. 650 global government-issued lists.
- Since May 2019, 112 inspections of RS PRO Asia suppliers have taken place. This covers 90% of RS PRO suppliers operating in higher-risk sourcing regions.
- In February 2022, we introduced an improved ethical trading declaration and asked all suppliers to commit in a phased rollout. As at 31 March 2022, 29% of suppliers by spend have committed.
- In early 2021/22, we partnered with EcoVadis to understand the ESG performance of top suppliers and target improvements. As at 31 March 2022, 40% of suppliers by spend are EcoVadis rated.
- We formed a new partnership with Sedex to improve supply-chain visibility and ESG standards for our RS PRO suppliers.
- In July 2021, we asked over 450 suppliers to set SBTs at our global supplier conference. As at 31 March 2022, 19% of our suppliers by spend have committed to set SBTs.

Conflict minerals and hazardous materials
As a provider of industrial and electronic products, our commitment to compliance and quality policy sets out our approach to keeping the products we sell free from conflict minerals and hazardous substances. To achieve this, we have due diligence processes to identify and verify the source of the minerals contained in our products and we work closely with suppliers to address challenges.

We support the Responsible Minerals Initiative and the efforts of human rights organisations to end violence and atrocities in Central Africa, where many conflict materials are sourced including the Democratic Republic of Congo and nine adjoining countries: Republic of Congo, Central Africa Republic, South Sudan, Zambia, Angola, Tanzania, Burundi, Rwanda and Uganda.

In North America, we comply with the Dodd's Frank Act and, as a result, request Conflict Minerals Reporting Templates (CMRTs) from all applicable suppliers. We have collected CMRTs for 75% of applicable suppliers for our business in North America. A number of our suppliers in Americas are also Group suppliers, which means we have CMRTs for 25% of our top 3,000 Group suppliers.

In May 2022, we published our first Conflict Minerals & Materials of Concern Statement to offer an annual update of our ongoing efforts in this area. This is available on our website: rsgroup.com/esg.



What's next?



Incentivising ESG progress:
• Embedding ESG KPIs into annual incentives and objectives

Responsible supply chain:
• Ensuring all suppliers have an ethical trading declaration in place
• Encouraging our strategic suppliers to become EcoVadis rated, set SBTs and ESG KPIs for our partnerships
• Engaging RS PRO suppliers to become members of Sedex to increase supply chain visibility and meet social compliance



Scan for a full list of our codes, policies and standards

£300m
sustainability-linked loan to help facilitate ESG action

TCFD:
Our progress

Taskforce on Climate-related Financial Disclosures (TCFD) response

Climate change is one of the greatest challenges facing our world today. As a critical partner to the global industrial sector, we are committed to reducing our climate impact, while providing sustainable product and service solutions that enable our customers and suppliers to address their climate goals.

The table below summarises our TCFD disclosure for 2021/22 in line with our commitment to providing transparent and quality climate reporting. In 2021/22, we worked with an external TCFD partner to identify our key climate-related risks and opportunities (CRROs), complete climate scenario analysis and report against TCFD's recommendations.



Listing Rule

We have complied with the requirements of Listing Rule 9.8.6R, by including climate-related financial disclosures that are consistent with the TCFD recommendations across its four pillars and 11 recommendations. Our action and disclosure are consistent with the TCFD's recommendations for a first-time disclosure and we will continue to progress in 2022/23 with greater quantification of the financial impact of our CRROs and Scope 3 emissions.

	Signatories of the Taskforce on Climate-related Financial Disclosures (TCFD) since 2020
	Science-based targets covering Scope 1, 2 and 3 emissions reduction submitted to the SBTi for verification
	Climate leadership score of A- for our 2021 CDP climate action and disclosure for both direct action and supplier engagement

Recommendation	Our action	Find out more
Governance – Disclose the organisation's governance around climate-related risks and opportunities		
a) Describe the Board's oversight of climate-related risks and opportunities	Our Chief Executive Officer (CEO) is accountable for RS Group's response to climate change. The CEO ensures the Board has strategic oversight of the Group's CRROs, 2030 ESG action plan and its six climate-related actions. The Board ensures climate factors are considered in annual corporate planning and in short and long-term strategic decisions.	TCFD 2021/22 Report (rsgroup.com/esg) Principal risks (pages 52 to 55) Corporate Governance (pages 84 to 131) 2021/22 ESG Pack (rsgroup.com/esg)
b) Describe management's role in assessing and managing climate-related risks and opportunities	<p>The Board is supported by the Audit Committee who review CRROs and TCFD analysis annually and ensure integration into financial disclosures, before recommending them to the Board for approval. The Board is also supported by the Remuneration Committee, which in April 2021 agreed to the addition of a climate KPI to executive remuneration and wider employee rewards for 2022/23.</p> <p>The Senior Management Team (SMT) reviews CRRO results annually and is responsible for ensuring that teams are developing plans to mitigate risks and leverage opportunities. The CEO has oversight of the ESG Committee in executing our climate strategy. The ESG Committee sets our net zero plan and reviews performance quarterly. They also ensure that the Group's CRROs, climate-scenario analysis and TCFD compliance are reviewed annually. The SMT Risk Committee oversees the Group's risk management approach and, in 2021/22, recommended to the Board that climate change move from being an emerging risk, to a principal risk rated as medium to low, which the Board approved.</p> <p>Both Committees are supported by the TCFD Steering Group, which is chaired by the VP Social Responsibility and Sustainability, with a relevant VP-level lead for each pillar. The TCFD Steering Group meets monthly to assess activities, ensure compliance with TCFD requirements and complete climate scenario analysis. They also ensure that wider management are identifying, assessing and responding to CRROs to mitigate risks and leverage opportunities.</p>	

Recommendation	Our action	Find out more
Strategy – Disclose the actual and potential impacts of climate-related risks & opportunities on the organisation's businesses, strategy & financial planning		
a) Climate-related risks and opportunities identified over the short, medium and long term	To assess our resilience to climate change, Group Risk and Operational Audit completed an audit of CRROs in consultation with management across the Group in 2020/21. This was followed by conducting qualitative scenario analyses in 2021/22, supported by our TCFD consultancy partner.	TCFD 2021/22 Report (rsgroup.com/esg) Principal risks (pages 52 to 55) Corporate Governance (pages 84 to 131) 2021/22 ESG Pack (rsgroup.com/esg)
b) The impact of climate-related risks and opportunities on businesses strategy and financial planning	The scenario analyses considered the impact of physical climate change risks and transition impacts on the Group over the short, medium and long term. This covered 2030 and 2050 for physical risks and 2025, 2030, 2035 and 2040 for transition risks. The assessments were conducted against two scenarios to compare the potential impacts of both. These were aligned with TCFD recommended scenarios for 2°C or lower and 4°C of global warming.	
c) Resilience of our strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	<p>The analyses showed that we are mitigating key climate change risks and well placed to leverage opportunities from the transition to a low-carbon economy. For physical risks, the effects of extreme heat and acute weather event scenarios were considered across our distribution centres (DC). The materiality of these risks on the Group's profitability was then assessed at a high level using low, medium and high-impact ranges. The potential physical risks were deemed to be low under both scenarios, due to our current mitigations and controls. Our long-term facilities plan means we are investing in automated, sustainable and energy efficient DCs. We also have business continuity and insurance plans in place.</p> <p>On the transition side, our analyses indicated that the costs of transport and raw materials are likely to rise into 2040 as businesses decarbonise. To mitigate against these impacts in our supply chain, we are restructuring our distribution model to source, store and ship more products regionally and locally. We are also switching to lower-carbon forms of transportation to reduce costs, miles and emissions. The scenario analyses also highlighted the significant commercial opportunity that decarbonisation presents for the Group by providing sustainable product and service solutions to our customers – a strategy which we are already capitalising on.</p> <p>In 2022/23, we will embed our scenario analysis findings further in our annual strategic and financial planning, risk management process and through our 2030 ESG action plan. By taking these actions we believe our strategy is resilient to the CRROs posed under different climate scenarios.</p>	
Risk management – Disclose how the organisation identifies, assesses and manages climate-related risks		
a) Our processes for identifying and assessing climate-related risks	CRROs are managed via our risk management process to ensure a robust and consistent approach across the Group. Initially, our Group risk and operational audit team created a CRRO register in consultation with key teams. These were further refined and assessed through scenario analyses.	TCFD 2021/22 Report (rsgroup.com/esg) Principal risks (pages 52 to 55)
b) Processes for managing climate-related risks	The potential size and scope of each CRRO is analysed for impact, likelihood and overall materiality. The Group defines impact as the financial impact on adjusted operating profit over five years, and likelihood is categorised over three time horizons – short (within 5 years), medium (5–10 years) and long term (over 10 years). Combined, these provide an indicative materiality score which enables the Group to better understand and prioritise its CRROs.	
c) How processes for identifying, assessing and managing climate-related risks are integrated into our overall risk management	<p>CRROs are then integrated into our risk management process for ongoing management. Each CRRO has an owner, mitigating controls and a series of metrics and targets that are monitored and reported on. From 2022/23, Operational Audit will monitor the controls associated with our CRROs.</p> <p>Updates and key risks are provided to the SMT Risk Committee, Audit Committee and Board during their bi-annual risk reviews to ensure clear line of sight and integration into our financial planning and strategy. In 2021/22 the potential impact of climate change moved from an emerging to a principal risk, rated as medium to low, as disclosed on page 55.</p>	
Metrics and targets – Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities		
a) The metrics we use to assess climate-related risks and opportunities, in line with strategy and risk management process	<p>To understand and manage our climate impacts, we monitor key metrics for our CRROs and have set performance targets against a number of these. Each CRRO has a business owner to oversee the approach with relevant leadership teams and is required to report progress to the Group risk team on an annual basis. Key examples include:</p> <ul style="list-style-type: none">• Extreme heat – DC temperatures, employee wellbeing, efficiency of cooling systems• Severe weather events – business continuity plans and insurance policies for DCs• Decarbonisation of logistics network – reduction in transport miles, emissions, cost and air freight. <p>Actions to reduce Scope 3 transport emissions by 25% per tonne of product sold by 2029/30 – 17% reduction delivered since 2019/20</p> <ul style="list-style-type: none">• Sustainable product and service solutions – monitor percentage of sustainable products in our range with a 2029/30 growth target in development	TCFD 2021/22 Report (rsgroup.com/esg) Advancing Sustainability (pages 60 to 65) Corporate Governance (pages 84 to 131) 2021/22 ESG Pack and ESG data centre (rsgroup.com/esg)
b) Scope 1, 2 and 3 greenhouse gas (GHG) emissions and the related risks	We were early adopters of GHG emissions reporting and have a strong track record of carbon reduction including a 70% reduction in Scope 1 and 2 emissions since 2014/15. We received an A-rating by CDP in 2021 for our direct and supplier engagement action.	
c) Targets to manage climate-related risks, opportunities and performance against targets	Our 2030 ESG action plan includes six climate-related actions (see page 61). Our decarbonisation plan is progressing well and our climate KPIs were further elevated by linking these to incentive plans for 2022/23 and our £300 million sustainability-linked loan in 2021/22 (see page 75).	

ESG assurance

In 2021/22, the Group commissioned ERM Certification and Verification Services Limited (ERM CVS) to conduct independent external assurance of a selection of its most material ESG metrics for the first time. This move reflects the Group's commitment to ensuring a strong ESG approach and robust reporting and disclosure. The metrics assured are defined below. Metrics 1, 3 and 4 form part of the Group's £300 million sustainability-linked loan.

- 1. **Scope 1 and 2 CO₂e emissions** – this is measured as tonnes of CO₂e and uses market-based factors for Scope 2 emissions. This links to our science-based target to reduce absolute emissions from our own operations by 75% by 2029/30, from 2019/20.
- 2. **Carbon intensity** – defined as tonnes of CO₂e due to Scope 1 and 2 CO₂ emissions per £m revenue, with revenue being the Group's revenue per the audited Group income statement.
- 3. **Packaging intensity** – this is defined as the packaging that the Group uses for deliveries to customers and movements of products between its sites. It is measured as tonnes of packaging per £m revenue. Again, revenue is the Group's revenue per the audited Group income statement. This links to our action to reduce packaging intensity by 30% by 2029/30, from 2019/20.
- 4. **Percentage of management that are women** – this is defined as individuals who operate at a senior level in the Group and typically, although not exclusively, are the Senior Management Team and their direct reports. This links to our action for 40% of our leaders to be women by 2029/30.

ERM CVS's assurance statement to RS Group plc is included below.

Independent assurance statement to RS Group plc

Engagement summary	
Scope of our assurance engagement	Whether the 2021/22 data for the following ESG key performance indicators (KPIs) shown on pages 62, 63 and 72 of the Report are fairly presented, in all material respects, with the reporting criteria: <ul style="list-style-type: none">• Total Scope 1 and 2 CO₂e equivalent emissions (tonnes CO₂e)• Carbon intensity (total scope 1 and 2 tonnes CO₂e per £m revenue)• Packaging intensity (tonnes per £m revenue)• Percentage of management that are women (percentage)
Reporting period	2021/22 (1 April 2021 – 31 March 2022)
Reporting criteria	WBCSD/WRI Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard RS Group's internal reporting criteria and definitions
Assurance standard	International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information
Assurance level	Limited assurance
Respective responsibilities	RS Group is responsible for preparing the Report and for the collection and presentation of the data and information within it ERM CVS's responsibility is to provide a conclusion on the agreed scope based on the assurance activities performed and exercising our professional judgement

Our conclusion

Based on our activities, as described below, nothing has come to our attention to indicate that the 2021/22 data for the ESG KPIs listed under 'Scope' above and shown on page 62, 63 and 72 of the Report are not fairly presented, in all material respects, with the reporting criteria.

Our assurance activities

Our objective was to assess whether the 2021/22 data for the ESG KPIs in the scope of our assurance are reported in accordance with the principles of completeness, comparability (across the Group) and accuracy (including calculations, use of appropriate conversion factors and consolidation). We planned and performed our work to obtain all the information and explanations that we believe were necessary to provide a basis for our assurance conclusion.

A team of sustainability and assurance specialists performed the following activities:

- Interviews with RS Group's management personnel and external consultants responsible for the management of the ESG KPI data to understand and evaluate the data management systems and processes (including internal review processes) used for measuring, collecting and reporting the ESG KPI data;

- A review of the internal KPI definitions used and calculation methodologies applied;
- Virtual visits to three RS Group operating facilities in the UK and USA, to review the data measurement, collection and reporting processes at the facility level and to test the consistency of reported 2021/22 data for the energy and fuel use underlying the GHG emissions and for packaging with underlying source data and related documentation;
- An analytical review of the 2021/22 data for all RS Group locations included in the reporting boundary, including a review of the completeness of the data and of the mathematical accuracy of the consolidation of the data;
- A review of the unit conversion and emission factors used in the calculation of the GHG emissions data and the alignment of these factors with the relevant sources;
- A review of the definition of management roles applied by RS Group in the calculation of the percentage of management that are women, and a review of employee data by gender and grade; and
- A review of the presentation in the Report of the data relevant to the scope of our work, to ensure consistency with our findings.

The limitations of our engagement

The reliability of the assured data is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusion in this context.

For the 2021/22 revenue figure used in the calculation of the carbon intensity and packaging intensity KPIs, we have not independently assured this figure. Our work in relation to this figure was limited to confirming its consistency with the 2021/22 revenue figure in RS Group's audited accounts for the year ended 31 March 2022.

Due to travel restrictions as a result of COVID-19, our assurance work for the 2021/22 reporting period was conducted using a combination of desk-based reviews of data and information, and virtual interviews and meetings. We did not undertake any in-person visits to RS Group's operations.

Gareth Manning
Partner, Corporate Assurance

24 May 2022



ERM CVS is a member of the ERM Group. The work that ERM CVS conducts for clients is solely related to independent assurance activities and auditor training. Our processes are designed and implemented to ensure that the work we undertake with clients is free from bias and conflict of interest. ERM CVS and the ERM staff that have undertaken this engagement work have provided no consultancy related services to RS Group in any respect.