

Group

FOR A BETTER WORLD

RS Group plc 2021/22 ESG Pack



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FOREWORD

A message from Lindsley Ruth, RS Group plc Chief Executive Officer (CEO)



Welcome to our 2021/22 environmental, social and governance (ESG) update.

At RS Group, we believe that delivering triple bottom line benefits for people, planet and profit is key to being a successful business. That is why we introduced our 2030 ESG action plan – For a Better World in November 2021.

Over the coming decade, our strong ESG approach will help us to generate greater long-term value for all our stakeholders, accelerate our Journey to Greatness and fulfil our purpose of making amazing happen for a better world. In this report we outline the actions we have taken to ensure our ESG approach underpins everything we do, including our purpose, strategy, business initiatives and management targets. We also outline the progress we have made against our 2030 ESG action plan - For a Better World.

We have made positive strides against all four of our global goals in 2021/22. For our Advancing sustainability goal, we achieved a 20% reduction in Scope 1 and 2 carbon emissions during the year. This marks a 50% reduction in emissions since 2019/20. To further reinforce our commitment to climate action, we submitted science-based targets covering Scopes 1, 2 and 3 to the Science Based Targets initiative (SBTi) in May 2022. We also produced our first formal Task Force on Climate-related Financial Disclosures (TCFD) report.

We continued to make positive progress in our goal of Championing education and innovation. Since 2020/21, we have supported c. 420,000 young engineers and students through our Grass Roots education programme. We have also provided educational technologies to c. 4,200 universities, colleges and schools worldwide.

Our efforts towards Empowering our people were reflected in our strong employee engagement score in 2021/22, which rose again this year to 75. We also continued to promote a high-performance, purpose-led culture, with new inclusion initiatives and improvements in health, safety and wellbeing embedded across the Group.

Finally, to further our goal of Doing business responsibly, we focused on embedding ESG across our supply chain. In 2021/22, we rolled-out a new, best practice ethical trading declaration and joined forces with EcoVadis and Sedex to improve supply chain visibility and ESG standards.

As we move forward and accelerate our journey to being a great company under the new name of RS Group, we will continue to embed responsible and sustainable decision making into everything we do. We are committed to delivering greater value to our stakeholders and we will continue to strive to be a catalyst for positive change to make amazing happen for a better world.

A handwritten signature in black ink, appearing to read 'Lindsley Ruth'. The signature is fluid and cursive, written on a white background.

Lindsley Ruth, Chief Executive Officer





PERFORMANCE HIGHLIGHTS

2030 ESG action plan



Supporting six United Nations Sustainable Development Goals (UN SDGs)



Global goals		Key action areas	Performance highlights		
 <p>Advancing Sustainability</p>	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
 <p>Championing education and innovation</p>	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 startups 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
 <p>Empowering our people</p>	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
 <p>Doing business responsibly</p>	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.

ESG AT RS GROUP

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.



THE RS GROUP

We are a leading global omni-channel industrial product and service solutions provider to customers who are involved in designing, building and maintaining industrial equipment and operations, safely and sustainably.

We are moving from a portfolio of separate brands that deliver product and services solutions across our customers' asset lifecycle to become a cohesive Group that drives greater sustainable value for all our stakeholders as we operate under one brand, RS.

RS PRO

The Group's main own-brand product range of 80,000 high-quality, competitively priced industrial products

RS Integrated Supply

Integrated global supply solutions for maintenance, repair and operations, trading as IESA and Synovos in 2021/22

RS Safety Solutions

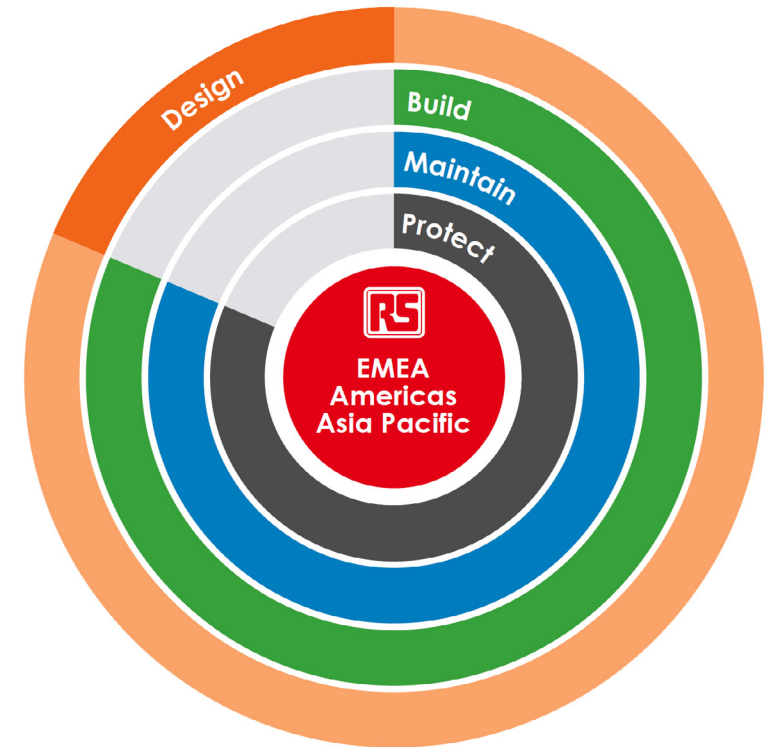
Multi-specialists for personal protective equipment and hygiene solutions, trading as Needlers and Liscombe in 2021/22

RS DesignSpark

RS DesignSpark is a community of engineers and students sharing design tools and resources



OKdo is a technology solutions business focused on single-board computing, Internet of Things and education



RS Integrated Supply

Supporting customers to consolidate their supply chains to enable more efficient procurement, deliveries and maintenance and repair of operations

RS EMEA

Solar panels on the roof of our German distribution centre (DC) generate renewable electricity to help power the site

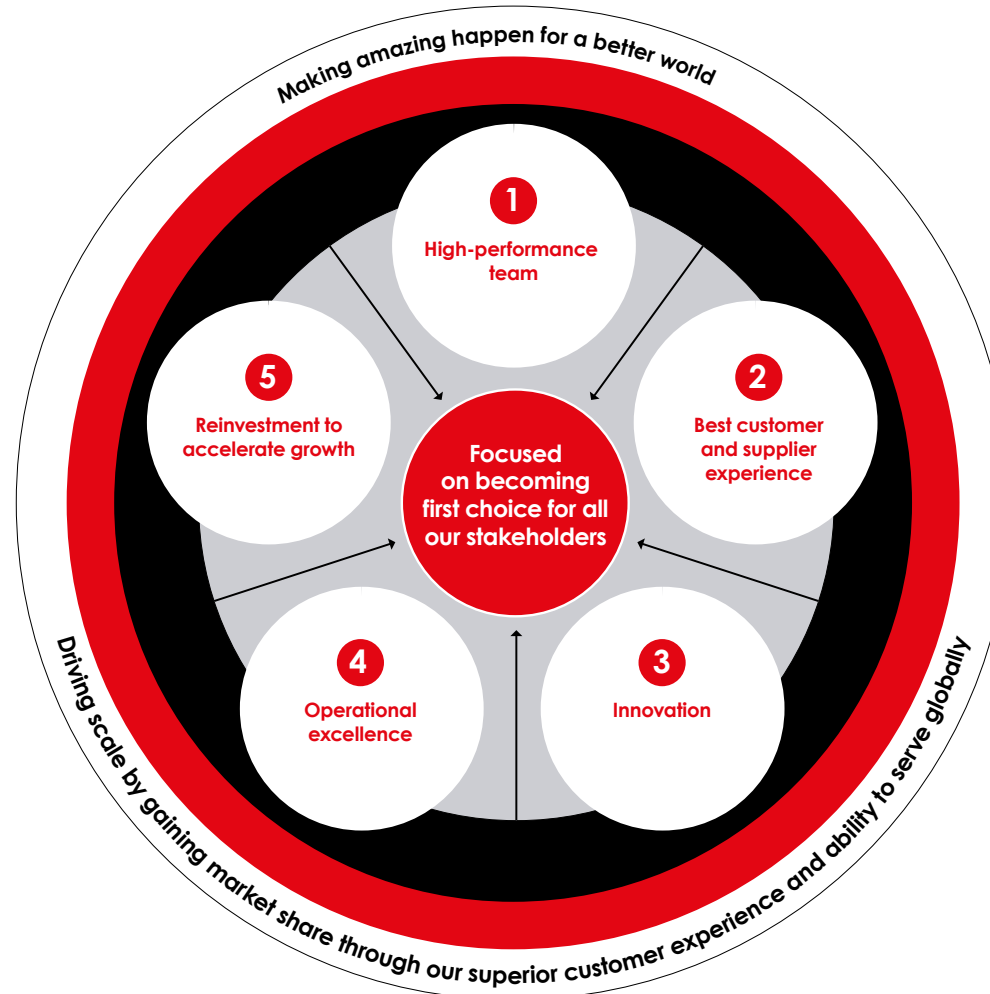
RS Maintenance Solutions

Providing energy efficient solutions and condition monitoring for industrial customers

RS and RS PRO

Introducing a growing range of products that support our customers to be more sustainable

ESG IS INTEGRAL TO OUR STRATEGY AND EMBEDDED THROUGHOUT OUR BUSINESS



RS Safety Solutions

Providing quality, ethical and increasingly sustainable personal protective equipment for employees and communities

RS Americas

Highly-automated and efficient DC in Forth Worth, Texas reduces packaging, waste and energy usage

RS DesignSpark

A hotbed of sustainable design and innovation for 1.2 million members – from engineers and designers to start-ups and large businesses



Providing low-cost, accessible products that help students around the world to build digital and coding skills

ALIGNED TO EXTERNAL SUSTAINABILITY STANDARDS AND RECOGNISED WITH TOP TIER ESG RATINGS

External standards we align to



Our 2021 ESG ratings



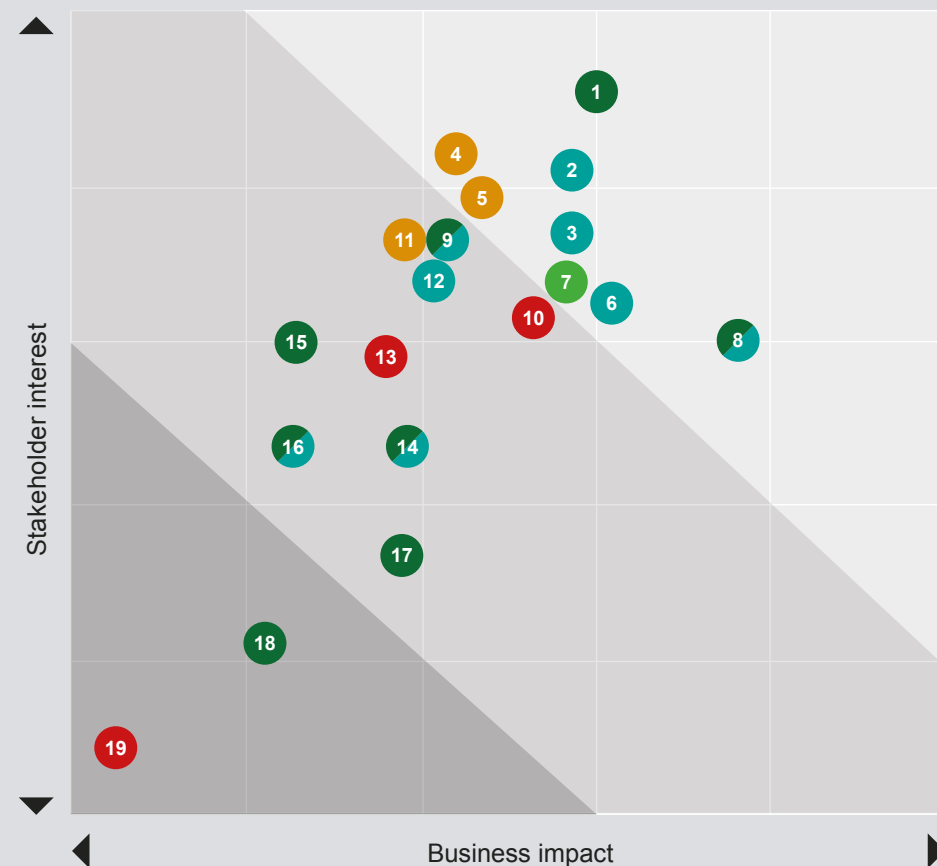
ESG Risk Rating **COMPREHENSIVE**

6.0 Negligible Risk



- Sustainalytics rating: Global top 50 ESG companies
- MSCI ESG rating: A
- CDP climate leadership score: A-
- EcoVadis rating 2021: Gold medal
- FTSE4Good Index score: 3.2/5

OUR MATERIALITY MATRIX



- Material issues**
- 1 Climate change and energy use
 - 2 Supply chain management
 - 3 Governance, ethics and compliance
 - 4 Employee engagement, attraction and development
 - 5 Occupational health, safety and wellbeing
 - 6 Data protection and cyber security
 - 7 Recycling and waste
 - 8 Digitalisation and business transformation
 - 9 Customer engagement and experience
 - 10 Innovation, research and development
 - 11 Diversity, inclusion and equal opportunities
 - 12 Responsible and transparent sourcing
 - 13 Education and pipeline development
 - 14 Risk management and mitigation
 - 15 Hazardous materials
 - 16 Collaboration and partnerships
 - 17 Sustainable logistics and product distribution
 - 18 Water use and efficiency
 - 19 Community engagement

- Advancing sustainability
- Empowering our people
- Championing education and innovation
- Doing business responsibly

GUIDED BY A ROBUST MATERIALITY ASSESSMENT AND SUPPORT FOR THE UN SDGS

- Materiality assessment conducted in January 2020 identified 19 key ESG issues
- Customers, suppliers, our people, shareholders, regulators, media and NGOs engaged in the process
- Materiality assessment updated in 2020/21 to identify four key material issue groupings:
 - Sustainability
 - Our people
 - Education and innovation
 - Responsible business
- The materiality assessment combined with the UN Sustainable Development Goals guides our 2030 ESG approach, targets, KPIs and reporting



FOR A BETTER WORLD: OUR 2030 FRAMEWORK

We launched our 2030 ESG action plan - For a Better World in November 2021, to support a more sustainable and inclusive world. The plan addresses our most material ESG issues via four ambitious global goals and 15 supporting actions.



1. ADVANCING SUSTAINABILITY



We are developing sustainable operations and product and service solutions



2. CHAMPIONING EDUCATION AND INNOVATION



We are building skills and fostering innovative solutions that improve lives



3. EMPOWERING OUR PEOPLE



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



4. DOING BUSINESS RESPONSIBLY



We ensure the highest ethical standards throughout our business and global value chain

FOUR GLOBAL GOALS, 15 ACTIONS BY 2030



1. ADVANCING SUSTAINABILITY

We are developing sustainable operations and product and service solutions to help reduce environmental impacts and tackle climate change.

By 2030 in our direct operations:

- Be net zero with a science-based target to reduce absolute emissions from our own operations by 75%¹
- 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

- Reduce, reuse and recycle our waste: reduce intensity by 50%¹, recycle > 95% and achieve zero waste to landfill in our direct operations

Work towards a net zero global value chain by 2050:

- Reduce Scope 3 transport emissions by 25% per tonne of product sold¹
- Engage 65% of our suppliers by spend to set science-based targets by 2025
- Develop innovative and sustainable product and service solutions for all our customers

¹By 2029/30 from 2019/20



2. CHAMPIONING EDUCATION AND INNOVATION

We are building skills and fostering innovative solutions that improve lives.

- Reach one million young people with educational technologies, learning content and skills development to support future engineers and innovators
- Engage with 1.5 million engineers and innovators in creating socially responsible and sustainable solutions
- Support our social impact partners to develop solutions that improve lives – including supporting The Washing Machine Project to help 100,000 people in need



3. EMPOWERING OUR PEOPLE

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

- 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
- Achieve and maintain an employee engagement score in the top 10% of high-performing companies
- Aim for zero accidents involving our people
- Inspire 50% of colleagues to volunteer to support their communities and build new skills



4. DOING BUSINESS RESPONSIBLY

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

- ESG-related targets included in our employee rewards programme
- Evaluate our suppliers against our high ethical and environmental standards. Set ESG objectives for strategic suppliers

OUR PLAN DELIVERS CLEAR BENEFITS

GLOBAL GOAL

2030 ACTIONS

ADVANCING SUSTAINABILITY

- Tackling climate change
- Efficient and resilient operations
- Supporting customer and supplier sustainability goals
- Sustainable product and service solutions for customers

CHAMPIONING EDUCATION AND INNOVATION

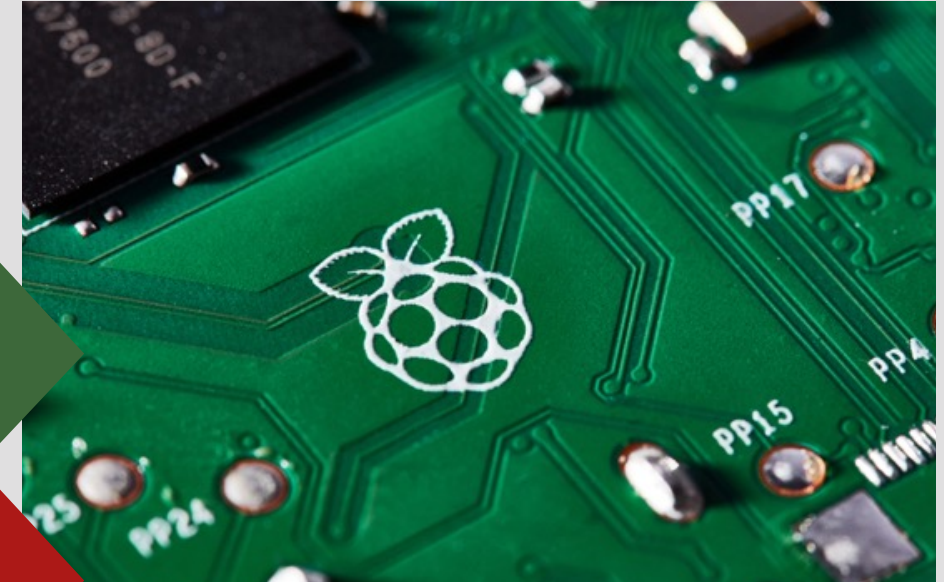
- Addressing global skills gap
- Product sales with education organisations
- Lifelong relationships with future customers
- Developing future solutions

EMPOWERING OUR PEOPLE

- Strong leadership set up for outperformance
- Employer of choice — attract and retain top talent
- Positive culture that drives transformation

DOING BUSINESS RESPONSIBLY

- Raising supply chain standards
- Increased supplier screening providing quality and ethical assurance
- Strong governance and robust commitments










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

ADVANCING SUSTAINABILITY

As a critical partner in the global industrial sector, we play an important role in advancing sustainability and tackling climate change. By developing a cleaner and greener distribution model and providing sustainable product and service solutions for our customers, we can make a real and lasting impact.

Our approach

Our approach to advancing sustainability starts at home by focusing on our own operations. In 2021/22 we announced a commitment to becoming net zero in our direct operations by 2030 – targeting a 75% reduction in absolute emissions by 2029/30, from a 2019/20 baseline. We have also set 2030 actions for packaging and waste to drive wider environmental progress.

ambitions and be net zero across our value chain by 2050. This includes reducing the carbon intensity of our transport emissions by 25% by 2029/30, from 2019/20¹, ensuring that at least 65% of suppliers by spend are committed to setting science-based targets by 2025 and expanding our sustainable product and service solutions across all stages of the industrial lifecycle.

Beyond our direct operations, we are committed to partnering with our customers and suppliers to help them achieve their own sustainability

¹ 25% reduction in Scope 3 transport emissions per tonne of product of sold by 2029/30, from 2019/20.

PROGRESS AGAINST OUR 2030 ADVANCING SUSTAINABILITY COMMITMENTS

2030 actions in our direct operations

Performance

Carbon

Be net zero with a science-based target to reduce absolute emissions from our own operations by 75%¹

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

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

16%
reduction in packaging
intensity since 2019/20³

Waste

Reduce, reuse and recycle our waste: reduce intensity by 50%¹, recycle > 95% and achieve zero waste to landfill in our direct operations

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

Transport

Reduce Scope 3 transport emissions by 25% per tonne of product sold¹

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

Products and solutions

Develop innovative and sustainable product and service solutions for all our customers

RS Industria™ launched
Connects factories and provides data
and condition monitoring to reduce
energy and water use

Supplier carbon

Engage 65% of suppliers by spend to set SBTs by 2025

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.

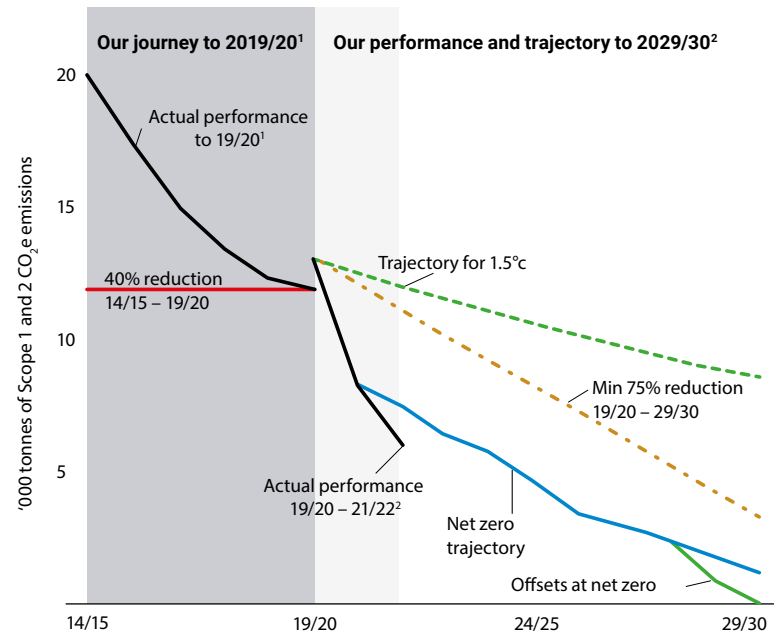
4. Tonnes of CO₂e due to scope 3 transport emissions per tonne of product sold.

NET ZERO: OUR 2030 ROADMAP

Our approach

In November 2021, we announced our ambition to become a net zero business by 2030. In support of this, we have set a science-based target to reduce our absolute emissions from our own operations by 75% by 2029/30, from 2019/20. We are also committed to net zero in our wider value chain by 2050 and are supporting our customers, suppliers and partners in their efforts to drive sustainability and tackle climate change.

To drive collaboration and industry-wide action, we joined the UN Global Compact's Business Ambition for 1.5°C alliance and the UN Race to Zero in 2021/22 to align to best-practice guidelines and collaborate to drive positive change. We also submitted our commitments covering scope 1, 2, and 3 emissions to the Science-Based Targets Initiative (SBTi) for approval in May 2022.



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



WE ARE USING CLEANER, GREENER ENERGY

In 2021/22, 88% of our Group electricity use came from renewable sources. We have also upgraded our Bad Hersfeld DC in Germany, to have a 6,000m² solar array system on the roof which generates 750kW of photovoltaic electricity. This produced 22% of the site's electricity in 2021/22.

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 and the use of company-owned and leased vehicles. For the launch of our net zero ambitions, we have set the baseline 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, total premises energy use was 47,400 MWh and 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.

In 2021/22, the Group commissioned independent external assurance for its Scope 1 and 2 CO₂e emissions, carbon and packaging intensity with ERM CVS.

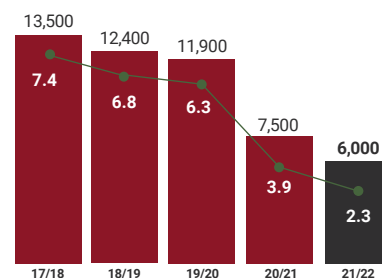
Fleet emissions

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

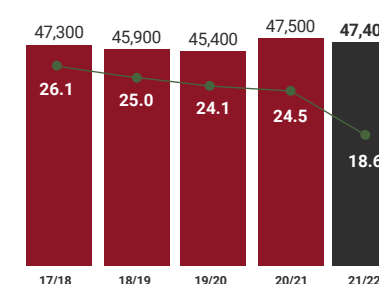
In 2021/22, emissions were 67g/km across our RS UK fleet, a reduction of 38g/km per vehicle from 2019/20. In addition, 94% of all new vehicle purchases in the UK were electric or hybrid vehicles, which now make up 42% of our RS UK fleet.

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.

Scope 1 & 2 emissions^{1,2,3,4,5,6,7,8}



Premises' energy use^{1,2,3,4}



● CO₂e (tonnes)
—● CO₂e intensity (tonnes CO₂e / £m revenue)

● Premises' energy (MWh)
—● Energy intensity (MWh / £m revenue)

*Chart only includes emissions from acquisitions from the date on which they became part of RS Group.

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 have been subject to assurance by ERM CVS. Our full independent assurance report can be found at: www.rsgroup.com/esg
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.



WE ARE REDUCING PACKAGING AND ADOPTING CIRCULAR DISTRIBUTION SOLUTIONS

By replacing wooden and cardboard packaging pallets with reusable, returnable eco-totes for product movements between our European sites, we expect to save c.220 tonnes of packaging and 50 tonnes of paper waste every year.



CLOSING THE LOOP ON WASTE

Packaging

Packaging is key to ensuring our products are delivered safely, securely and without damage. Our 2030 packaging goals 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 2.11 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.

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.

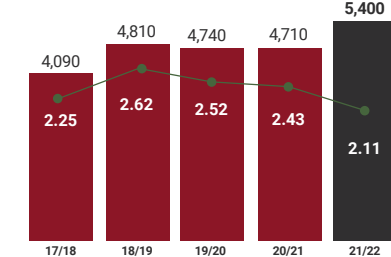
Total waste includes 80 tonnes of waste reported as hazardous of which some 60 tonnes was waste electronic and electrical equipment (WEEE). Overall, 46% of hazardous waste was recycled.

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.

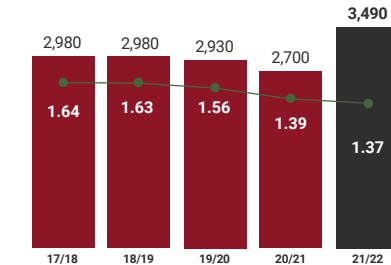
In 2021/22, as our people returned to our sites following the COVID-19 pandemic, total water use increased by 10%. This was due to enhanced hygiene and cleaning across our facilities. Despite this, total water use per head decreased by 4% to 4.06m³ per head in 2021/22. The cumulative reduction since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

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



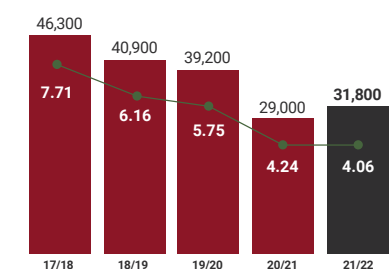
● Packaging (tonnes)
 ● Packaging intensity (tonnes / £m revenue)

Waste total^{1,2,3}



● Total waste (tonnes)
 ● Waste intensity (tonnes / £m revenue)

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



● Water use (m³)
 ● Water use per head (m³/head)

1,2,3,6,7 - see footnotes on P17

EMBEDDING ENVIRONMENTAL AND QUALITY MANAGEMENT SYSTEMS

In 2021/22, 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.

There were no reportable spillages or similar environmental incidents at our sites in the year. There were no fines or penalties related to environmental incidents in the year and the Group has no ongoing environmental remediation activities.

In total 90% of our revenue is from sites accredited to ISO 9001, the global quality management standard that helps ensure customers can buy with confidence.





WE ARE REDUCING TRANSPORT EMISSIONS

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.

By shifting to lower-carbon forms of transportation such as road and sea freight over air for deliveries, we have reduced our European transport emissions intensity by 14%¹.

¹ tonnes of CO₂e due to Scope 3 transport emissions for European customer deliveries per tonne of product sold.

REDUCING SUPPLY CHAIN EMISSIONS

Product transportation

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.

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.

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.

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.





WE ARE PROVIDING SUSTAINABLE PRODUCTS

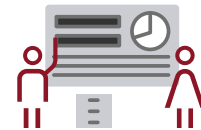
We are growing our range of products that help our customers design, build and maintain more sustainable operations. From products like variable speed drives, high efficiency motors and lighting, through to RS PRO recycled PLA 3D printer filament created from recycled post-industrial waste and Raspberry Pi single-board computers that can be refurbished and reused.

HELPING OUR CUSTOMERS AND SUPPLIERS BE MORE SUSTAINABLE

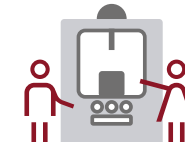
We are focused on offering differentiated product and service solutions that help our customers achieve their ESG goals.

By working closely with our suppliers, we are providing sustainable products and circular solutions that span all stages of the industrial lifecycle.

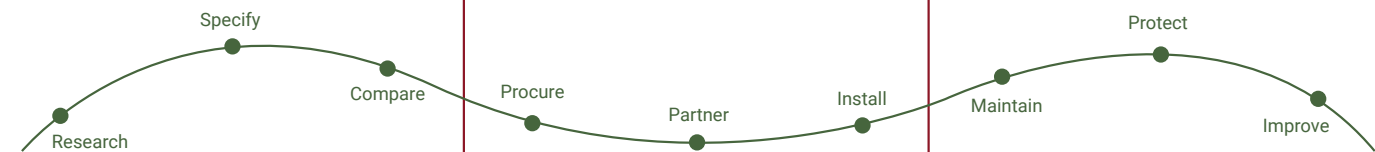
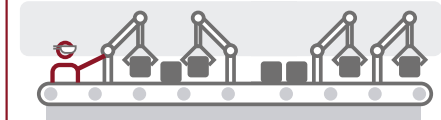
Design



Build



Maintain



1. Design

Our DesignSpark platform is a hotbed of design and innovation for sustainable engineering solutions. The platform brings together a community of 1.2 million engineers, professionals and students from 32 countries to learn, develop and design sustainable technologies that improve people's lives

2. Build

Our sustainable product solutions help our customers optimise their operations, reduce costs and improve resource efficiency. Our products sit across categories and include everything from variable speed drives and high-efficiency motors through to low energy-lighting and automation solutions that offer environmentally friendly alternatives.

3. Maintain

Our innovative and data-driven technologies are optimised to help our customers maintain efficient and sustainable operations. RS Industria™ connects factories and provides essential data and condition monitoring reports to optimise performance, promote equipment longevity and minimise air, water and energy leakages.

Our integrated supply solutions also provides an in-house MRO procurement service for industrial and manufacturing customers, which helps streamline their purchases while consolidating their supply chains to become greener and more efficient.

ADVANCING SUSTAINABILITY: 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, recycle and redirect surplus inventory

Transportation

- Continue to decarbonise logistics by moving to a regional distribution model, switching to lower-carbon transport modes and selecting carriers investing in green technologies.
- Disclose our progress on Scope 3 transport emissions on an annual basis.

Supplier carbon

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

Sustainable products and service solutions

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



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

CHAMPIONING EDUCATION AND INNOVATION

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.

Our approach

It is essential that we build skills to inspire the next generation of innovators – both to ensure our sector and business has the future skills to thrive and to foster the development of sustainable solutions that improve lives.

In support of this, we provide accessible educational technologies, inspirational learning content and immersive skills development opportunities to help students embark on an exciting future career in technology or engineering.

Our ambition is to reach one million young people through educational technologies, learning content and skills development by 2030.

We are also passionate about supporting purpose-driven innovation and developing new technologies that benefit both people and planet. That is why we support activist engineering and community-led innovation projects such as The Washing Machine Project (TWMP), to deliver sustainable solutions and change lives. We are supporting TWMP to achieve their ambition of improving 100,000 lives by 2030.

PROGRESS AGAINST OUR 2030 CHAMPIONING EDUCATION AND INNOVATION COMMITMENTS

2030 actions

Inspiring future engineers and innovators

Reach one million young people with educational technologies, learning content and skills development to support future engineers and innovators

Purpose-driven innovation

Engage with 1.5 million engineers and innovators in creating socially responsible and sustainable solutions

Social impact partnerships

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

Performance

c. 420,000

young engineers and students reached through Grass Roots education since 2020/21

276,000

engineers and innovators engaged in purpose-driven innovation initiatives since 2020/21

1,260

lives improved through TWMP Iraq pilot



WE ARE SUPPORTING THE NEXT GENERATION OF ENGINEERS AND INNOVATORS TO SOLVE PROBLEMS AND CHANGE LIVES

In 2021/22, c. 4,200 universities, colleges and schools used RS and OKdo educational products to help teach c. 355,000 students valuable technical skills.

INSPIRING FUTURE ENGINEERS AND INNOVATORS

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

Higher education

We partner with schools, universities and professional engineering institutions 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 help 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.

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 million of royalty payments to the Raspberry Pi Foundation.

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

c. 4,200
universities, colleges and schools used RS and OKdo educational products

c. 356,000
young DesignSpark users supported to learn vital engineering skills

5,000
Micro:bits donated to help students learn coding skills





WE ARE SUPPORTING THE WASHING MACHINE PROJECT TO IMPROVE HEALTH, EDUCATION AND ECONOMIC OPPORTUNITY

To date we have generated over £218,000¹ to support our global social impact partner The Washing Machine Project to help build manual washing machines that enable disadvantaged women to take charge of their lives.

¹ includes a corporate donation of £97,000 made in April 2022



SUPPORTING SOCIAL IMPACT PROJECTS THAT IMPROVE LIVES

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 (TWMP)

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. To date, we have raised £218,000 for 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 the washing machines for TWMP's first pilot project in Iraq, which has positively impacted the lives of 1,260 people. By 2024, TWMP's mission is to deliver 7,500 machines to 100,000 disadvantaged people around the world.

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 - Australia, South Africa, UK and US.

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.



£218,000
raised for TWMP Foundation¹

20,000
students reached through
the partnership with Engineers
Without Borders-International

1. This includes a corporate donation of
£97,000 made in April 2022.



WE ARE FOSTERING INNOVATION TO SUPPORT A MORE SUSTAINABLE FUTURE

We opened the DesignSpark Innovation Centre in November 2021, in Texas, US, to bring together businesses, technology researchers and creators to help build sustainable innovations that change lives.

FOSTERING INNOVATIVE AND SUSTAINABLE SOLUTIONS

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.

DesignSpark challenges

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 DesignSpark engineers in a unique innovation challenge.

DesignSpark Innovation Centre

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.



1.2 million
DesignSpark members

17,000
DesignSpark members engaged with the air quality projects

12
start-ups in residence at our DesignSpark Innovation Centre in Texas

CHAMPIONING EDUCATION AND INNOVATION: 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 social and environmental 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



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

EMPOWERING OUR PEOPLE

Our diverse team of over 7,600 individuals in over 32 countries 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.

Our approach

We are striving to create a high-performance purpose-led culture, which unites and inspires our people to lead the next stage of our Journey to Greatness, while enabling them to reach their full potential and thrive. In support of this, we are committed to achieving an employee engagement score in the top 10% of high-performing companies. In addition, we are building a workplace reflective of the diverse customers

and communities we serve by working towards 40% of our leaders being women and 25% being ethnically diverse.

Ensuring the health, safety and wellbeing of our people remains a primary focus. Our Target Zero programme means we are striving to avoid all preventable accidents while creating a culture which supports people's physical and mental wellbeing.

PROGRESS AGAINST OUR 2030 EMPOWERING OUR PEOPLE COMMITMENTS

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%
of leaders are women

Health and safety

Aim for zero accidents involving our people

23%
decrease in our all accident frequency since 2019/20

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

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.

75
employee engagement
score – our highest to date





WE ARE INVESTING IN GROWING THE SKILLS AND EXPERIENCE OF OUR FUTURE LEADERS

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.

TALENT DEVELOPMENT AND LEADERSHIP

Creating Amazing Leaders

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.

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.



SHOW **PASSION**

ACT WITH **HUMILITY**

DEMONSTRATE **TRUST**

49,000

learning, training and development opportunities available on MyAcademy

284

employees on England Apprenticeship Levy funded programmes

12%

of our UK workforce are in earn and learn positions, giving RS Group a 5% Club Gold status



WE ARE PROVIDING INDUSTRY-LEADING BENEFITS

We updated our benefits package and diversity policies in 2021/22 to provide industry-leading support to the majority of our US employees covering everything from extended parental leave to domestic partner benefits.



REWARDS 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 UK employees access these benefits



WE WANT TO INSPIRE AWARENESS, CONVERSATIONS AND ACTION TO BUILD A MORE INCLUSIVE CULTURE

We launched a new global inclusion training module in 2021/22 to increase our focus on diversity and inclusion. To date, 90% of our people have completed the module.



CREATING A DIVERSE AND INCLUSIVE WORKPLACE

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 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 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.

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.



50/50
gender split across the Group

32%
of our leaders are female and
11% are ethnically diverse

44%
of the Board are women,
including our Chair

PROMOTING GENDER DIVERSITY ACROSS THE GROUP

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 is at a near 50/50 split.

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.

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 (49.5%)	42 (32%) ³	36 (30%)	4 (44%)	4 (44%)
Male	3,811 (50%)	3,737 (50.5%)	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 are not included.

3. The 2021/22 management gender split has been subject to assurance by ERM CVS.

More about our gender diversity performance and our 2021/22 Gender Pay Gap can be found on our website: rsgroup.com/esg



FTSE Women's Review

In 2021/22, we were featured in this government backed independent, voluntary and business-led initiative aimed at increasing female corporate representation.

FTSE 100 Rankings 2021 Women on Boards and in Leadership

RS Group ranked in the top half (33rd) of the ranking

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.

- 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 the rate 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, but less serious 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 up 38% 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.



Protecting our people's health and wellbeing during COVID-19 and beyond

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

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.

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 almost 2,000 hours to give their time and skills to support their chosen charitable cause, or one of our social impact partners – The Washing Machine Project or Engineers Without Borders-International.

The challenges of physically volunteering were limited 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.



EMPOWERING OUR PEOPLE: 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

- Continue to support our people to work safely and flexibly in our offices
- Ongoing focus on safety and avoiding preventable accidents, including reducing LTA rates

Volunteering

- Encouraging our employees to use their two paid annual volunteering days to give their time and skills to have a positive impact in their communities



**EMBEDDING ESG OBJECTIVES
IN EMPLOYEE REWARDS,
SUSTAINABILITY-LINKED
LOANS AND SUPPLIER
OBJECTIVES**

DOING BUSINESS RESPONSIBLY

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.

Our approach

We are committed to embedding ESG metrics into our strategy, business initiatives and management targets. This includes integrating ESG targets in our employee rewards programme to incentivise action to deliver our 2030 ESG goals.

Beyond our direct operations, we work with thousands of suppliers to raise ethical and environmental standards across our global value chain. From sourcing responsibly, to strengthening labour practices and improving environmental standards – we know that by working together, we can drive positive change for people, communities, the planet and our business. To support this, we are introducing ESG objectives into our partnerships, starting with our strategic supplier partners.

PROGRESS AGAINST OUR 2030 DOING BUSINESS RESPONSIBLY COMMITMENTS

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



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 ensure 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 58 and 59 and our full disclosure can be found in our [TCFD Report 2021/22](#).

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.



WE ARE INCENTIVISING OUR PEOPLE AT ALL LEVELS TO DELIVER OUR CLIMATE COMMITMENTS

To incentivise action around our 2030 ESG action plan, we are introducing a climate-linked KPI to our annual incentive programme in 2022/23 that will be applicable to c. 40% of Group employees.

DRIVING PROGRESS AGAINST OUR ESG GOALS

Embedding ESG KPIs in employee rewards

To incentivise action around our 2030 ESG commitments, we are introducing a climate-linked KPI into 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.

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.

“In linking our revolving credit facility to our ambitious ESG plan, it demonstrates our commitment to integrate ESG into all aspects of our business. We have made great progress over the last two years and I look forward to working with our stakeholders to drive delivery of our 2030 ESG goals.”



David Egan
Chief Financial Officer

STRONG GOVERNANCE, ETHICS AND COMPLIANCE APPROACH

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
- Board receives updates on ethics and compliance matters every two months
- We provide mandatory Code of Conduct training and share copies with all employees

HUMAN RIGHTS & MODERN SLAVERY

- We are committed to upholding, protecting and advancing the human rights of all the people across our business and global supply chain
- We support the principles set out in the UN Declaration of Human Rights and the International Labour Organisation Core Conventions
- Our UNGC Communication on Progress can be found on our website
- 1,674 employees were part of collective bargaining arrangements in 2021/22

WHISTLEBLOWING

- Speak Up, our dedicated whistleblowing policy and helpline, promotes an open and accountable culture where employees can raise ethical concerns
- 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
- We continued to deliver Speak Up training, awareness and refresher campaigns throughout the year

ANTI-BRIBERY & CORRUPTION

- We have a zero tolerance stance on all forms of bribery and corruption
- Committed to conducting our business in line with UN Global Compact Principle 10
- 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
- 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 behavior laws in 2021/22

For a full list of our codes, policies and standards click [here](#) to visit the ESG pages of our website.



A RISK-BASED APPROACH TO DATA AND INFORMATION SECURITY

Data and information security

We have a robust information security policy and 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 and we maintain a high level of focus on data and information security as part of our cyber security breach / information loss principal risk.

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. They stay abreast of the latest regulations, deliver mandatory information security training to our people and raise awareness of the topic throughout the year. In 2021/22 all employees received dedicated information security training.

During the year we 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.

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 our people.

To embed privacy considerations into our project processes, our global network of local data champions continued to provide relevant information to our people 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.

In case of significant risk to an individual's data, our policy is to inform regulators and any affected customers, suppliers or employees as per the applicable legal guidelines. There were no such notifications in the year.

RESPONSIBLE PROCUREMENT

We are engaging our suppliers to raise ethical and environmental standards across our supply chain. From sourcing responsibly to strengthening labour practices and developing a sustainable distribution model.

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.

- 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

ENSURING PRODUCT COMPLIANCE

Conflict minerals

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



Chemicals of concern and REACH regulations

We have strict policies around chemicals of concern and controversial products, which can include forbidding their sale.

We review all chemical products, line by line, to identify the presence of Substances of Very High Concern (SVHCs) or REACH restricted substances in line with EU and UK regulations for chemical products and substances in products. We then restrict the availability of these items either by market or customer group, or we remove the affected item from sale altogether when required to do so.

In May 2022, RS UK retained its British Standards Institution RoHS Trusted Kitemark Certification. RoHS is the EU Directive for the Restriction of Certain Hazardous Substances in Electrical and Electronic Equipment.

Our approach and compliance position is summarised in our Ethical Sourcing Policy

- > [Ethical Trading Policy](#)
- > [Commitment to compliance brochure](#)
- > [Conflict minerals statement and policy](#)

DOING BUSINESS RESPONSIBLY: 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 introduce ESG KPIs for our partnerships
- Engaging RS PRO suppliers to become members of Sedex to increase supply chain visibility and meet social compliance

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

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.

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 the TCFD's recommendations. Our full TCFD report 2021/22 can be viewed by clicking on the link below.



To read our full TCFD 2021/22 Report [click here](#)

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 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

On the next page we summarise our TCFD disclosure for 2021/22 in line with our commitment to providing transparent and quality climate reporting.

EMBEDDING THE TCFD FRAMEWORK ACROSS OUR BUSINESS



GOVERNANCE

- Response to climate change overseen by our CEO
- Board has strategic oversight of our CRROs and approved 2030 ESG action plan
- Audit Committee reviews CRROs and recommends Group's TCFD report to the Board for approval
- Remuneration Committee agreed climate metric for annual incentive of c. 40% employees in 2022/23
- SMT reviews and ensures action on CRROs
- ESG Committee oversees net zero plan and TCFD compliance



STRATEGY

- Conducted qualitative scenario analyses for 2°C or lower and 4°C pathways and physical and transitional climate risks up to 2050
- Analyses showed we are mitigating key climate-related risks and well placed to leverage opportunities from the low-carbon transition
- Recommendations will be integrated into strategy, financial planning, risk management and metrics and targets
- Group's 2030 ESG action plan commits to net zero in direct operations by 2030 and value chain by 2050



RISK MANAGEMENT

- CRROs analysed for impact, likelihood and overall materiality
- CRRO risk register created with controls, owners and metrics and targets. Monitored by the Group risk and operational audit team
- Risk management processes were updated and improved to address CRROs
- Updates provided to the SMT Risk Committee, Audit Committee and Board to ensure clear line of sight and integration into our financial planning and strategy
- Climate change moved from an emerging risk to a principle risk, rated as medium to low



METRICS AND TARGETS

- CRROs have assigned metrics and targets and business owners
- Six climate-related actions covering carbon reduction, packaging, waste, product transportation, supplier carbon and product and service solutions
- SBTs covering Scope 1, 2 and 3 CO₂ emissions submitted to SBTi
- Scope 1 and 2 CO₂e emissions and carbon intensity externally assured
- £300 million sustainability-linked loan

2021/22 ESG SCORECARD

Action	Target	Metric	Progress to date	Baseline	Current progress	Goal
				(2019/20)	(2021/22)	(2029/30)
Advancing sustainability						
Carbon	Reduce absolute emissions from our own operations by 75% by 2030	Tonnes of CO ₂ e (Scope 1 and 2) * not including subsequently acquired businesses in the 2019/20 baseline	50%	11,900	6,000	3,300
	Reduce absolute emissions from our own operations by 75% by 2030 ¹	Tonnes of CO ₂ e (Scope 1 and 2) * 2019/20 baseline rebased to include subsequently acquired businesses for the purposes of our SBT	54%	13,100	6,000	3,300
Packaging	Reduce packaging intensity by 30% by 2030	Tonnes packaging / £m revenue pa	16%	2.52	2.11	1.76
	100% of packaging widely reusable, recyclable or compostable by 2030	% of packaging by weight	92%	89% (2020/21)	92%	100%
	Our packaging is made with 50% recycled content by 2030	% of packaging by weight	42%	42%	42%	100%
Waste	Reduce waste intensity by 50% by 2030	Tonnes waste / £m revenue pa	12%	1.56	1.37	0.78
	Achieve zero waste to landfill in our direct operations by 2030	% waste to landfill	8%	7%	8%	0%
	Recycle > 95% of our waste by 2030	% waste recycled	73%	79%	73%	>95%
Transport	Reduce our Scope 3 transport emissions by 25% per tonne sold by 2030	Tonnes of CO ₂ e from Scope 3 transport emissions / tonne of product sold	17%	1.36	1.13	1.02
Supplier carbon	Engage 65% of our suppliers by spend to set science-based targets by 2025	% of suppliers	19%	15% (2020/21)	19%	65% (2024/25)
Products and solutions	Develop innovative and sustainable product and service solutions for all our customers	Full benchmarking and 2030 action in development				

* All targets are from a 2019/20 baseline to 2029/30 unless otherwise stated.

2021/22 ESG SCORECARD

Action	Target	Metric	Progress to date	Baseline	Current progress	Goal
				(2019/20)	(2021/22)	(2029/30)
Championing education and innovation						
Education	Reach one million young people with educational technologies, learning content and skills development to support future engineers and innovators	No. of young students reached	c. 420,000	255,000 (2020/21)	c. 420,000	1 million
Innovation	Engage with 1.5 million engineers and innovators in creating socially responsible and sustainable solutions by 2030	No. of engineers & innovators engaged	276,000	213,000 (2020/21)	276,000	1.5 million
Social impact partnerships	Support our social impact partners to develop solutions that improve lives – including supporting The Washing Machine Project to help 100,000 people in need	Amount raised for TWMP	£218,000 ¹	£0	£218,000 ¹	
		Total number of lives impacted through our support to TWMP	1,260	0	1,260	100,000 (2023/24)
Empowering people						
Engagement	Achieve and maintain an employee engagement score in the top 10% of high-performing companies	Employee engagement score	75	72	75	82 (Top 10%)
Leadership diversity	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	% of female leaders	32%	32%	32%	40%
		% of ethnically diverse leaders	11%	10% (2020/21)	11%	25%
Health and safety	Aim for zero accidents involving our people	All accident frequency rate (per 200,000 Hrs)	0.53	0.69	0.53	0
Volunteering	Inspire 50% of colleagues to volunteer to support their communities and build new skills	% of employees volunteering within the last two years	3%	0%	3%	50%
Doing business responsibly						
Incentivising ESG progress	ESG-related targets included in our employee rewards programme	% of ESG targets in annual bonus	10% - launched in 2022/23			To be defined
Responsible supply chain	Evaluate our suppliers against our high ethical and environmental standards. Set ESG objectives for strategic suppliers.	% of suppliers by spend signed our new ethical trading declaration	29%	29% (2021/22)	29%	100%
		% of suppliers spend with EcoVadis rating	40%	40% (2021/22)	40%	80%
		% of RS PRO suppliers by spend with a Sedex membership	30%	30% (2021/22)	30%	90%

1. Includes a £97,000 corporate donation made in April 2022.



Group

WWW.RSGROUP.COM/ESG