



FOR A BETTER WORLD

ESG REPORT 2022/23








MAKING AMAZING
HAPPEN FOR A
BETTER WORLD

We provide the product and service solutions that help our customers design, build, maintain, repair and operate industrial equipment and operations, safely and sustainably.

Navigating this interactive document

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Read more at [rsgroup.com/esg](https://www.rs-group.com/esg)



ADDITIONAL RESOURCES

Available on our website: [rsgroup.com/esg/reporting-centre](https://www.rs-group.com/esg/reporting-centre)

	Annual Report 2023		2022/23 ESG basis of reporting		2022/23 Assurance statement
	2022/23 TCFD factsheet		2022/23 ESG data centre		ESG Supplier Handbook
	2022/23 GRI/SASB content index				

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05

Introduction from the CEO

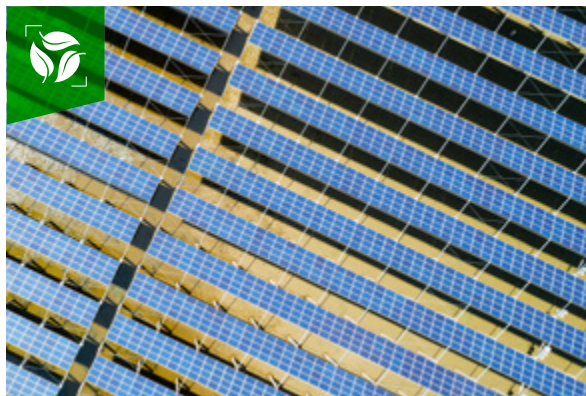
An introduction to the ESG Report from RS Group CEO, Simon Pryce.



16

Advancing Sustainability

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



32

Championing education and innovation

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



40

Empowering our people

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



51

Doing business responsibly

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



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Appendix

Performance scorecard, ESG achievements, ratings and standards

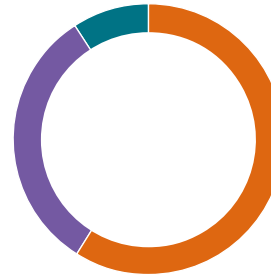
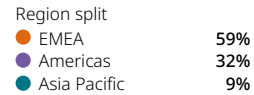
About RS Group

OUR BUSINESS AT A GLANCE

A TRUSTED PARTNER
We are a provider of product and service solutions for designers, builders and maintainers of industrial equipment and operations.

Revenue
£m

£2,982m



Our global reach

31

countries with RS operations

1.1m

customers

>8,700

employees

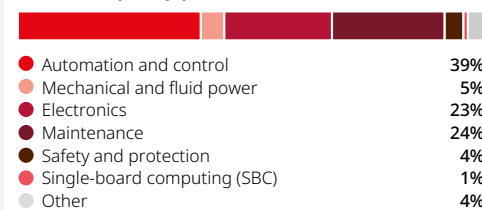
>2,500

suppliers



● Countries with RS operations

Revenue split by products and service solutions



Revenue split by range of industries



OUR COMMITMENT TO A MORE SUSTAINABLE WORLD

For a Better World is our 2030 ESG action plan to reinforce our commitment to making amazing happen for a better world

With four global goals and 15 supporting actions, we are supporting all our stakeholders as they become more sustainable.

Global goals:



ESG HIGHLIGHTS

Advancing sustainability



58%

reduction in Scope 1 and 2 emissions since 2019/20

2021/22: 50%

92%

of Group electricity is from renewable sources

2021/22: 88%

Championing education and innovation



1.3m

members, students and start-ups

engaged through DesignSpark

28k

lives improved since 2019/20

through our support of The Washing Machine Project (TWMP)

2021/22: 1,260

Empowering our people



78

employee engagement score

2021/22: 75

30%

of our senior leaders are women

and 11% are ethnically diverse

2021/22: 32%

Doing business responsibly



25%

of suppliers by spend have set science-based targets (SBTs)

with the Science Based Targets initiative (SBTi)

2021/22: 19%

50%

of suppliers by spend have an EcoVadis membership

to drive ESG performance

2021/22: 40%

Our purpose, vision and strategy

DOING BUSINESS THE RS WAY

Our strategy has been set in order to achieve our vision and purpose of delighting all our stakeholders enough to become their go-to partner; their first choice. We have set out four key actions that we believe will ensure we build the right capabilities and infrastructure to grow and scale our business more efficiently towards achieving our strategic vision. Fundamental to the strength of our progress against these actions is having a purpose-led culture as we deliver sustainable value creation.

OUR PURPOSE

Making amazing happen for a better world

Our purpose reflects our focus on delivering results for people, planet and profit. Our 2030 ESG action plan - For a Better World, delivers long-term value for all our stakeholders.

+ Read more on pages 16 to 59

OUR VISION

First choice for all our stakeholders

We strive to be the best place to work for our people, the go-to partner for customers and suppliers, contributing to the communities around us and delivering long-term, sustainable value for our shareholders.

+ Read more on pages 6 to 10

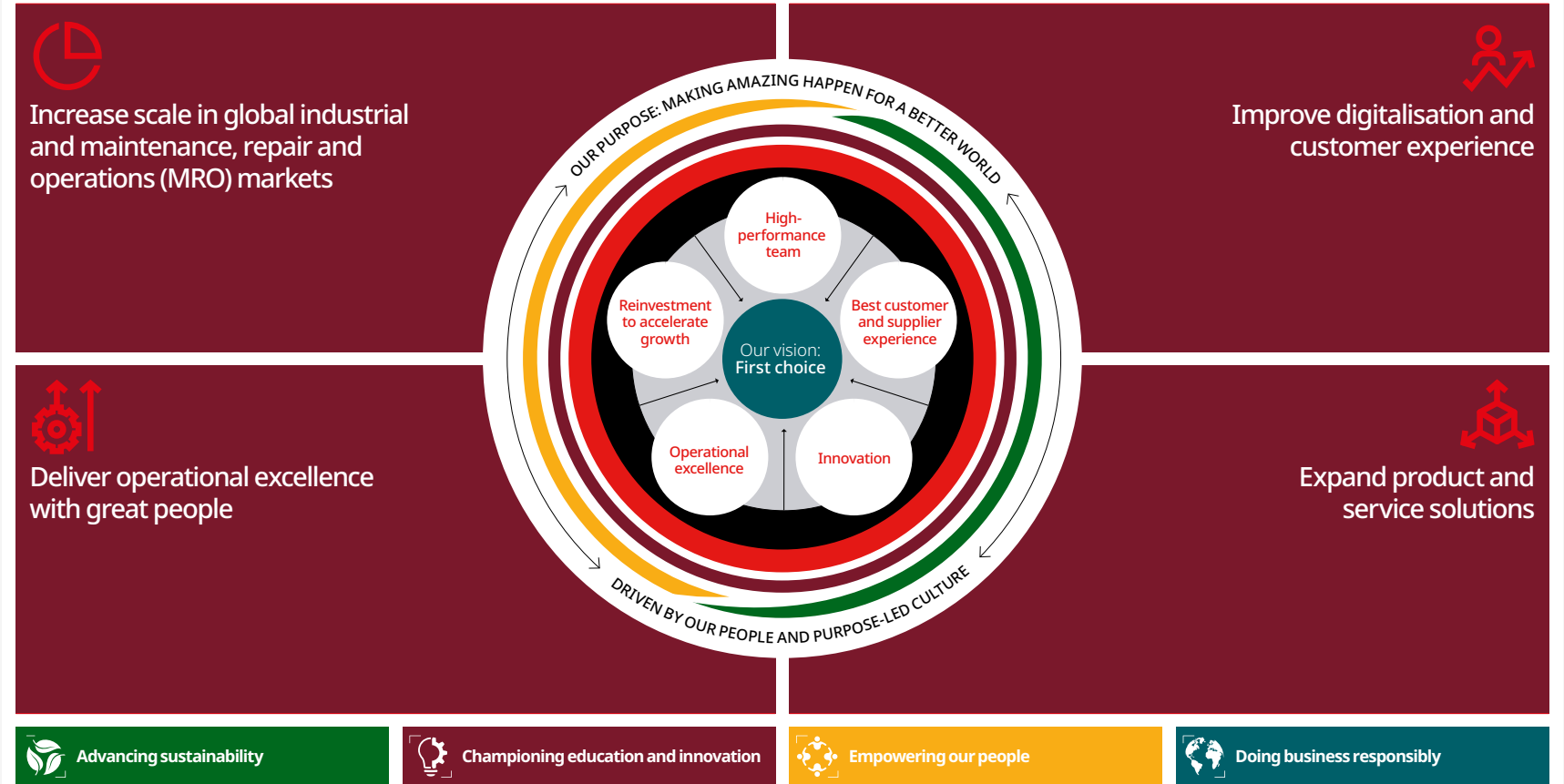
OUR AMBITION

Journey to Greatness

We believe that we can deliver stronger revenue and value-creating growth. To do this, we need to improve our competitive strengths by benchmarking our business against the highest global standards.

+ Read more in the Annual Report and Accounts on page 20

OUR STRATEGY IS BASED ON FOUR KEY ACTIONS TO DELIVER OUR VISION



Introduction from the CEO

DRIVING VALUE FOR PEOPLE, PLANET AND PROFIT

Simon Pryce
RS Group CEO

Welcome to RS Group's ESG Report, an opportunity for us to update you, our valued stakeholders, on the progress we are making towards our 2030 ESG action plan – For a Better World.

It is a great honour to be appointed CEO of RS Group and be a part of the RS executive team as we continue delivering exceptional outcomes and long-term value for all of our stakeholders.

I have been a long-time admirer of RS and a shareholder for some time. My involvement with the Company has been through my position as a Non-Executive Director since 2016 and also through the organisations I have worked in over the past 25 years that have either been direct or indirect customers of RS.

For me, environmental, social and governance (ESG) is fundamental to our purpose, strategy and decision-making and I am delighted that RS has a strong ESG ethos both in how we work but also how we serve our customers and suppliers and support our communities.

I'm incredibly excited to have joined the Company at such a pivotal point for the industry. I believe RS is uniquely positioned at the centre of the global industrial value chain to help our suppliers and customers pivot towards more sustainable product and service solutions that support the transition to a low carbon world. The launch of our Better World product range in the UK and Republic of Ireland in 2022/23 is a key highlight and really demonstrates how we are helping to lead the industry on this topic, while driving value-creating growth opportunities.

Beyond our products, we are developing solutions to help our customers reduce energy consumption and decarbonise their facilities. We also have significant opportunities to support the growth of low carbon industries, as a key MRO partner. I encourage you to read more about this in our introduction to ESG solutions on page 12.

Throughout the year we have remained focused on improving the energy efficiency of our facilities and optimising our supply chain, enabled by our regional model which holds more inventory locally, thus reducing freight miles. This has resulted in our Scope 1 and 2 carbon emissions reducing by 21% and our product transportation emissions intensity reducing by 6% during the year.

Across our wider ESG action plan we have supported 471,000 young engineers and innovators through our global education programme, increased our employee engagement score to 78 and championed improvements in supply chain ESG standards by encouraging 50% of our suppliers to become EcoVadis rated and 25% to set SBTs. We also achieved a Platinum EcoVadis rating in 2022, placing us in the top 1% of 100,000+ companies.

Despite these successes, we know there is much more we need to do. We know that we need to continue to drive our diversity and inclusion programme forward by increasing the number of female and ethnically diverse talent into leadership positions within the Company. This is a key priority for the business and something I am personally committed to.

There is also action required as an industry to tackle our Scope 3 carbon emissions related to our products and logistics footprint, so we can decarbonise on a global scale. We are committed to collaborating with our suppliers and customers up and down the value chain to create this change and reach net zero by 2050.

For me this is just the start and it is an incredibly exciting time to be leading an organisation that has ESG so firmly embedded at its core and with so much opportunity for positive impact and value-creating, sustainable growth.

I hope you enjoy this report and please do reach out to me or the RS team with any feedback.



Our stakeholders

UNDERSTANDING THE NEEDS OF ALL OUR STAKEHOLDERS

It is important for us to engage with all our stakeholders to understand what matters to them, ensure we are responsive to their needs and add value. The views of our stakeholders are fundamental to us becoming first choice and driving a long-term sustainable business. While most of our stakeholder engagement takes place on an operational level, our Board also considers our stakeholders actively and the long-term impact our decision making has on them when setting and approving strategic decisions (see pages 91 to 95 of the Annual Report and Accounts). We have also conducted an ESG double materiality assessment (see page 9).

	Why they matter	The value we bring
 OUR PEOPLE	Our people are fundamental to the success of our business and we continue to invest in our ability to engage, retain and develop the best talent.	We nurture talent and are building a high-performance, purpose-led culture that excites and empowers our people.
 CUSTOMERS	It is crucial to understand our customers' needs in order to create value, solve problems and unlock opportunities.	We provide product and service solutions and responsive customer service enabling our customers to achieve their goals sustainably.
 SUPPLIERS	We work in partnership with our suppliers to deliver an unrivalled product choice and innovative solutions for our customers.	We provide global market reach and customer insight to expand revenue and develop new products while raising supply chain standards.
 COMMUNITIES	Across our communities worldwide, we are implementing educational initiatives to improve lives and inspire the next generation of engineers.	We support engineers and foster sustainable innovation to inspire a more inclusive, diverse and sustainable world.
 SHAREHOLDERS	Our shareholders include institutional investors and individuals who provide the capital for our business to grow.	We generate long-term, sustainable returns with a strong ESG approach.

Linked to our ESG goal:



OUR PEOPLE

What matters to our people

- High-performance, purpose-led culture
- Diversity and inclusion
- Wellbeing and mental health
- Training and career development
- Financial planning and education

How we engage

- Encourage employee-led networks and communities
- Regular employee engagement surveys
- Diversity and inclusion training
- Non-Executive Director initiatives and interactions
- Training programmes for all employees
- Health and wellbeing resources
- Access to financial wellbeing tools and regular pension seminars

What we have achieved

- Upward trend in employee engagement score to 78
- 267 people in our apprenticeship programmes
- Placed in the 2022 Top 50 Inspiring Workplaces in North America by Inspiring Workplaces
- Additional uplift payments to support cost of living crisis
- Asia Pacific centre of expertise (CoE) won the Outstanding Employer in 2023 Top Human Resource Management Awards

KRIS KATNY
INNOVATION OPERATIONS DIRECTOR



I am grateful that RS has empowered me to develop my career. RS has supported me in my higher education while also providing training programmes, secondments and mentoring opportunities. The impact of these opportunities has been profound: I have acquired new skills, broadened my horizons and played a bigger part in our Group's success as a result. I started in the Nuneaton DC and I have been able to progress to the Innovation team. It is amazing that there are so many stories like mine in the organisation, which makes me proud to work for RS."

Becoming first choice

We are empowering our people with the skills and knowledge that drive our outperformance.

Engage

- Culture
- Grass Roots
- DesignSpark
- Reward and benefits

- High-performance, purpose-led culture
- Grass Roots education programme supporting future engineers and innovators
- DesignSpark engineering and innovation community
- Diverse and extensive physical, financial and occupational benefits

Retain

- Inclusive environment
- Supporting communities
- Listening to employees
- Health, safety and wellbeing

- Transparent, accountable and inclusive environment
- Employee networks that create greater awareness of the communities in which we operate
- Global listening strategy through engagement pulse surveys
- Mental health training and Target Zero accidents programme
- RS YAY! Award sharing our success

Develop

- MyAcademy
- Future Shapers programme
- Amazing Leaders
- Diverse talent

- Dynamic and digital learning pathways for all employees via MyAcademy
- Future Shapers talent programme
- Amazing Leaders: peer-to-peer learning, developing behaviours and capability for future success
- Targeted leadership programmes to support female and ethnically-diverse talent

Our stakeholders continued

CUSTOMERS

Linked to our ESG goal:



What matters to our customers

- Innovative and sustainable solutions to solve problems and unlock opportunities
- A seamless omni-channel approach so customers can concentrate on what they do best
- A partner to build a more sustainable and socially responsible future
- An unrivalled choice of products and services and availability

How we engage

- Dedicated customer service
- Omni-channel communication
- Trade fairs, forums and presence at customer sites
- Voice of the Customer survey
- Customer performance reviews

What we have achieved

- Strengthened customer relationships
- Responsive and flexible proposition
- Launched RS Think Hub website to help our engineering customers find the products they need more easily
- Launched Better World products and ESG solutions function to help our customers make sustainable choices
- Won Distributor of the Year at the 2022 Excellence Awards

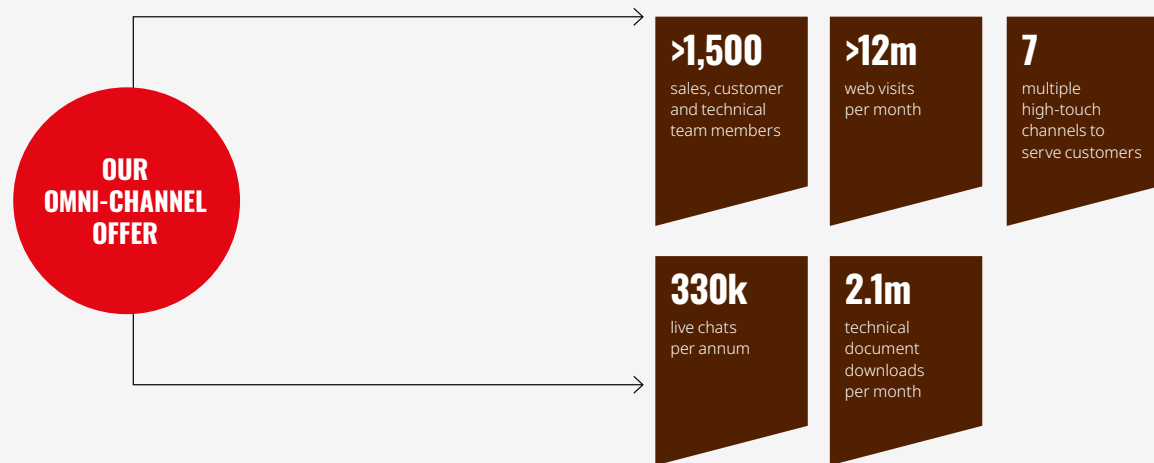
DEBBIE BOWRING
PRESIDENT, RS INTEGRATED SUPPLY



Sharing and collaborating with our customers are fundamental to our success as a go-to partner. At RS Integrated Supply, we host regular forums with our key customers to dive deeper into the issues our customers face today. At our forum in June 2022, we exchanged our learnings and best practice from our 2030 ESG action plan and global goals with our customers. The outcome of the forum resulted in a deeper understanding of our customers' needs and also a roadmap to how we can support our customers better and become first choice."

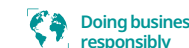
Becoming first choice

We are delivering a technology-enabled experience with a human touch.



SUPPLIERS

Linked to our ESG goal:



What matters to our suppliers

- Data-driven product management
- Knowledge of customer needs and trends
- Ease of doing business
- Offering full product ranges, services and solutions to our customers
- Positive environmental and social impact and operating to high ethical standards

How we engage

- Dedicated account managers
- Regional and global supplier events
- Supplier scorecards with defined targets
- Voice of Supplier survey every two years
- RS Connect – partnering with suppliers to connect with customers
- Seamless new product introduction

What we have achieved

- Stronger partnerships with our suppliers
- Developing a programme to source, store and deliver products closer to the customer
- Increase in stocked offer by c. 7%
- Attendance at electronica conference in Munich, Germany
- Supplier conference hosted in Frankfurt, Germany

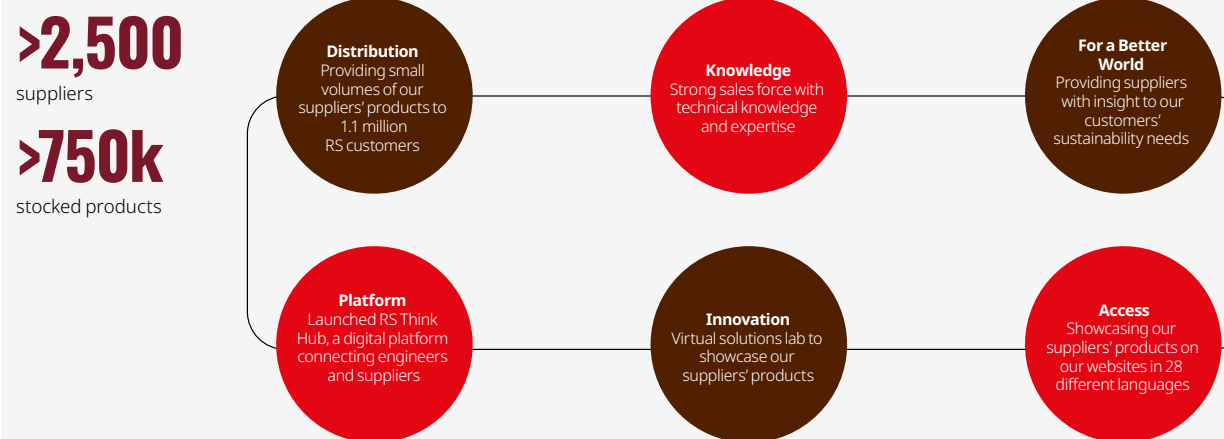
ANDREA BARRETT
VICE PRESIDENT OF SOCIAL RESPONSIBILITY AND SUSTAINABILITY



Through our EMEA Supplier Event hosted in February 2023, we engaged with over 400 key suppliers to emphasise the importance of prioritising ESG and sustainability action in their direct business and value chain. This included asks to develop more sustainable product and service solutions, drive carbon reduction and set SBTs. By focusing on these areas, our suppliers will increase their ESG impact, strengthen their business and generate significant customer value. We also introduced a new ESG supplier handbook to help our supplier's embed strong ESG principles and drive positive action."

Becoming first choice

We are supporting our suppliers to promote their high-quality range of products.



Our stakeholders continued

COMMUNITIES

What matters to our communities

- Providing support to our local communities
- Providing educational initiatives to young people
- Limiting environmental impact in operations

How we engage

- Competitions to encourage innovation
- Delivering SuperSkills Employability Training
- Our exclusive Global Youth Advisory Board (The FAB15)
- Organising and supporting community events and awards
- Supporting academic institutions to deliver high-quality engineering and technology education

What we have achieved

- New collaboration with SmartSTEMs to create 1,500 small wind turbines
- Won Educational Support Award at the Elektra Awards 2022
- 30 Divya washing machines built by RS volunteers for TWMP delivered to a primary school in Uganda
- 150 RS PRO student kits delivered to first-year electronics engineering students at the University of Sheffield
- 89 women and girls from Girlcode, South Africa participated in online SuperSkills sessions hosted by RS in South Africa

Linked to our ESG goal:



ELVIS TINAGO
EDUCATION COMMUNITY ENGINEER



The FAB15 is an exclusive opportunity offered by Grass Roots annually to 15 students and young professionals to gain experience on a global advisory board of a FTSE 100 UK company. As a member of the FAB15 cohort in 2021, I can say first hand that it is a real collaboration between young people and RS Group. While RS are able to support the FAB15 as future innovators and engineers with their content and learning skills, they are also helping RS, by finding sustainable solutions to some of the organisational challenges we face."

SHAREHOLDERS

What matters to our shareholders

- Sustainable growth and superior returns
- Understanding the business and our strategy
- Strong corporate governance

How we engage

- Annual General Meetings
- Investor roadshows, detailed investor events, meetings and conferences
- Stock exchange announcements, press releases and results briefings
- Ongoing dialogue with analysts and investors

What we have achieved

- Progressive dividend policy
- Held 241 meetings with investors
- Improved ESG ratings awarded by MSCI
- Qualified as a constituent of the DJSI Europe
- Won the Institute of Chartered Accountants in England and Wales (ICAEW) Corporate Development Award 2023

Linked to our ESG goal:



JERRY ABRAHAM
PRESIDENT, RS PRO & PRICING



Engagement at RS is a two-way process. As a business, we engage proactively with our shareholders throughout the year. It is important that their understanding of the business is enhanced by not only meeting executive management but having access to the breadth and depth of senior leaders like myself. During my meetings with our shareholders, I provided deeper insight into our business in areas such as our own brand, RS PRO, and price optimisation tools, in turn it provides me with invaluable insight to our shareholders' needs and expectations."

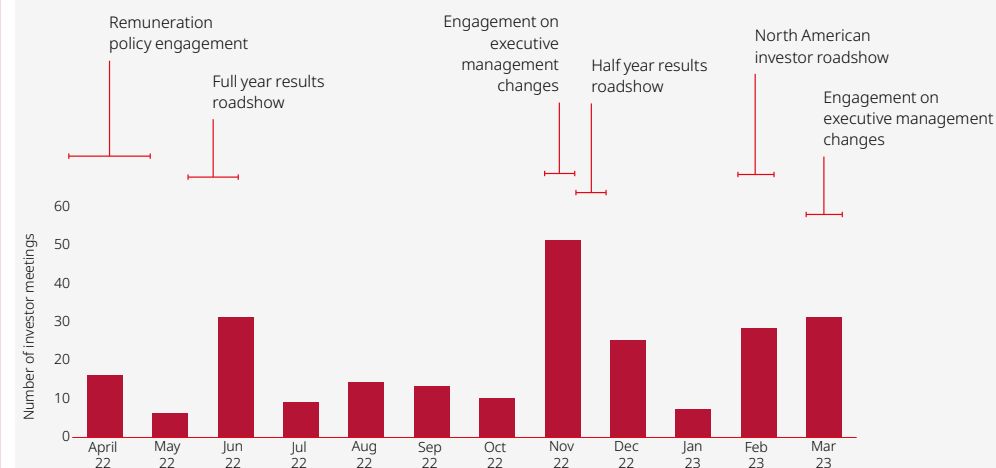
Becoming first choice

We are supporting our communities through eight key initiatives

<p>FAB15 Opportunity for students and young professionals to gain experience on global advisory board for a FTSE 100 company</p>	<p>BRIGHT Sparks Recognising talented young people in the engineering world and inspiring future generations</p>	<p>Higher education electronics Providing the products, resources and opportunities to higher education</p>	<p>RS DESIGNSPARK+ Engineering platform to connect, share and build young engineer and student profiles</p>
<p>REfect Encouraging greater numbers of ethnically diverse youths into engineering and technology</p>	<p>Superskills Supporting engineering students and young people to help bridge the gap between university and the workplace</p>	<p>the washing machine project Empowering women and children by alleviating the burden of handwashing clothes</p>	<p>Young innovators Empowering young innovators and supporting a variety of student projects around the world</p>

Becoming first choice

We maintain open and regular dialogue with our investors to help their understanding of the business



177

Investor firms met

18

members of senior management met with investors

ESG materiality

OBTAINING STAKEHOLDER INPUT AND INSIGHT

To ensure our 2030 ESG action plan remains focused on the most material ESG issues facing our business and stakeholders, in 2022/23 we completed our first ESG double materiality exercise to gain a full and current picture of our ESG impacts, risks and opportunities. We evaluated 18 topics categorised under each of our four global ESG goals and measured the impact that RS can have on the external world (business impact) and the financial risk and opportunities that the external world can have on RS (financial impact).

To obtain the list of key ESG material areas, we engaged with over 100 stakeholders across our people, customers, suppliers, communities and shareholders to help us prioritise key topics. The exercise was overseen by the ESG Committee and included input from leadership teams across the Group.

To measure business impact, we ranked the Group's impact outwards on society and the environment, using the scale of 'Low -' to 'High +'. For financial impact, each ESG issue was rated as a risk and opportunity with a rating from either 'Low -' to 'High +' impact on adjusted operating profit over five years.

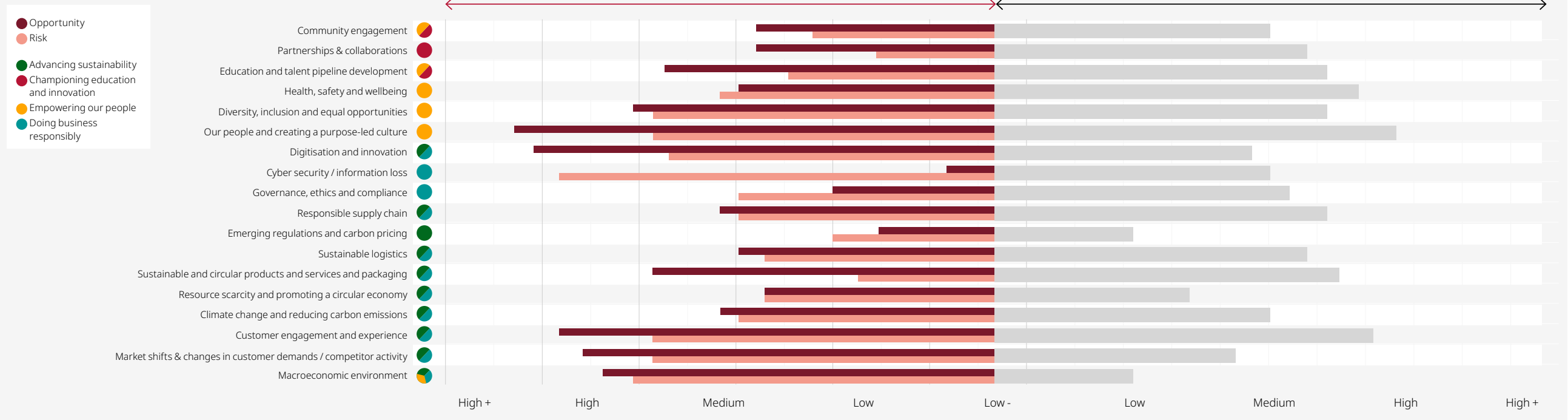
From an environmental perspective, the analysis shows that offering product and service solutions that promote a circular economy as well as sustainable packaging is one of our most material ESG areas. This is an area where we can make a big difference by engaging with our suppliers to offer more sustainable products to customers and by increasing the recycled content and recyclability of our packaging (see page 23). From a social perspective, our people and creating a purpose-led culture have the most material ESG impact.

The work we are doing across the business to deliver our purpose-led culture, improve employee engagement and champion diversity and inclusion (see pages 42 to 47) are all examples of how we are delivering against this material ESG area.

Over time, we will evolve our ESG double materiality approach and align this with the work we are doing under TCFD to provide further granularity and a more sophisticated modelling method for our financial risks and opportunities.

Early adoption of this model demonstrates leadership in ESG, stakeholder engagement and financial materiality and is a requirement of emerging sustainability reporting directives, such as the EU's Corporate Sustainability Reporting Directive (CSRD).

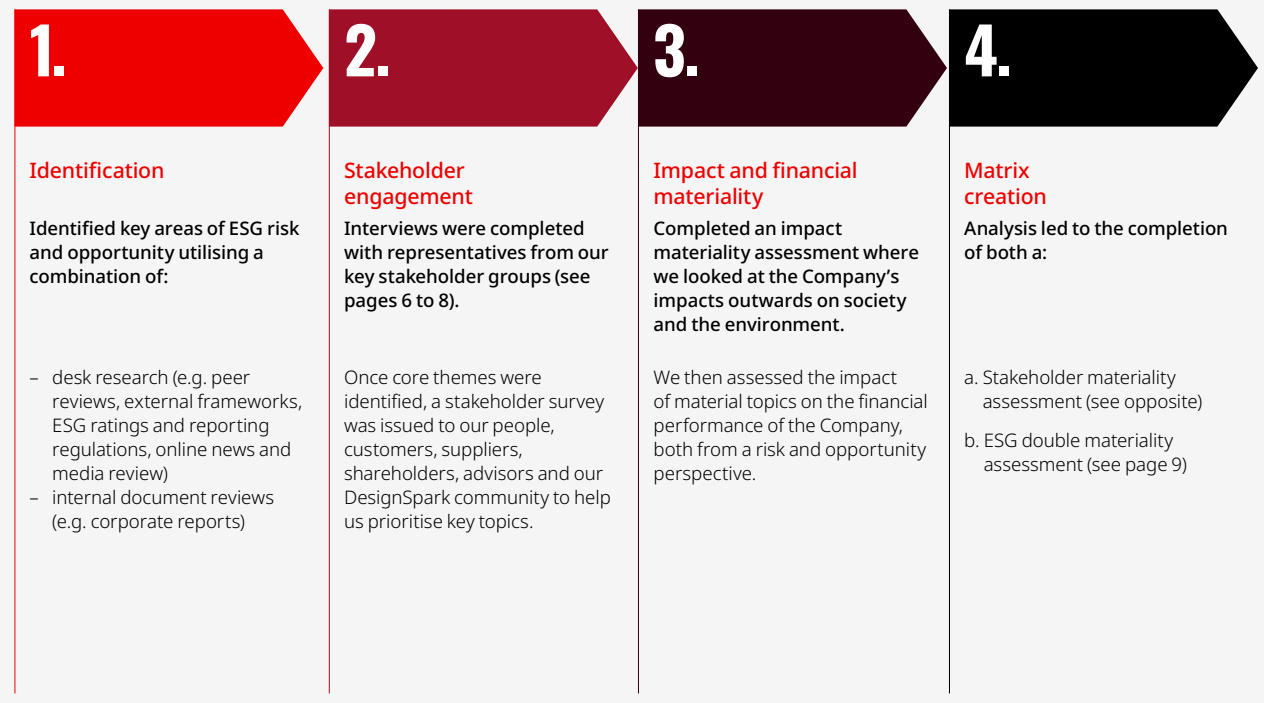
OUR ESG DOUBLE MATERIALITY ASSESSMENT



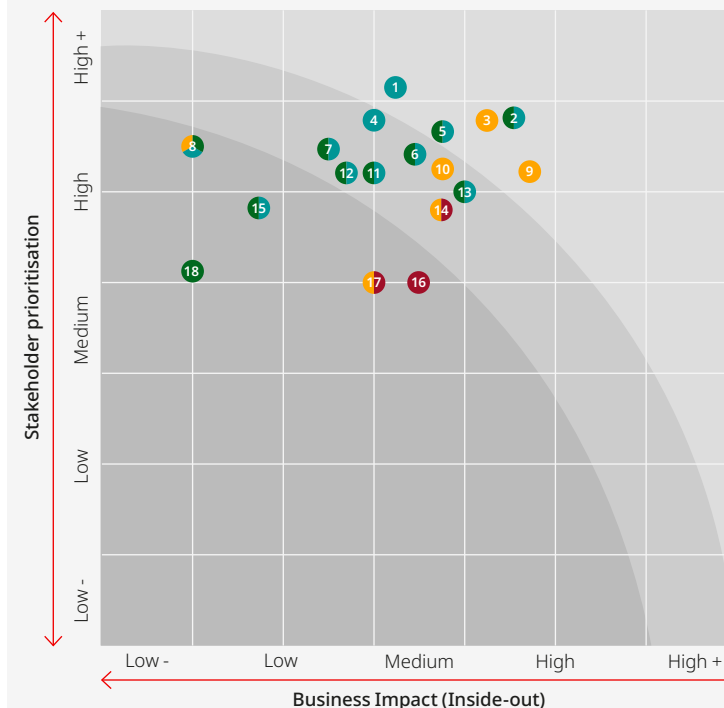
ESG materiality continued

An ESG materiality assessment is a strategic tool that organisations can use to identify their most material ESG issues – including both risks and opportunities.

OUR PROCESS



OUR ESG MATERIALITY MATRIX



We have identified 18 material topics that are considered important both from a business and stakeholder perspective.

The topics in the top right hand corner of the assessment are considered our top priority and we will continue to monitor these areas closely.

The ESG materiality assessment combined with our alignment to six of the United Nations Sustainable Development Goals (UN SDGs) guides our 2030 ESG approach, targets, KPIs and reporting.

We are aware that ESG materiality assessments need to be dynamic in order to reflect changes in the business and the external world. We will therefore continue to monitor any emerging topics that may require inclusion in our matrix in the future.

- | | | | |
|---|---|---|--|
| 1 Governance, ethics and compliance | 8 Macroeconomic environment | 14 Education and talent pipeline development | ● Advancing sustainability |
| 2 Customer engagement and experience | 9 Our people and creating a purpose-led culture | 15 Resource scarcity and promoting a circular economy | ● Championing education and innovation |
| 3 Health, safety and wellbeing | 10 Diversity, inclusion and equal opportunities | 16 Partnerships and collaborations | ● Empowering our people |
| 4 Cyber security / information loss | 11 Climate change and reducing carbon emissions | 17 Community engagement | ● Doing business responsibly |
| 5 Responsible supply chain | 12 Digitisation and innovation | 18 Emerging regulations and carbon pricing | |
| 6 Sustainable logistics | 13 Sustainable and circular products and services and packaging | | |
| 7 Market shifts & changes in customer demands / competitor activity | | | |

ESG highlights

OUR 2030 ESG ACTION PLAN

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

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, our 2030 ESG action plan – For a Better World, sets out our four global goals with 15 supporting actions.

With insights gathered from our ESG double materiality assessment, the plan complements our Group strategy, The RS Way, by delivering long-term value for all our stakeholders.

Our approach supports six of the UN SDGs and lays the foundation for our long-term vision to 2050. Our key commitments and 2022/23 performance highlights can be found in the table to the right.

OUR 2030 ESG ACTION PLAN



Supporting six United Nations Sustainable Development Goals (UN SDGs)



GLOBAL GOALS

Advancing sustainability

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



Championing education and innovation

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



Empowering our people

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



Doing business responsibly

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



KEY ACTION AREAS

Net zero emissions in direct operations by 2030, value chain before 2050, Science Based Targets initiative (SBTi), UN Global Compact's Business Ambition for 1.5°C and UN Race to Zero commitments

Building skills and fostering innovation with **1.5 million engineers** and **innovators**

Working towards **40% women** and **25% ethnically diverse** leaders

Increasing screening and **ESG objectives for suppliers. ESG metrics in employee rewards and sustainability-linked loan**

PERFORMANCE HIGHLIGHTS

58%

reduction in Scope 1 and 2 emissions¹ since 2019/20

92%

of Group electricity from renewable sources²

28%

reduction in Scope 3 transport emissions intensity³ since 2019/20

1.3m

members, students and start-ups engaged through DesignSpark

£330k

raised to support The Washing Machine Project to improve lives since 2019/20

c. 4,400

educational institutions use our educational products in their teaching

78

employee engagement score – up from 75 in 2021/22

44%

of the Board are women, including the Chair and 22% are ethnically diverse

42%

reduction in our all accident frequency rate⁴ since 2019/20

50%

of employees have their annual incentive aligned to carbon reduction targets

£400m

sustainability-linked loan (SLL) to help facilitate ESG action

49%

of RS PRO suppliers are Sedex members

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. Per 200,000 hours worked.

Spotlight on ESG solutions

SPOTLIGHT

DEBBIE LENTZ
INTRODUCING
ESG SOLUTIONS

In 2022/23 I became the President, ESG Solutions focused on delivering the Group's ambitious ESG goals and developing new sustainable product and service solutions to support our customers.

I believe that as an industry we have a huge opportunity to collaborate with our partners to drive greater value for people, planet and profit and this is something that I am personally passionate about driving.

Customers are prioritising sustainability

We know from our close customer relationships and industry research that sustainability is a top business priority for our customers and is central to their business goals, from driving zero carbon operations to being at the forefront of their product procurement strategies. Many of our customers have set challenging net zero goals covering their direct operations and value chain and they need our help to deliver on these ambitions.

More and more, we see ESG as a key part of the major bids and tenders we receive and a key priority in supplier selection and procurement decisions. We are pleased to see that our strong ESG approach is helping us to attract and retain new high-value partnerships and our customers are telling us they want more. They want more choice, assurance and transparency over sustainable and ethical products, more granular reporting of their supply chain footprint, harder commitments to reduce their Scope 3 carbon emissions and product and service solutions to help them meet their goals.

With over 1.1 million customers, over 2,500 direct suppliers and more than 750,000 stocked products we are ideally positioned at the centre of the global industrial value chain to bring together our suppliers and customers to collaborate on these critical issues and drive progress at both ends of our value chain.

Our ESG solutions offering

We are responding to our partner's needs and are developing an ESG solutions offering centred around three key areas:

1. Better World products

In March 2023, we introduced Better World products, our new range of products with sustainability improvements. We have launched with c. 20,000 products in the range and it continues to grow daily – this is just the beginning.

We have selected over 40 sustainability certifications and energy labels, all certified by trusted experts and each product is tagged with a Better World badge. This makes it easier for our customers to select greener product alternatives that they can trust.

> **Debbie Lentz**
President, ESG Solutions



Spotlight on ESG solutions continued



We want to deepen our supplier partnerships to offer our customers a greater variety of sustainable products and service solutions.”

We are moving things forward – developing our product framework to accommodate a wider range of sustainability claims with robust evidence, engaging with suppliers to understand their product improvements and adding them to the range, as well as rolling out to more countries in 2023/24. See more on page 27.

We are also working with our suppliers on developing product recycling options and take-back schemes for our customers for key products like personal protective equipment, electronics and cables. Our customers want more circularity options and to be able to recycle their products responsibly. We are well placed to support them to do that and in doing so we will create new revenue streams, along with stronger and loyal relationships.

2. Service solutions

We are developing new service solutions that help our customers improve the efficiency of their operations, reduce their energy, cut their carbon emissions and accelerate their net zero goals. A great example is RS Industria®, which connects and monitors factory operations to reduce costs and make energy savings. See page 16 of the Annual Report and Accounts for a case study on how RS Industria® has supported Brompton Bicycles this year.

Providing these value-added solutions attracts new customers, creates sustainable returns and is a key differentiator for our brand.

We want to work together and deepen our supplier partnerships to offer our customers a greater variety of sustainable products and service solutions. In doing so, we know there is great commercial opportunities for more strategic relationships and to support our value chain partners to reduce their carbon emissions (our Scope 3 emissions).

Beyond sustainability, we see growth in solutions that support people and social impact. For example, today we already offer educational products and solutions to c. 4,400 education institutions globally (schools, colleges and universities) and these are vital to help the next generation of engineers and innovators to develop their skills and experience.

In 2022/23 we launched our education programme to create one global programme, enabling more of our markets to participate in activities directly with our education customers. This has been rolled out to 10 countries in 2022/23 and by 2023/24 our aim is to reach 15 countries. More on this on page 34.

We are also developing our health and safety solutions for customers, which complement our existing safety solutions product offering. More to come on this in 2023/24.

3. Low carbon industries

Beyond our traditional customer sectors, we have a huge opportunity to serve the growth industries that will drive the low carbon transition.

Renewable, green hydrogen, electric vehicles (EVs) and smart mobility, carbon capture and storage industries will grow. As an industry, we must pivot our product and service solutions to new sectors, to help create a more sustainable world.

We are already focused on supporting the offshore wind industry and the EV charging market in the UK. Offshore wind has and will continue to see exponential growth and we are making good headway in establishing RS as a key MRO partner to the UK Offshore wind industry. Through our partnership with Offshore Renewable Energy (ORE) Catapult, our aim is to become the MRO supply chain partner of choice to the installers, maintainers and operators within the offshore wind space. See page 56 of the Annual Report and Accounts for more information.

We remain focused on enhancing our capabilities and relationships to better serve these sectors and we will continue to diversify our supplier partnerships to offer the product and service solutions they need to grow.

RS is well positioned to capitalise

I believe that RS is in a pivotal position at the centre of the value chain, where we can bring together the world's leading suppliers of innovative products and clean technologies with our customers – the world's designers, operators and maintainers of industrial equipment and operations – to deliver positive change for people and planet. In doing so I believe we will have a positive impact and generate new opportunities for profitable and sustainable growth for RS.

I am incredibly excited about the opportunities that lay ahead and truly believe that as an industry we can play a critical role in developing and supplying the products and service solutions needed to support the transition to a low carbon world.

➤ We are focused on supporting the EV charging market in UK.



Spotlight on climate action

SPOTLIGHT

CLIMATE ACTION:
DECARBONISING
FOR NET ZERO

To avoid the worst impacts of climate change, we must keep global warming below a maximum of 1.5°C above pre-industrial levels in line with the 2015 Paris Agreement. To achieve this, we need to decarbonise on a global scale. This requires businesses to develop robust net zero strategies throughout the value-chain to accelerate sustainable systems.

At RS, we believe that driving climate action is not only the right thing to do for society and the environment, but also that supporting the low carbon transition is integral to our long-term commercial success.

The global industrial sector has a major role to play in providing sustainable product and service solutions to enable the world's engineers, innovators and problem solvers to decarbonise society and low carbon industries to thrive. With our seat at the heart of the industrial supply chain, we are well-placed to support our 1.1 million customers through this transition.

In this section we share the perspectives of two of our leaders, Andrea Barrett, VP Social Responsibility and Sustainability and Christian Horn, Chief Product & Supply Chain Officer on what net zero means to RS and what actions we're taking across our global operations and in our value chain to accelerate climate action and deliver our decarbonisation plans.

Q What is RS's net zero ambition and what have we achieved to date?

Andrea: In November 2021, we launched our 2030 ESG action plan – For a Better World, in which we laid out our ambition to be net zero in our direct operations by 2030 and in our wider value chain by 2050. This included setting SBTs covering our Scope 1, 2 and 3 emissions, with a 75% reduction in direct emissions by 2030. By the end of 2022/23, we had reduced our Scope 1 and 2 emissions by 58% since our 2019/20 baseline and the intensity of our product transportation emissions by 28%, so we are making good progress. Our emissions reporting is externally verified by a third party, to provide further assurance of our progress. We have also set supporting targets for packaging, waste and suppliers to drive further environmental performance and climate action.

Christian: 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 (see the launch of our Better World product range on page 28), as well as committing to engage 67% of our suppliers by spend to set SBTs by 2025. At the end of 2022/23, 25% had done so with the SBTi.

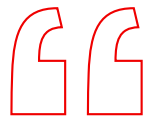
Q How are we delivering on our operational net zero commitments?

Andrea: Our first objective has been to go after the low-hanging fruit i.e. energy savings initiatives in our distribution centres (DCs) and offices that are relatively low cost and easy to implement. We have had great success across the Group in reducing our energy usage. We have implemented more automation, metering and controls, switched to low-energy lighting, set temperature limits and put in place environmental management dashboards, which have helped our sites to manage their environmental performance locally. Through these actions we have reduced the Group's energy consumption by 12% and energy intensity by 20% in 2022/23 – so it's a real success story. We also introduced a Group-wide energy management policy, which mandates the switch to renewable electricity tariffs – another really important action – and 92% of our Group electricity now comes from renewable sources.

- > **Andrea Barrett**
Vice President of Social Responsibility and Sustainability
- > **Christian Horn**
Chief Product & Supply Chain Officer



Spotlight on climate action continued



A £3.7 million investment has been approved for a net zero decarbonisation programme at our DC in Beauvais, France.”

Christian: This year we have focused on what we need to do over the next few years to decarbonise our buildings and achieve net zero by 2030. A £3.7 million investment has been approved for a net zero decarbonisation programme at our DC in Beauvais, France, which accounts for around 10% of the Group’s overall CO₂e consumption. The proposal includes the replacement of gas boilers with air source heat pumps and the installation of solar panels on the roof of the building, as well as increasing automation and controls which will mean the DC is more efficient and provides a better service to customers. Alongside Beauvais, we will also begin work to decarbonise our DC in Nuneaton, UK in 2023/24.

We have already installed solar panels on the roof of our DC in Bad Hersfeld, Germany, which produce around 24% of the sites annual energy needs. We’ve modelled the impact of installing solar panels on the roofs of our five largest sites this year, which has proven to be a really viable option and will form a core part of our decarbonisation strategy.

It is clear from the resources and capital being applied that there is a real commitment across the organisation to achieving our net zero ambitions and creating highly automated, efficient and sustainable sites that will support our long-term growth trajectory.

Q How is RS driving net zero across the value chain?

Andrea: All businesses need to take action to decarbonise their wider supply chain – no one business can do this alone. We must work together with our partners up and down the value chain to reduce Scope 3 emissions and reach net zero by 2050.

At RS, we have enhanced our Scope 3 emissions reporting this year and had the data for two of our most material Scope 3 emissions categories: purchased goods and services (category 1) and upstream transportation and distribution (category 4) externally assured to provide an additional layer of validation. We have also focused our reduction actions on offering customers more sustainable products, optimising our supply chains to lower product transport emissions and engaging our suppliers to set SBTs. By increasing collaboration and engagement around Scope 3 emissions reductions, we believe that we have a much greater opportunity to drive meaningful change across the entire value chain. See page 25. We also achieved an A (an improvement from A-) in our CDP supplier engagement score in 2023, demonstrating how we are implementing best practice in leading our suppliers to take climate action.

Christian: We have made great progress this year and I’m delighted that we have responded to our customers’ needs for more sustainable products through the launch of our Better World product range (see page 28), which recognises products with at least one sustainability improvement that has been verified with a certification or eco-label.

We have also led some excellent engagement with our suppliers on decarbonising our global value chain. In February 2023, over 400 suppliers attended our EMEA supplier conference in Frankfurt, Germany, where we talked about the importance of prioritising ESG and sustainability action, as well as launching our ESG Supplier Handbook. See page 58.

Q What challenges do you see ahead?

Andrea: I am confident that we are developing a robust and credible transition plan that will get us to 2030 and beyond but we know that we have a challenging task ahead. This year, we have had lots of opportunities to decarbonise our buildings through energy savings, heating controls and building optimisation, but as we move closer to 2030, we’ll need to embark on bigger retrofit and technology programme that includes installing solar panels and heat pumps. Each time we bring a new business into the Group we will be looking to benchmark their environmental data, establish robust systems and initiate a decarbonisation plan. This can be a real challenge for businesses in regions or countries where renewable energy or decarbonisation of infrastructure is in its infancy.

Looking beyond our sites to product transportation, availability of low carbon logistics technologies will be a key challenge and we will be prioritising partnerships with logistics carriers that are investing for a net zero future.

Christian: Some of our commitments do rely on action from our suppliers and we must be realistic that several of our suppliers are still at the very early stages of their ESG journeys. That is why it is so crucial that we have early engagement with our suppliers and support them as much as possible.

Q What is unique about RS and our ESG ambitions?

Andrea: With the world facing increasingly complex challenges, businesses can no longer simply rely on the latest technology to stay relevant: we must come together to solve real-world challenges. At RS, we have a deep desire to do the right thing and this stems from the very top of our organisation, from our Board and senior management team (SMT) right through to our 8,700+ employees. We are leading our industry by engaging our supply chain on the importance of climate action. By working with them, we can help our people to succeed, decarbonise our global supply

chain and provide sustainable product and service solutions for customers. This is, I believe, our biggest differentiator that will deliver greater long-term value for our stakeholders and make amazing happen for a better world.

Christian: For me, it is about how we are placing ESG at the core of our purpose and strategy. We have a lot of opportunity to improve our end-to-end ways of working across the value chain to build long-lasting capabilities in our people and processes, in order to drive further value for our stakeholders. It will be our ability to deliver great ESG solutions for our customers that will enable us to achieve triple bottom line benefits for people, planet and profit.

+ For more information on RS Group’s net zero and decarbonisation strategy, see pages 18 to 19.





ADVANCING SUSTAINABILITY

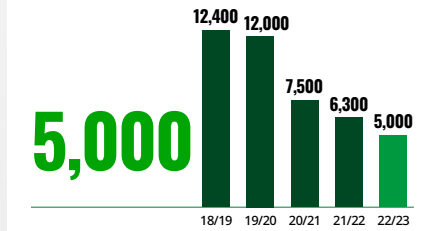
As a critical partner in the global industrial sector, we play an important role in advancing sustainability and tackling climate change. By developing a cleaner and greener distribution model and providing sustainable product and service solutions for our customers, we can make a real and lasting impact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

UN SDGs

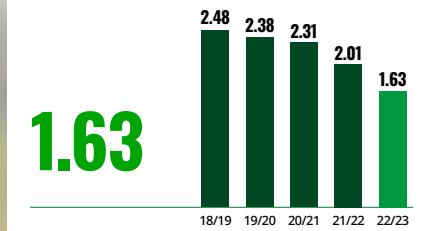


HIGHLIGHTS

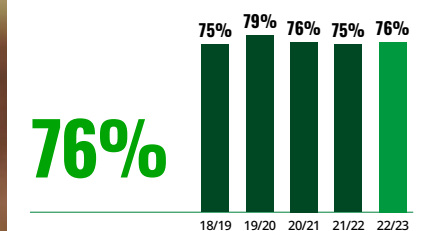
Carbon emissions
(tonnes of CO₂e due to Scope 1 and 2 emissions)



Packaging intensity
(tonnes / £m revenue)



Waste
(% of waste recycled)



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.

Beyond our direct operations, we are committed to partnering with our customers and suppliers to help them achieve their own sustainability ambitions and be net zero across our value chain by 2050. This includes reducing the carbon intensity¹ of our transport emissions by 25% by 2029/30, from 2019/2020, ensuring that at least 67% of suppliers by spend are committed to setting SBTs by 2024/25 and expanding our sustainable product and service solutions to help our customers run their businesses more safely and sustainably.

Our commitments and progress

2030 ACTIONS	PERFORMANCE	STATUS	COMMENTARY	READ MORE
By 2030 in our direct operations:				
– Carbon emissions: Be net zero with a SBT to reduce absolute emissions from our own operations by 75% ²	58% reduction in Scope 1 and 2 emissions since 2019/20 ³	●	– Good progress made through distribution centre (DC) energy efficiencies and renewable electricity	Pages 20 to 22
– Packaging: Make our packaging more sustainable: reduce intensity by 30% ² , with 100% of packaging widely reusable or recyclable and made with at least 50% recycled content	32% reduction in packaging intensity since 2019/20 ⁴	●	– Reduction due to eco-totes and pallets for product movements between our sites in Europe	Page 23
– Recycling and Waste: Reduce, reuse and recycle our waste: reduce intensity by 50% ² , recycle > 95% and achieve zero waste to landfill in our direct operations	76% of total waste recycled. Increased by 1 pts in 2022/23 ⁵	●	– Percentage of waste recycled has remained fairly static and is an area of focus for DC teams in 2023/24	Page 23
Working towards a net zero global value chain by 2050:				
– Product transportation: Reduce Scope 3 transport emissions by 25% per tonne of product sold ²	28% reduction in intensity of Scope 3 transport emissions since 2019/20 ⁶	●	– Reduction due to modal shifts and optimising our supply chain to source, store and ship more products locally to customers	Page 26
– Products and solutions: Develop innovative and sustainable product and service solutions for all our customers, including offering 100,000 Better World products by 2024/25				
– Supplier engagement: Commit to engaging 67% ⁷ of suppliers by spend to set SBTs by 2025	25% of suppliers by spend have set SBTs or have committed to set them by 2025 with the SBTi	●	– There was a 6 pts increase in suppliers committing to SBTs from 2021/22, but more progress is needed to achieve our ambitious 2025 target	Page 31

Status key

Each of our actions are broken down into a series of annual targets that need to be met in order to remain on track to achieve our 2025 and 2030 goals.

The colour coding below reflects our current position:

- On track or ahead
- Slightly behind target – monitor closely
- Not on track – further action required

1. Tonnes CO₂e per £ million revenue (excluding acquisitions completed in 2022/23).
2. By 2029/30 from 2019/20.
3. Scope 1 and 2 emissions updated to reflect changes in reporting and emissions factors.
4. Tonnes per £m revenue (excluding acquisitions completed in 2022/23).
5. Prior year % of total waste recycled updated following supplier corrections.
6. Tonnes of CO₂e due to Scope 3 transport emissions per tonne of product sold.
7. Target increased from 65% to 67% to cover two thirds of suppliers by spend.

Committed to net zero in our operations by

2030

and in our value chain by

2050

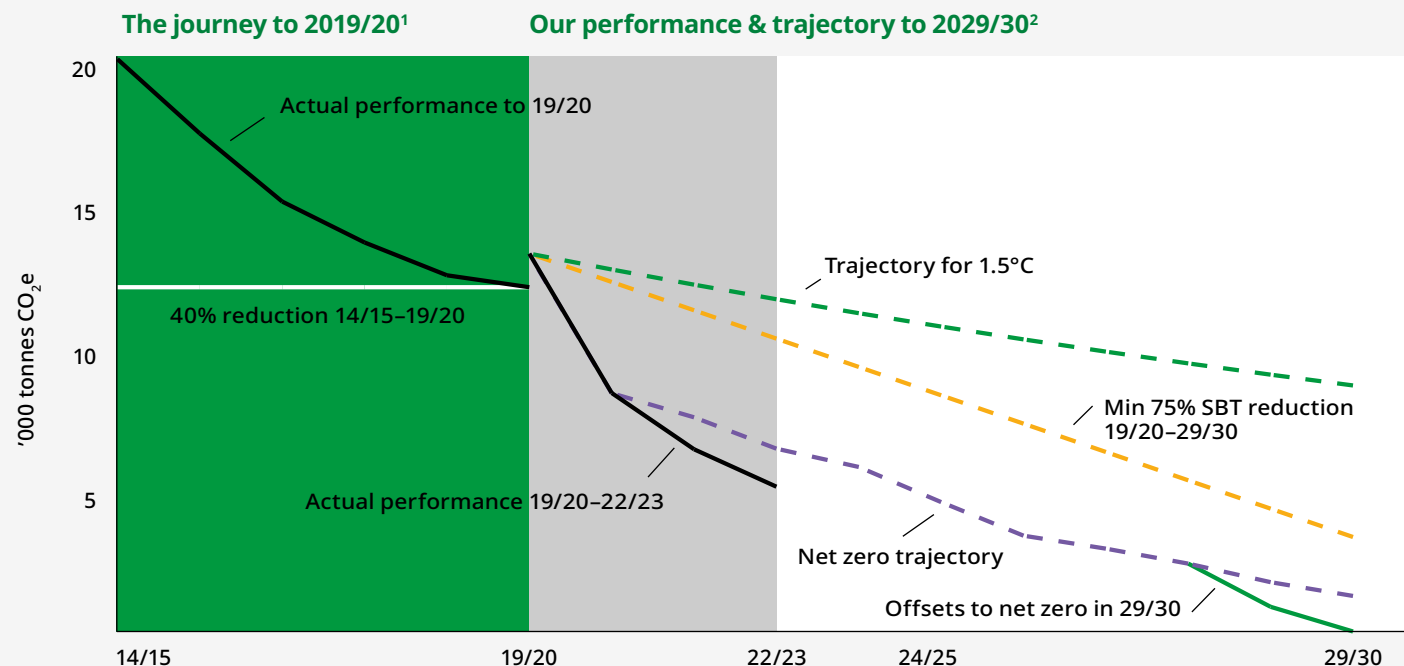
Our pathway to net zero

Net Zero: Our 2030 roadmap

We are committed to being net zero by 2030. We have set SBTs covering our Scope 1, 2 and 3 emissions, which are currently being validated by the SBTi and include a commitment to reduce our direct emissions by 75% by 2030, from 2019/20. 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. We will do this by offering an increasing range of sustainable product and service solutions to our customers (see the launch of our Better World product range on page 28) to help them reduce their environmental impacts, as well as committing to engage 67% of our suppliers by spend to set SBTs by 2025. At the end of 2022/23, 25% had done so with the SBTi. See page 31.

OUR PATHWAY TO NET ZERO IN OUR DIRECT OPERATIONS



1. Group performance excluding businesses acquired post 2019/20 baseline year.
 2. Performance and plan rebased to 2019/20 to include businesses acquired prior to 2022/23.



DID YOU KNOW?

To be net zero in our direct operations by 2030 we are focusing on energy management and efficiency, switching to renewable energy, investing in sustainable technologies to decarbonise and automate our DCs and moving to electric and hybrid company cars.

Our pathway to net zero continued

Our progress in 2022/23

By 2030:
Net zero in our direct operationsBefore 2050:
Net zero across our
wider value chain**Buildings****Energy Management**

- Reduced total energy usage by 12% and energy intensity by 20% from 2021/22. Supported by temperature controls, energy efficiency initiatives and by providing our top 10 largest sites with environmental management dashboards (EMDs) to help manage environmental and net zero actions locally (see case study on page 21)
- During 2022/23 92% of Group electricity use was from renewable sources

Decarbonisation

- £3.7 million investment in decarbonising our DC in Beauvais, France. See Annual Report and Accounts page 51
- Decarbonisation proposal in development for our DC in Nuneaton, UK

Vehicles

- 54% of UK company car fleet is electric or hybrid
- Increasing electric vehicle infrastructure with 70 new charging points across the UK, Germany and Republic of Ireland

Engagement and reporting

- Introduced an internal shadow carbon price to help quantify carbon costs and savings
- Group-wide quarterly sustainability reporting

- SBT to cut absolute emissions by 75% by 2029/30, from 2019/20
- Increase onsite renewable electricity generation and 100% of Group electricity from renewable sources by 2030
- Low carbon DCs delivered through low carbon technology and efficiency projects
- Net zero emissions company car and van fleet
- Gold standard offsets for residual emissions

- 67% of our suppliers by spend to set SBTs by 2025
- 25% reduction in Scope 3 transport emissions, per tonne of product sold by 2029/30, from 2019/20
- Develop innovative and sustainable product and service solutions for all our customers, including introducing 100,000 products into the Better World product range by 2024/25
- Utilise wider societal and technological developments in increased availability of low carbon energy, heating and cooling technology, global logistics solutions, carbon capture and storage capabilities

DID YOU KNOW?

We have introduced beehives at our DC in Bad Hersfeld, Germany, which are helping to promote biodiversity. Bees are responsible for a third of the world's food production and are therefore essential for both people and the planet.



Cleaner, greener energy

COMMITTED TO:

CLEANER, GREENER ENERGY

We are reducing our direct emissions through energy savings and by using cleaner, greener energy.

By 2029/30 we want to be net zero in our direct operations with a SBT to reduce absolute emissions from our own operations by 75% from 2019/20.

A greener distribution model Carbon emissions (Scope 1 and 2) in our direct operations

Total Scope 1 and 2 CO₂e emissions reduced by 21% in the year due to a shift to renewable electricity, energy management efficiencies across our sites and the purchase of Energy Attribute Certificates (EACs) for selected sites where renewable electricity is not readily available.

However our progress has been impacted with an increase in use of company vehicles (up 24% on 2021/22), particularly in our company car fleet (up 33% on 2021/22) as we conducted more in-person meetings with customers following the easing of restrictions after the COVID-19 pandemic.

The roll out of electric company cars will help to tackle this issue in the near term, with 54% of our UK company cars now electric or hybrid.

Indexed to revenue, our 2022/23 emissions intensity was down by 72% against the 2019/20 baseline year and by 29% since 2021/22. During the year, premises energy reduced by 12% from 48,900 MWh in 2021/22 to 42,800 MWh in 2022/23, as a result of energy efficiency measures and temperature controls (see page 21).

21%

reduction in Scope 1 and 2 CO₂e emissions from 2021/22.

29%

reduction in carbon intensity¹ from 2021/22.

1. Tonnes CO₂e per £ million revenue (excluding acquisitions completed in 2022/23).

DID YOU KNOW?

We have achieved a 58% reduction in our Scope 1 and 2 emissions since 2019/20. This includes a 21% reduction in emissions in 2022/23 alone.

Q CASE STUDY

SYDNEY GO GREEN

At our site in Sydney, Australia, we made some operational changes in 2022/23 to help reduce energy and costs, including introducing new energy efficient LED lighting, which has saved around 4,000kWh of energy per month and by renegotiating our electricity agreement to buy 100% renewable energy, the majority of which now comes from wind and solar.

4,000kWh

of energy saved per month through new energy efficiencies, including LED lighting.

Cleaner, greener energy continued

Q CASE STUDY

DELIVERING ENERGY REDUCTIONS AT OUR DCs

This year, our internal decarbonisation efforts have been focused on energy management and efficiency in our buildings to reduce energy use, costs and carbon emissions.

We introduced a new energy management policy, which mandates the procurement of green electricity where available and standardises heating controls and settings. We have also invested in low energy technologies, such as LED lighting, and introduced EMDs at our top 10 largest sites which include monthly targets for energy reductions, in line with Group CO₂ reduction targets.

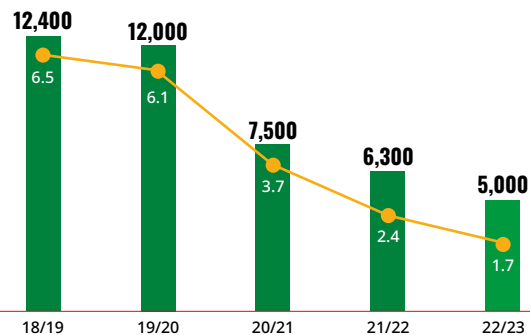
As a result, total energy usage has reduced by 12% and energy intensity has reduced by 20% in 2022/23 from 2021/22. It has also led to a 36% reduction in energy-related CO₂e emissions across the Group, supporting us in our journey to net zero by 2030.

Energy usage reduced
by 12% and energy
intensity by 20%
from 2021/22.

Cleaner, greener energy continued

Scope 1 & 2 emissions^{1,2,3,4,5}
tonnes CO₂e

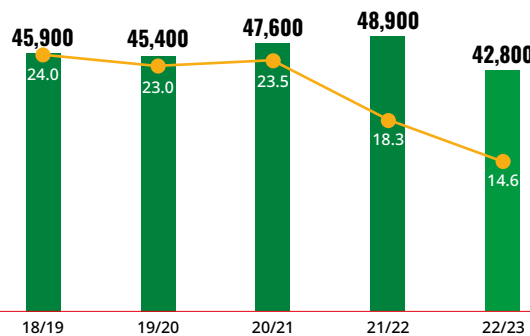
5,000



● CO₂e (Tonnes)
● CO₂e intensity (Tonnes CO₂e/£m revenue)

Premises energy usage^{1,4,5}
(MWh)

42,800



● Total energy (MWh)
● Energy intensity (MWh/£m revenue)

Greenhouse Gas (GHG) emissions⁶

	METRIC	2022/23	2021/22
Group Scope 1 emissions			
Combustion of fossil fuels ⁷	Tonnes CO ₂ e	4,557	4,881
Operation of facilities, including fugitive emissions ⁸	Tonnes CO ₂ e	121	153
Group Scope 2 emissions⁹			
Purchased electricity (market-based including EACs)	Tonnes CO ₂ e	479	1,456
Intensity metric			
CO ₂ e due to premises energy and vehicles use per £m revenue	Tonnes CO ₂ e / £m	1.7	2.4
Total GHGs per £m revenue ⁸	Tonnes CO ₂ e / £m	1.8	2.4

1. We acquired Risoul y Cia, S.A. de C.V. (Risoul) and domnick hunter-RL (Thailand) Co., Ltd. (DH) in 2022/23. Environmental performance for both acquisitions will be reported in the Annual Report and Accounts for the year ending 31 March 2024 and restated to the point of ownership in 2022/23. This is to ensure robust reporting processes have been established to ensure data integrity prior to external disclosure. Early indications suggest that there will be a significant impact on the Group's direct carbon emissions and we expect to re-baseline our emissions targets for Scope 1, 2 and 3 CO₂e emissions with the SBTi and our sustainability-linked loan.
2. KPI is on a constant exchange rates basis and is updated to reflect changes in reporting methodology and / or emissions factors.
3. Tonnes CO₂e per £ million revenue (excluding acquisitions completed in 2022/23).
4. Covers the operations under our financial control globally but excludes several smaller sites where energy costs and consumption are included in lease costs.
5. Data for prior years updated to include additional data.
6. Table excludes emissions or revenue from acquisitions completed in 2022/23.
7. Includes emissions of 2,059 tonnes relating to fuel use in company vehicles. (2021/22: 1,667 tonnes).
8. Includes 121 tonnes of CO₂e due to fugitive emissions from air-conditioning systems (2021/22: 153 tonnes).
9. Scope 2 emissions calculated using CO₂ factors as CO₂e factors are not consistently available for all countries. Market-based emissions from electricity purchased from renewable sources were nil tonnes CO₂ in 2022/23. Market-based emissions from electricity purchased from non-renewable sources have been calculated using grid average emission factors. We also calculate our Scope 2 emissions using the location-based approach and grid average factors, these emissions were 7,753 tonnes CO₂ in 2022/23 (2021/22: 7,667 tonnes).

DID YOU KNOW?

In 2022/23 the solar panels on the roof of our DC in Bad Hersfeld, Germany, generated 24% of the electricity used at the site, representing 2% of the Group's electricity use.

Carbon pricing

In 2022/23, we introduced an internal shadow carbon price to help quantify carbon emissions and demonstrate both the environmental and financial benefits of reducing our emissions. The shadow carbon price is applied to key emissions categories including Scope 1 and 2 emissions, business travel and product transportation emissions from Scope 3 and reported by business unit in a carbon league with the aim of creating awareness and competition to reduce these emissions. Our aim is to mature our carbon pricing over time and use it as a tool to inform future Group investments. By driving greater awareness of the cost of carbon internally we are driving greater accountability and action towards decarbonising our operations.

Fleet emissions

A key part of our ESG action plan is to reduce fleet emissions and transition to electric vehicles. In 2022/23, 54% of our UK company car fleet is electric or hybrid. We have also installed 70 electric charging points across the UK, Germany and Republic of Ireland.

External Assurance

In 2022/23, the Group commissioned independent external assurance for its absolute Scope 1 and 2 CO₂e emissions and Scope 3 categories 1 and 4 CO₂e emissions; the carbon intensity of direct operations; product transportation emissions intensity and packaging intensity from ERM Certification and Verification Services Limited (ERM CVS). Their independent assurance report is available on our website: rsgroup.com/esg

Greener distribution solutions

COMMITTED TO:

GREENER DISTRIBUTION SOLUTIONS

We are reducing packaging and waste and adopting circular distribution solutions.

By 2029/30 we want to make our packaging more sustainable; reduce intensity by 30%, with 100% of packaging widely reusable and recyclable and made with 50% recycled content.

And by 2029/30 we want to reduce, reuse and recycle our waste: reduce intensity by 50%, recycle >95% and achieve zero waste to landfill in our direct operations.

Packaging

Packaging is one of the biggest sustainability concerns for our customers, who have a keen interest in the amount and type of packaging used and its ability to be recycled or reused. Urgent action is required to drive circular economy solutions, which is being supported by stricter regulations around packaging, such as the European Union's plastics tax and Extended Producer Responsibility schemes. At RS, we are advocating that our suppliers develop innovative solutions to help reduce packaging and waste.

Packaging intensity reduced by 19% from 2021/22. This reduction was supported by the continued roll out of reusable eco-totes and pallets for product movements between our sites in Europe. Automated packing machines used at three of our largest DCs produce made-to-fit boxes that eliminate excess packaging and air space. We have also increased the proportion of packaging by weight which is reusable or recyclable to 94%, up from 92% in 2021/22.

Currently, 42% of our total packaging is made from materials with at least 50% recycled content. At our DC in Corby, UK, we are switching our small component plastic bags to a more sustainable alternative, that is made with 50% recycled content. Roll out is planned in 2023/24.

In 2022/23, we introduced 100% recyclable paper padded envelopes in our DC in Milan, Italy, which will be rolled out to Bad Hersfeld, Germany, in 2023/24. We are also running a trial at our DC in Corby, UK, to replace white cardboard boxes with a brown recycled cardboard, which contain a higher proportion of recycled content. If successful, the switch will take place in EMEA and Asia Pacific in 2023/24, as we are already using brown cardboard boxes in Americas.

Packaging intensity is one of our sustainability linked-loan targets (see page 55). Following the excellent progress we have made this year towards our 2030 goal, we will be re-baselining this target in 2023/24.

94%

We have increased the proportion of packaging by weight which is recyclable to 94%, up from 92% in 2021/22.

Recycling and waste

Waste and plastic pollution is a major global concern for people and planet and a key contributor to the world's biodiversity crisis. It is our global responsibility to reduce, reuse and recycle our waste and play our part in helping support a cleaner and greener world. Furthermore, by reducing our use of natural resources, we have a great opportunity to reduce costs and minimise our GHG emissions.

In 2022/23, waste intensity was unchanged in the year and down by 12% since 2019/20. The proportion of total waste that is recycled increased by 1 percentage point to 76%, however it is down by 3 percentage points from the baseline year of 2019/20. Waste will be an area of specific focus for our DC management teams in 2023/24 to achieve our goal of recycling more than 95% of our waste by 2030 and to have zero waste to landfill.

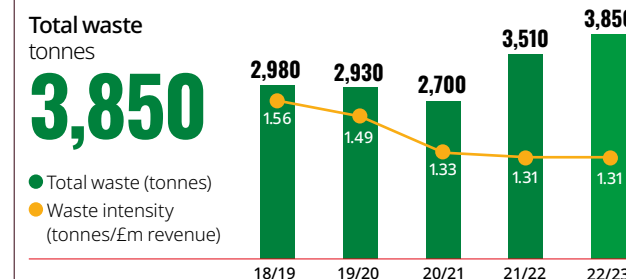
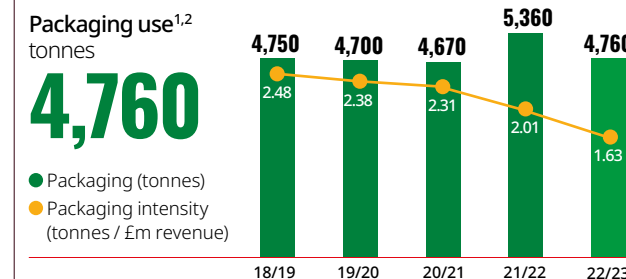
Waste that is not recycled is typically sent to incineration for energy recovery. In 2022/23, 5% of our total waste was sent to landfill.

Total waste included 180 tonnes of waste reported as hazardous and some 110 tonnes was electronic and electrical equipment waste (WEEE). Overall, 33% of hazardous waste was recycled.

We encourage our markets to engage in activities with employees that help to promote good recycling practices and reduce waste. We have also introduced a new Group print, promotional and gifts policy which provides guidance and direction in the choice of appropriate printing, procuring gifts and sourcing sustainably to reduce waste.

Moving forward, we will continue to work with waste management providers to deliver our targets, reduce intensity and to recycle and reuse materials where possible to avoid landfill. Our goal is to create waste specific EMDs for our top ten sites so that our teams can access better data and initiatives to increase recyclability and reduce waste.

RS in Italy win gold in plastic responsibility
In 2022/23 RS in Italy worked to reduce plastic and waste by introducing sustainable office essentials, such as compostable coffee cups, aluminium coffee pods and water dispensers for refilling drinking bottles. As a result, the team received corporate plastic responsibility recognition from sfridoo, achieving the gold degree in the workplace category for reduction of single-use plastics items.



1. KPIs are on a constant exchange rates basis and are updated to reflect changes in reporting methodology and/ or emissions factors.
2. Packaging data for prior years restated to include updated unit weights.

Greener distribution solutions continued

Water

As an industrial product and service solutions provider, RS does not have manufacturing facilities, therefore water use is generally limited to hygiene, cleaning and catering use across our sites. However, we are acutely aware that water is an important global commodity and therefore ensure that our water usage is monitored and reduction initiatives are monitored on site and via quarterly global environment meetings.

In 2022/23, total water use increased by 8% as more of our people returned to working on site following COVID-19, but remains 12% lower than in the 2019/20 baseline year. Water use per head increased by 2% to 4.2 m3 per head in 2022/23. The cumulative reduction in water use per head since 2019/20 is 28%.

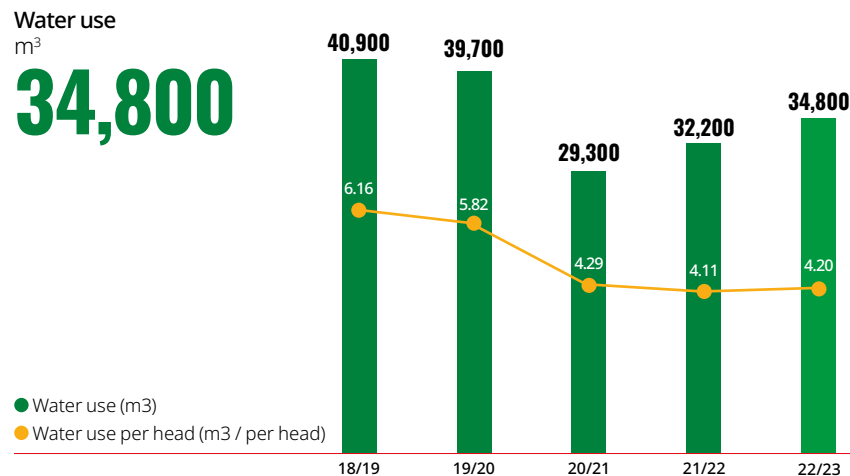
Environmental management systems

In 2022/23 28 sites covering 50% of our operations by revenue and 67% by floor area are covered by ISO 14001 environmental management certifications.

Excluding the third-party managed site in Hong Kong, our 13 owned and leased sites, with total floor area of 265,000m², have environmental management systems in place with five covered by ISO 14001. The majority of our 47 other sites, with total floor area of 59,000m², have certified or internal environmental management systems. There were no reportable spillages or similar environmental incidents at our sites in the year and there were no fines or penalties related to environmental incidents. The Group has no ongoing environmental remediation activities.

ESG in mergers and acquisitions (M&A)

ESG considerations are an implicit part of our evaluation when assessing our M&A targets. ESG indicators are quantified and evaluated as part of the economic case for an acquisition and factored into our modelling assumptions, aligned with our strategic ambitions. The development of robust ESG reporting systems and clear action plans and initiatives are prioritised, as part of integrating the business into RS. We want our acquisitions to participate fully in our 2030 ESG action plan.



Q CASE STUDY

HELPING CUSTOMERS SAVE WATER WITH RS INDUSTRIA®

We provide product and service solutions to make our customers' lives easier. We are solving our customers' problems across the design, build and maintain lifecycle which drives closer and stronger relationships, recurring revenue and greater customer lifetime value.

Keeping an eye on water consumption is a time consuming task, but a necessary and crucial one to maintain environmental compliance. For one customer in the food and beverage industry, RS Industria® helped design a plant monitoring system to help observe, detect and alert the customer on their water limit consumption, helping them save 100,000 litres per day of water.

100,000
litres
of water saved per day



Decarbonising our global value chain

COMMITTED TO:

DECARBONISING OUR GLOBAL VALUE CHAIN

To stay on track with a 1.5°C limit for global warming the world urgently needs businesses to take action. Key to this is understanding the emissions that sit across our value chains, both upstream with suppliers and downstream with customers (known as Scope 3 carbon emissions).

Scope 3 carbon emissions

In 2022/23, we conducted a Scope 3 assessment and this identified purchased goods and services and upstream transport and distribution (product transportation) as two of our most material categories. As such we have disclosed these two categories within our Annual Report and Accounts and had the methodologies and data externally assured.

This action will ensure our ESG programme keeps pace with increasing regulatory, investor and customer requirements for more granular and robust Scope 3 carbon emissions reporting, as well as proactive decarbonisation action.

In 2022/23 our Group Scope 3 emissions from two of our most material categories were:

- Purchased goods and services (including capital goods): 1,900,000 tonnes CO₂e
- Upstream transportation and distribution: 48,200 tonnes CO₂e

2022/23 Scope 3 carbon emissions breakdown¹:

METRIC	TONNES OF CO ₂ e	% OF OVERALL EMISSIONS
1 Purchased goods and services	1,900,000	85.38%
2 Capital goods ²	–	–
3 CO ₂ emissions due to fuel and energy activities not included in Scopes 1 & 2	1,100	0.05%
4 Upstream transportation and distribution	48,200	2.17%
5 Waste generated in operations	200	0.01%
6 Business travel	4,000	0.18%
7 Employee commuting	15,800	0.71%
8 Upstream leased assets	800	0.04%
9 Downstream transportation and distribution	200	0.01%
10 Processing of sold products	–	–
11 Use of sold products ³	247,000	11.10%
12 End of life treatment of sold products	2,900	0.13%
13 Downstream leased assets	–	–
14 Franchises	–	–
15 Investments	100	–

Scope 3 emissions^{1,4} tonnes CO₂e

2,220,300



● CO₂e (tonnes)

1. Excludes data for acquisitions completed in 2022/23.

2. Included within purchased goods and services.

3. Covers RS PRO own brand products.

4. Upstream emissions due to production and transportation of the products and services by suppliers etc (categories 1 to 8); downstream emissions due to their use and disposal by customers (categories 9 to 15).

Decarbonising our global value chain continued

Product transportation

By 2029/30 we want to reduce Scope 3 transport emissions intensity by 25% per tonne of product sold.

One of the most material areas for our Scope 3 emissions is our product transportation, which includes inbound deliveries from suppliers and outbound deliveries to customers under RS control. With hundreds of thousands of product shipments every week, it is critical that we find ways to reduce our transport emissions footprint.

Since 2019/20 we have reduced our transport emissions intensity^{1,2} by 28%, thereby achieving our 2030 goal seven years early. Our progress has been made possible through modal shifts from air to sea or air to road, by optimising our supply chain to source, store and ship more products locally (see case study to the right).

This has been supported by our global DC network and the expansion of Bad Hersfeld, Germany, to serve our European partners. We are also setting up a larger site (part powered by solar panels) in Spain and extending our site in Singapore in 2023/24.

We will be resetting our 2030 product transportation emissions target during the course of 2023/24 to be more ambitious and taking account of this great progress, while incorporating the Group's newly acquired businesses.

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

We are working closely with our logistics carriers and suppliers to switch to lower carbon modes of transportation, as well as implement route optimisation to minimise distances travelled.

1. Tonnes of CO₂e due to Scope 3 emissions per tonne of product sold (excluding acquisitions completed in 2022/23).
2. KPI is updated to reflect changes in reporting methodology and / or emissions factors.

DID YOU KNOW?

We make hundreds of thousands of product shipments every week.

CASE STUDY

REDUCING TRANSPORT EMISSIONS

We are sourcing, storing and shipping more products regionally and locally to customers, as well as switching to low carbon modes of transport (from air to sea or road) which is helping to reduce carbon emissions in our supply chain.

In 2022/23, we made good headway in reducing Scope 3 transport emissions intensity, particularly in Asia Pacific where we benefited from fuel efficiency gains in the transportation industry as well as more locally held inventory, which reduced the distance our products travelled.

In Europe, we have added products into our expanded DC in Bad Hersfeld, Germany, which is used to serve our European customers. Since 2019/20, 50% more products have been sourced from suppliers here. This activity will continue in 2023/24 and remains a key driver of our carbon reduction plans in EMEA.

50%

more products have been sourced into our DC in Bad Hersfeld, Germany, to serve our European customers.

28%

reduction in transport emissions intensity^{1,2} since 2019/20.



Sustainable product and service solutions

COMMITTED TO:

SUSTAINABLE PRODUCT AND SERVICE SOLUTIONS

By 2029/30 we want to develop innovative and sustainable product and service solutions for all our customers, including offering 100,000 Better World products by 2024/25.



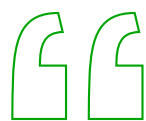
Developing and offering more sustainable products

The world is at a pivotal point in the fight against climate change and all businesses need to take action to decarbonise their wider value networks. No one business can do this alone. We must all work together with our supplier partners and customers to create this change and reach net zero across our value chain by 2050.

This means developing new products that use lower impact materials, offering our customers solutions to reduce energy consumption and decarbonise their facilities, supporting growth in low carbon industries, and optimising our supply chains to lower our emissions.

“At RS, we have unrivalled access to over 2,500 suppliers and over 750,000 stocked products. This combined with our commitment to advance sustainability for our business, customers and society, means that we’re well positioned to develop more sustainable products with our suppliers and customers across the global industrial and electronics sector.”

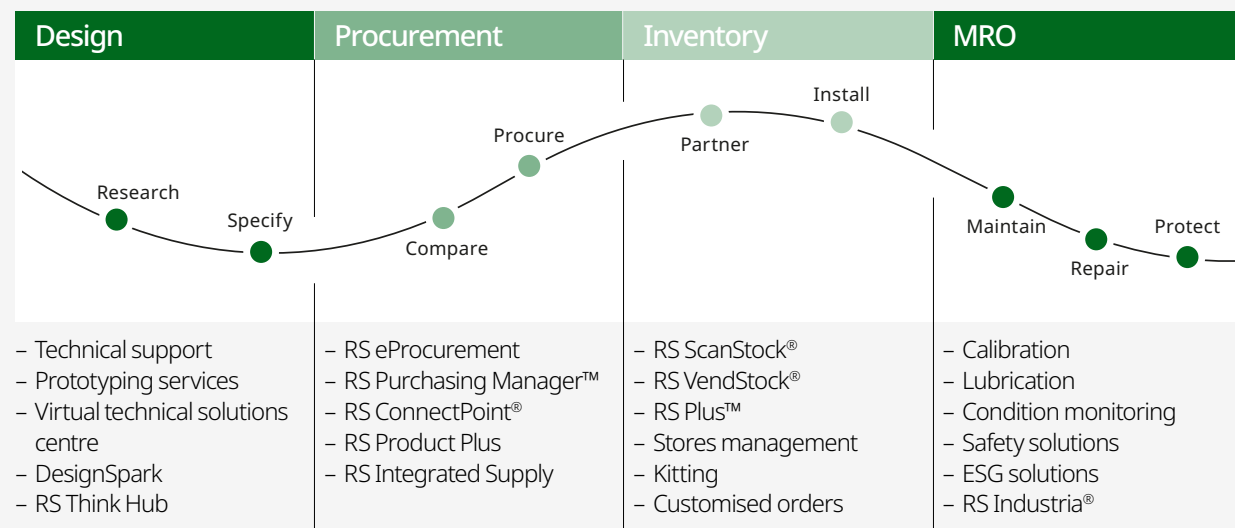
Debbie Lentz, President ESG solutions



We’re well positioned to develop more sustainable products with our suppliers and customers.”

SOLUTIONS TO UNLOCK NEW OPPORTUNITIES

We have solutions that span our customers’ asset lifecycle as they manage their design, procurement, inventory and MRO needs



Sustainable product and service solutions continued

Q CASE STUDY

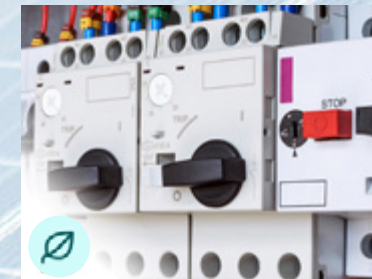
INTRODUCING OUR BETTER WORLD PRODUCT RANGE

One of the goals of our 2030 ESG action plan is to work with our suppliers to provide sustainable product and service solutions to support our customers with their ESG ambitions and help to create a cleaner, greener and healthier world.

In 2022/23 we partnered with external sustainability experts to create a robust product framework to meet the growing demand from customers and other stakeholders for more sustainable products. Our Better World product offering, initially launched in the UK and Republic of Ireland in March 2023, identifies products that have an improvement in at least one area of sustainability. These improvements are supported by clear and credible third party sustainability certifications or eco-labels, supporting our customers' requirement for trust and transparency.

We want to create a clear, credible and trusted a standard for the industry. Our aim is to encourage our suppliers to develop and certify more sustainable products so that it's easier for our customers to make greener product choices that they can trust. We hope to have 100,000 Better World products on offer to our customers by the end of 2024/25.

As well as having a positive impact, we believe our approach will establish RS as a leader in this space and be a key differentiator for our brand.



Better World

Spot the Better World badge

We have focused on making sure sustainability claims are clear, robust, transparent and evidenced to avoid greenwashing. We are aligning with criteria of ISO and emerging EU legislation for product eco-design and anti-greenwashing.

Over the next year, we will develop our model to recognise multiple improvements in sustainability at different stages of the product lifecycle. We're also collaborating with our suppliers to offer customers more products that are made with sustainability in mind, as well as those that help to reduce environmental impacts, such as those that save energy, water, or CO₂ emissions.

Product categories include:

- Personal protective equipment
- Automation and control
- Industrial hygiene and cleaning

For our full range of sustainable products, visit our website:
uk.rs-online.com/web/content/m/better-world

Sustainable product and service solutions continued

Q CASE STUDY

RS PRO SUPPORTING THE LOW CARBON TRANSITION

RS PRO is our own brand range of products, covering all technologies and working environments. With around 80,000 products in the range, our aim is to provide a combination of quality, choice and sustainability with competitive pricing against branded alternatives.

A key objective is to offer our customers products that help them reduce their environmental impacts and support the low carbon transition. This includes energy saving products as well as those that support the use of renewables and promote electric mobility.

In 2022/23 we launched an innovative new cable designed and manufactured for electric vehicle charging points. It incorporates power conductors and data within the same cable making it neater, faster, and easier to install.

We have also been accelerating our LED commercial lighting product offering, including LED panels and smart lighting, which save energy and streamline daily maintenance processes. We provide solar powered alternatives for outdoor products, including wall packs and floodlights, for when no power supply is available, offering both a practical and sustainable solution.



Sustainable product and service solutions continued

Opportunity with new low carbon industries

Beyond our traditional customer sectors, there is a huge opportunity for us to work together with our suppliers to serve the new industries that will drive the low carbon transition.

Renewable, green hydrogen, electric vehicles (EVs) and smart mobility, carbon capture and storage industries will continue to grow and be a priority. As an industry, we must pivot our product and service solutions to support these new sectors and help create a more sustainable world.

At RS we are increasing our support of the offshore wind industry as a strategic MRO partner (see case study in Annual Report and Accounts on page 56) and the EV charging market. We are also focused on building our capability and relationships to better serve these sectors and we want to partner with our suppliers to offer the products and solutions they need to grow.

For more information about our ESG solutions offering see pages 12 to 13.



At RS we are already supporting the offshore wind industry as a strategic MRO partner and the EV charging market. We are focused on building our capability and relationships to better serve these sectors.”

To stay on track with a 1.5 degree future, a

\$125 trillion

investment is required globally in the low carbon economy by 2050¹.

1. Source: Lead co-chair of Think 20 (T20) Bambang Brodjonegoro June 2022: <https://en.antaranews.com/news/232289/world-needs-us125-trillion-to-achieve-2050-emissions-targett20>

Q CASE STUDY

IGUS CABLE RECYCLING PILOT

Igus, a UK-based cable company, is one of RS Group's cable suppliers who we are currently partnering with on a pilot project to ensure any cables we buy from them are recycled responsibly, minimising the impact on the planet.

As part of the pilot, Igus collect used cables from our DC in Corby, UK, and recycle them into refurbished cable products, helping to promote a circular economy.

Through their strict audits, Igus can calculate how much we send for recycling, which we receive a rebate for. The proceeds are used to make a donation to the Woodland Trust, a tree-planting initiative in the UK, where an area has been identified to plant 40 oak trees which will have a longevity of hundreds of years.

Dependent on the outcomes of the pilot project, we will look to offer this service to our customers in the future through our ESG solutions offering.

40

oak trees are being planted through the Woodland Trust

Collaborating to drive climate action

COMMITTED TO:

COLLABORATING TO DRIVE CLIMATE ACTION

We are collaborating with our suppliers to drive climate action. By 2029/30 we commit to engage 67% of suppliers by spend to set SBTs.



With over 2,500 suppliers and more than 750,000 stocked products, it's vitally important we collaborate with our supplier partners to decarbonise our value chain.

We have committed to 67% of our suppliers by spend setting SBTs with the SBTi by 2025 and to date 25% have done so. We have made good progress this year with a six percentage point increase in suppliers (by spend) committing to SBTs from 2021/22. We know that engagement with our suppliers leads to positive action and that setting SBTs has a strong impact on carbon reduction. However, more progress is needed if we are stay on track to achieve our ambitious 2025 target.

During 2022/23, we engaged with over 400 suppliers at our EMEA supplier conference in Frankfurt, Germany, emphasising the importance of prioritising ESG and sustainability action. This included a focus on carbon reduction, developing more sustainable products and service solutions and setting SBTs for their direct and value chain emissions. By focusing on these areas, we believe we will increase suppliers' impact, strengthen their business and generate significant stakeholder value.

We also introduced a new ESG Supplier Handbook to inspire positive action and to help embed positive ESG principles.

DID YOU KNOW?

We've introduced a new ESG Supplier Handbook to inspire action and to help embed positive ESG principles.

25%

of our suppliers by spend have committed to setting SBTs by 2025.

400

key suppliers engaged with at our EMEA supplier conference in Frankfurt, Germany, about the importance of prioritising ESG and sustainability action.

WHAT'S NEXT?

> Carbon emissions:

- Progress building decarbonisation initiatives at Beauvais, France, and Nuneaton, UK
- Key focus on energy efficiency initiatives and monitoring through EMDs at largest sites
- Roll out of EVs and critical infrastructure across the Group

> Packaging:

- Introduce additional automated packaging machines in Bad Hersfeld, Germany, (2023/24) and Beauvais, France (2024/25)
- Introduce more reusable materials for packaging used for internal product replenishments
- Prioritise recycled and recyclable materials, with particular focus on reducing plastics and finding sustainable alternatives e.g. bioplastics

> Recycling and waste:

- Achieve zero waste to landfill at sites with alternative facilities available, i.e. recycling facilities
- Launch EMD for waste streams focused on reuse, recovery and recycling
- Collaborate with waste management providers, with particular focus on the UK and the US

> Product transportation:

- Decarbonise our logistics by sourcing and storing more products locally and regionally and by shifting our transportation modes
- Network optimisation which includes increasing local sourcing, storing and deliveries in EMEA and Asia Pacific
- Engage freight partners to prioritise decarbonisation and lower carbon technologies, for example EVs, air efficiency and the use of sustainable fuel alternatives

> Sustainable products and service solutions:

- Expand RS Better World product range to 100,000 products by 2024/25
- Collaborate with our suppliers, to offer customers more products that are made with sustainability in mind, as well as those that help to reduce environmental impacts

> Supplier engagement:

- Further engagement with suppliers to set SBTs to reach 67% of our suppliers by spend by 2025



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 societal and environmental challenges.

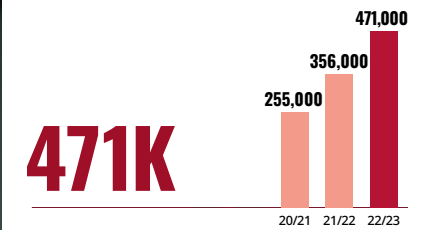
UN SDGs



HIGHLIGHTS

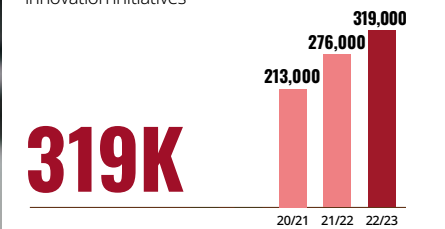
Inspiring future engineers and innovators:

Young engineers and students reached through educational programmes, products and DesignSpark platform



Purpose-driven innovation:

Engineers and innovators engaged in purpose-driven innovation initiatives



Social impact partnerships:

Lives improved through TWMP



Our approach

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.

At RS, 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 2029/30.

We are also engaging our network of innovators and engineers to support purpose-driven innovation, encouraging them to develop new technologies that will benefit both people and planet. That is why we are supporting activist engineering and community-led innovation projects to deliver sustainable solutions and change lives. A great example is our partnership with The Washing Machine Project (TWMP), who we are supporting to achieve their ambition of improving 100,000 lives by 2024/25.

Building skills and fostering innovation with

1.5 million

engineers and innovators by 2029/30

Our commitments and progress

2030 ACTIONS	PERFORMANCE	STATUS	COMMENTARY	READ MORE
<p>Inspiring future engineers and innovators:</p> <p>– Reach one million young people with educational technologies, learning content and skills development</p>	<p>471,000</p> <p>young engineers and students reached through educational programmes, products and DesignSpark platform since 2020/21</p>	●	– Increased the number of students we engage with by 12% this year through our enhanced education programme.	See page 34
<p>Purpose-driven innovation:</p> <p>– Engage with 1.5 million engineers and innovators in creating socially responsible and sustainable solutions</p>	<p>319,000</p> <p>engineers and innovators engaged in purpose-driven innovation initiatives since 2020/21</p>	●	– Increased the number of engineers and innovators engaged by 16% this year, which is slightly behind target. Following the launch of our subscription-based service, we anticipate growth in DesignSpark members will continue in 2023/24.	See page 35
<p>Social impact partnerships:</p> <p>– 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</p>	<p>28,000</p> <p>lives improved through TWMP since 2019/20</p> <p>£330,000</p> <p>Amount raised for TWMP since 2019/20</p>	●	– Good progress made in 2022/23 through fundraising and volunteering support from RS employees and our partners. However more activities will be required in 2023/24 to raise vital funds for the charity.	See page 38

Status key

Each of our actions are broken down into a series of annual targets that need to be met in order to remain on track to achieve our 2025 and 2030 goals.

The colour coding below reflects our current position:

- On track or ahead
- Slightly behind target – monitor closely
- Not on track – further action required

Supporting the next generation

COMMITTED TO:

SUPPORTING
THE NEXT
GENERATION

We are supporting the next generation of engineers and innovators to solve problems and change lives.

By 2029/30 we want to reach one million young people with educational technologies, learning content and skills development to support future engineers and innovators.



Inspiring future engineers and innovators

Globally we sell our educational product and service solutions to c. 4,400 educational institutions, making this an area of growth for the Group and a core part of the education ESG solutions that we are developing for customers.

In 2022/23, we relaunched our education programme to pull together all the various aspects of our education offering into one global programme that will enable more of our markets to participate in activities directly with our education customers. This way, our teams can reach out to more education customers with RS products, as well as tools and resources from DesignSpark, and provide support to upskill students with Grass Roots learning content.

Our enhanced education programme has been rolled out to 10 countries to date and by 2023/24 our aim is to reach 15 countries in total

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.

Our smart education and STEM technology solutions are one of the most affordable and accessible ways for young people to learn coding, wherever they are in the world. Our aim is to inspire, enable and unleash the potential of the next generation.

OKdo sponsored the FIRST LEGO LEAGUE¹ in 2022/23 to help children understand the basics of STEM and apply their skills in an exciting competition, while building habits of learning, confidence, and teamwork skills. We also signed a distribution agreement with ROCK, a series of next generation single-board computers designed to target industrial customers as well as the education sector.

In addition, we sponsored the BBC's do your :bit challenge by donating 5,000 micro:bits to disadvantaged communities. By taking part in the challenge, it is estimated that we are positively impacting c. 20,000 young people globally.

1. www.firstlegoleague.org/
2. www.imeche.org/events/formula-student

Grass Roots

Through the RS Grass Roots education programme, we partner with c. 4,400 educational institutions across 10 countries to offer a broad range of educational product and service solutions that enable young engineers and innovators to learn the skills they need for their future careers. Our early investment and 'by your side' support of engineers from the start of their careers help to create lifetime loyalty with our future customers and address the skills and diversity gaps in our industry.

As part of our engagement with students, the Grass Roots team promote competitions and activities throughout the year. This includes sponsorship of Formula Student² – a global student engineering competition run by the Institution of Mechanical Engineers. We provided £1,000 of RS products to support over 30 teams to build their cars, ahead of the grand finale at Silverstone.

The RS Grass Roots team won its third consecutive Educational Support Award at the Elektra Awards, held in London in December 2022. The award is in recognition of our commitment to the education of future engineers through the support we provide to students, colleges and universities.

Through the RS Grass Roots education programme, we partner with

c. 4,400

educational institutions across 10 countries

> Our engagement includes sponsorship of Formula Student – a global engineering competition.



Supporting the next generation continued

Q CASE STUDY

INSPIRING YOUNG PEOPLE IN STEM

One of Grass Roots' annual flagship events is REflect, which is delivered in partnership with the Association for Black and Minority Ethnic Engineers and the Institution of Engineering and Technology.

The event is focused on inspiring young people from global ethnic majorities (GEM) backgrounds into Science, Technology, Engineering and Maths (STEM) and enables companies to explore ways to be truly inclusive of their ethnically diverse colleagues.

On 1 August 2022, we held our REflect event, in tandem with the #GEMinSTEM National Day, at the Tobacco Dock in London. Around 200 people attended the event with others attending virtually where they discussed topics such as heritage and how to encourage those from diverse backgrounds into STEM careers.

DesignSpark

Our DesignSpark platform is a hotbed of engineering design, innovation and resources for 1.3 million budding engineers, hobbyists, professionals and students across 193 countries.

Curious minds from all walks of life use our design resources, programming software and technology updates to improve productivity and innovate responsibly.

In 2022/23, we launched a new subscription-based service on the DesignSpark platform (free until 31 March 2023), which provides members with more access to the bill of materials and sustainability-related information. Our aim is to provide our community with the resources they need to help design and build a more inclusive and sustainable world.

319,000

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

5,000

Micro:bits donated to help c. 20,000 students learn coding skills globally

DID YOU KNOW?

Through DesignSpark we are providing 1.3 million engineers and students with the resources they need to help design and build a more inclusive and sustainable world.

Curious minds from all walks of life use our design resources, programming software and technology updates to improve productivity and innovate responsibly.



Fostering innovative and sustainable solutions

COMMITTED TO:

FOSTERING INNOVATIVE AND SUSTAINABLE SOLUTIONS

As a purpose-driven business at the heart of the global industrial sector, we are passionate about nurturing innovative technologies that will benefit people and the planet.



By 2029/30, 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 2022/23, we continued to run initiatives through DesignSpark to engage our online community of 1.3 million students and engineers to co-create sustainable solutions that improve lives.

One of DesignSpark's key global initiatives is #ActivistEngineering, which was set up to inspire engineers to put engineering responsibility at the heart of their product designs while also using their skills to positively impact the lives of people and the planet.

A project under the #ActivistEngineering banner is the Air Quality project, which explores unusual ways to monitor or improve air quality. This include the Breathe Better Bear, which is designed to monitor air quality and is currently being used at schools in Malta to make poor air quality more visible so that actions can be taken to improve environments for school children. It also includes The Good Air Canary sensor, which detects too much CO₂ in the workplace and the Dream Lantern, which monitors air quality for chemicals while people sleep and automatically opens and closes the window to balance health and comfort.

1.3 million

DesignSpark members

across

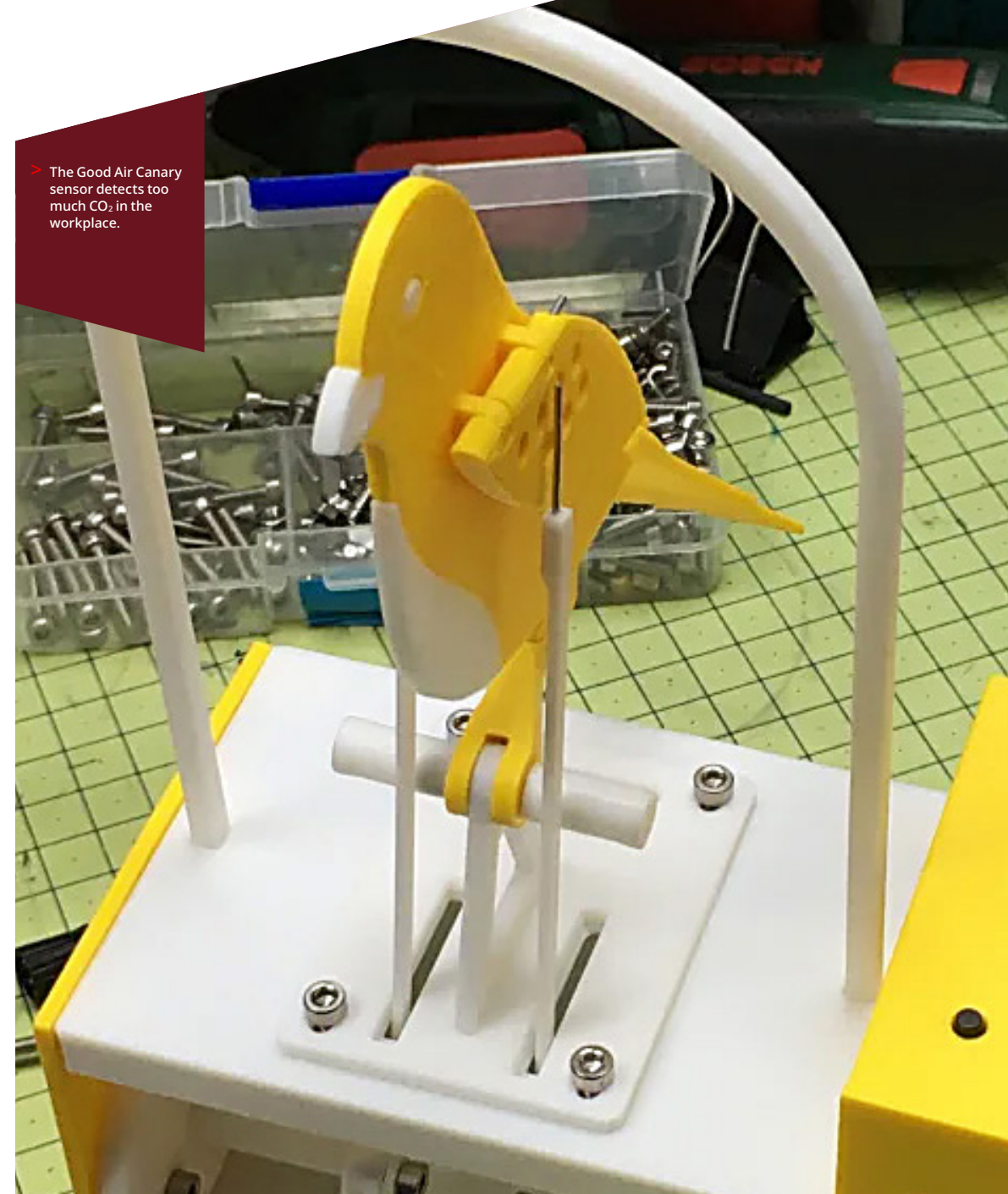
193

countries

DID YOU KNOW?

One of DesignSpark's key global initiatives is #ActivistEngineering, which was set up to inspire engineers to put engineering responsibility at the heart of their product designs while also using their skills to positively impact the lives of people and the planet.

> The Good Air Canary sensor detects too much CO₂ in the workplace.



Fostering innovative and sustainable solutions continued

Q CASE STUDY

RS INNOVATORS CHAMPIONSHIP

The RS Innovators Championship is a global competition for teams of young innovators to design sustainable solutions to five challenges (linked to the UN SDGs) that will help transform how the industry currently operates to enable a better world.

Teams of up to five young people were asked to pick a challenge for a chance to win £10,000. The challenge categories included training and language; water filtration; sustainable packaging; sustainable products and smart distribution centres, which are all aligned to the sustainability goals of RS and its partners like The Washing Machine Project (TMWP).

Ten shortlisted teams participated in masterclasses and a mentoring programme for six weeks to help them develop their idea in preparation for the final, virtual pitch. The masterclasses were focused on assisting the

teams to build a strong business proposition which delivers benefits for people, planet and profit. Also, the teams were each assigned a business mentor who arranged coaching sessions and offered guidance and business links to sense check their ideas.

In March 2023, the NextGen Engineers team from South Africa were crowned the winners for their innovative solution for filtering water, linked to TWMP. By filtering out impurities, such as rock and sand, the device enables the reuse of water, which makes it a perfect filtration solution for low income or displaced people around the world.

+ Find out more about the competition here: rs-online.com/designspark/home



The NextGen Engineers from South Africa were crowned the winners.

Supporting the washing machine project

COMMITTED TO:

SUPPORTING THE WASHING MACHINE PROJECT

By 2029/30 we want to support our social impact partners to develop solutions that improve lives – including supporting TWMP to help 100,000 people in need.

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. Our two key partnerships are:

The Washing Machine Project (TMWP)

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 health, wellbeing, education and livelihoods of women and young girls in low income communities around the globe.

To tackle this challenge through innovation, we support TWMP and TWMP Foundation – a global charity that uses the power of sustainable engineering to provide displaced and low-income communities with an accessible, affordable off-grid washing solution.

“The problem of handwashing clothes is huge and we can't combat it alone; we believe in the power of partnerships with a purpose to make our work possible. In partnership with RS Group, we have come a long way in giving people the dignity of clean clothes and positively impacting and empowering many more lives.”

Navjot Sawhney, Founder of TWMP

Employees from across the organisation have volunteered several hundred hours of their time to assist with TWMP this year. RS employees have provided the charity with expertise in critical areas, such as sourcing, manufacturing and logistics solutions, while 323 volunteers helped to build 30 washing machines at our DC in Corby, UK, enabling machines to be deployed to support communities in Uganda, Kenya and the US.

1. Source: data.unhcr.org/en/situations/ukraine#_ga=2.138516595.1719036841.1676549132-2031655298.1676549132

DID YOU KNOW?

RS employees have provided TWMP with expertise in critical areas, such as sourcing, manufacturing and logistics solutions, while 323 volunteers helped to build 30 washing machines to support communities in Uganda, Kenya and the US.

Q CASE STUDY

SUPPORTING UKRAINIAN REFUGEES IN POLAND

Millions of displaced people crossed the border into Poland as a result of Russia's invasion of Ukraine in 2022/23, with around 1.5 million people in need of shelter¹.

Ukrainian refugees lived in transitory settings such as conference centres, exhibition halls, old hotels and former shopping malls. This provision of clothes and washing facilities in these centres became essential.

Through our partnership with TWMP and our RS colleagues in Poland, we donated five electric washing machines and a tumble dryer to the refugee centre in Warsaw, where electricity supply was accessible.

These machines had a positive impact on around 14,000 people over three months, easing the burden of 110,000 kg of washing – the equivalent of 1,200 kg (or 170 loads) of washing each day!

14,000

people were positively impacted over three months



Supporting the washing machine project continued

Engineers Without Borders International

We've partnered with Engineers Without Borders International (EWB) since 2020/21, to support their mission to place global responsibility at the heart of engineering.

We sponsor their Engineering for People Design Challenge, which sees over 20,000 students a year to take part in designing solutions to real world problems in the UK, US, South Africa and Australia. The challenge forms a key part of the curriculum for first and second year engineering students, encouraging them to broaden their awareness of the social, environmental and economic impacts of their engineering solutions.

DID YOU KNOW?

We sponsor their Engineering for People Design Challenge, which sees over 20,000 students a year to take part in designing solutions to real world problems in the UK, US, South Africa and Australia.



£330,000

raised for TWMP foundation since 2019/20

323

UK volunteers built 30 washing machines to support TWMP pilots in Uganda, Kenya and the US

20,000

students reached through the partnership with Engineers Without Borders International

WHAT'S NEXT?

> Inspiring future engineers and innovators:

- Extend the roll out of our education programme to a further five countries in Thailand, Malaysia, the Philippines, Spain and the US

> Sustainable innovations:

- Collaborate with the FAB15 (our Fresh Advisors Board) to generate innovative solutions to ESG and business challenges utilising the fresh perspectives of the younger generation
- Develop DesignSpark #ActivistEngineering campaigns to cover wider ESG challenges

> Social impact partnerships:

- Support TWMP to roll out its mass manufacturing and distribution strategy and its next community pilots in the Republic of Congo and Kenya





EMPOWERING OUR PEOPLE

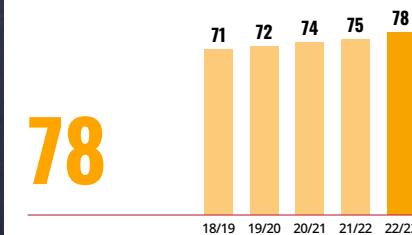
Our unique team of over 8,700 individuals is the lifeblood of our business. Every day, their passion and expertise enable us to delight our customers and make amazing happen for a better world.

UN SDGs

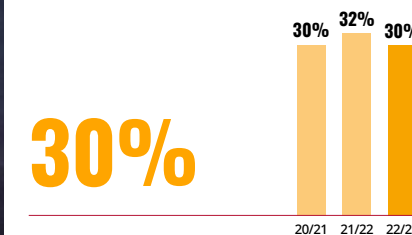


HIGHLIGHTS

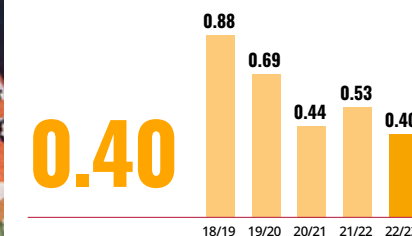
Employee engagement



Percentage of management that are women



All accidents (per 200,000 hours)



Our approach

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 strategy, 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.

Working towards

40%

of our leaders being women and

25%

being ethnically diverse by 2029/30

Our commitments and progress

2030 ACTIONS	PERFORMANCE	STATUS	COMMENTARY	READ MORE
<p>Engaged employees: – Achieve and maintain an employee engagement score in the top 10% of high-performing companies</p>	<p>78 employee engagement score (out of 100)</p>		– Improved from 75 in 2021/22 and achieved our highest score to date.	See page 42
<p>Diversity & Inclusion (D&I): – Ensure our team is reflective of the customers, suppliers and communities we serve by working towards 40% of our senior leaders being women and 25% being ethnically diverse</p>	<p>30% women in senior leadership roles</p> <p>11% ethnically diverse senior leaders</p>	 	– We have not made progress towards our 2029/30 D&I goals with the percentage of ethnically diverse leaders at 11% and the percentage of female leaders decreasing by 2 percentage points to 30%. This means we have not achieved our 2022/23 target for the percentage of management that are women and the linked KPI within our SLL facility.	See pages 43 to 45
<p>Health, safety and wellbeing: – Aim for zero accidents involving our people</p>	<p>0.40 25% improvement in our all accident frequency¹ since 2021/22</p>		– Improvement on previous year's performance. We are now back to a more historical trend. Further progress is required to reach zero accidents.	See page 48
<p>Volunteering: – Inspire 50% of colleagues to volunteer to support their communities and build new skills</p>	<p>18% of employees have volunteered in the last two years</p>		– Continued support from our people has resulted in a 15 percentage points increase this year. However there is more work to do to reach our goal.	See pages 49 to 50

Status key

Each of our actions are broken down into a series of annual targets that need to be met in order to remain on track to achieve our 2025 and 2030 goals.

The colour coding below reflects our current position:

- On track or ahead
- Slightly behind target – monitor closely
- Not on track – further action required

¹ Per 200,000 hours

A high-performance and purpose-led culture

COMMITTED TO:

A HIGH-PERFORMANCE AND PURPOSE-LED CULTURE

By 2029/30 we want to achieve and maintain an employee engagement score in the top 10% of high-performing companies.¹

1. As at 31 March 2023, we were four points away from the top 10% of high performing companies. These global benchmarks are updated twice a year.

Our people plan

Our priority is to become first choice for our people and to position RS as a career destination of choice. We will do this by creating a high-performance, purpose-led and inclusive culture and making this our greatest differentiator. We have a clear people strategy and plan, which sets out where we are investing in our people and culture to support our strategy.

Employee engagement

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 2022/23 we made improvements to our engagement survey by focusing questions on the topics that matter most to our people (benchmarked externally) and by providing additional information around the meaning of each question to remove ambiguity. We also increased the number of managers who receive engagement reports for their teams and held upskilling sessions with around 670 managers globally.

Of the nine questions where we could make comparisons to the previous year, eight scores increased and one remained the same. There were no scores which decreased from the previous survey. Our strongest drivers of engagement were belonging, wellbeing and company purpose. Compared with the global top 25% benchmark, our key strengths are: work-life balance, strategy, and role clarity. In comparison, the main areas where we want to improve are: opinions count, collaboration and barriers to execution. We're taking action both locally and globally to improve these areas, with a particular focus on making opinions count for our people.

DID YOU KNOW?

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.

> Our priority is to become first choice for our people and to position RS as a career destination of choice.

78

employee engagement score – our highest to date

670

managers upskilled on engagement survey results and improvement levers



Creating a diverse and inclusive workplace

COMMITTED TO:

CREATING A DIVERSE AND INCLUSIVE WORKPLACE

By 2029/30 we want to 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.



As a business we want to ensure we have the capabilities required to deliver our strategy and to ensure that our people love being part of RS. This means we want to recruit the best people, develop talent, generate greater innovation and listen to a range of different views and perspectives. By embracing differences we are better suited to understanding our customers and suppliers and finding unique solutions to meet their needs.

We have not made progress towards our 2029/30 D&I goals this year, with the percentage of ethnically diverse leaders at 11% and the percentage of female leaders decreasing by 2 percentage points to 30%. This means we have not achieved our 2022/23 target for the percentage of management that are women and the linked KPI within our SLL facility.

We know we have work to do in recruiting, attracting and retaining more diverse talent and in embedding diversity in the succession planning of our senior leaders. We are closely monitoring these KPIs to ensure a concerted effort and investment throughout the business.

Global diversity and inclusion survey

In 2022/23 we introduced our first global D&I survey, which has been informed by our employee resource groups (ERGs) who represent each of our diversity disciplines. The survey included key questions about diversity characteristics (in countries where we are legally able) and asked employees whether they think they are well-represented at RS and what we need to do more of to move the D&I agenda forward.

We also launched the second phase of our mandatory inclusion training, focusing on developing cultural intelligence to build trust and we launched a campaign across eight of our markets to encourage people to disclose more personal diversity data in relation to gender, ethnicity, disability, mental health and sexual orientation.

Inclusion

We want to empower our people to bring their true self to work, creating a culture of psychological safety so everyone can excel and thrive. We are supporting our people to achieve their best by building an inclusive workplace. This year we placed particular emphasis on driving greater D&I around gender, ethnicity and LGBTQ+.

Gender

We are committed to promoting gender diversity across the Group. Our gender representation across all levels in the organisation sits at a near 50/50 split and 44% of the Board including our Chair are female.

In 2022/23, 30% of senior leaders were women which is a 2 percentage point decline from 2021/22 and means we have not achieved our target for 2022/23. This decline is due to a number of factors but ultimately we have hired more men than women. This is disappointing and we are firmly committed to addressing this in 2023/24 by focusing on diverse talent in succession planning and hiring processes.

Despite the results, in 2022/23 we undertook a number of steps to develop more women into senior positions and to build a pipeline of future talent, such as business partnering with talent teams in the regions, challenging recruiters to provide more diverse long and shortlists and successfully piloting a new Remarkable Women programme, which enables female leaders to transform their mindset and adopt bold, daring action.

We are bringing gender diversity to the forefront of our agenda with Elevate, our women’s ERG to help address gender imbalance through a series of cultural and engagement activities. A key event this year was hosted at our DC in Corby, UK, as part of International Women’s day where Jenny Garrett OBE, an award winning career coach and leadership trainer, explored how we can all embrace equity to create more gender-balanced companies at all levels.

44%

of the Board are women, including our Chair

50/50

gender split across the Group

30%

of our leaders are female

Gender and ethnicity split at 31 March 2023

Gender	Total employees		Management ^{1,2,5}		Board of Directors ^{3,4,5}	
	2023	2022	2023 ⁶	2022	2023	2022
Female	4,206 (48%)	3,843 (50%)	42 (30%)	42 (32%)	4 (44%)	4 (44%)
Male	4,562 (52%)	3,811 (50%)	96 (70%)	89 (68%)	5 (56%)	5 (56%)
Ethnicity	Not disclosed		11 ⁷ (11%)	-	2 (22%)	1 (11%)

1. Permanent and temporary employees who operate at a senior level in the Group and typically, although not exclusively, are the Senior Management Team and their direct reports (including directors of subsidiary entities). Contractors and agency staff are not included. In 2021/22, four temporary employees (three female and one male) were also excluded.
2. Compiled through our employee database and collected on a self-reporting basis.
3. Collected on a self-reporting basis and agreed directly with the Board.
4. Data includes gender and ethnicity information for David Egan who left the organisation on 3 May 2023.
5. We will collect the full gender and ethnic diversity split of the Senior Management Team and the full ethnic diversity split of the Board and report this in our 2023/24 annual report to fully comply with the listing requirement LR9.8.6 R.
6. The management gender split has been subject to assurance by ERM CVS. See independent assurance report: [rs-group.com/esg](https://www.rs-group.com/esg)
7. 101 of our 138 senior managers self-reported their ethnicity via the employee database and 11 managers identified as ethnically diverse (non-white).

Creating a diverse and inclusive workplace continued

Q CASE STUDY

SUPPORTING WOMEN IN MEXICO

Inspired by RS Elevate, a group dedicated to connecting women across the RS Group, our newly acquired business in Mexico established their own community of women in leadership. Risoul put in place a community to help promote and celebrate the success of women in business, helping to create a more inclusive and dynamic environment for our people to grow.

We also have a female employee from Mexico in our 2022/23 cohort of Future Shapers (see page 46).



In 2022/23 we signed the Menopause Workplace Pledge¹, which is focused on encouraging organisations to take positive action and support our people affected by menopause in the workplace. We also signed the Endometriosis Friendly Employer scheme² to help our employees overcome the challenges they face due to endometriosis and other menstrual health conditions.

RS featured in the FTSE Women's Review³ for a second consecutive year, which was published in March 2023. This is a government-backed independent, voluntary and business-led initiative aimed at increasing female corporate representation. Overall we placed 54 in the review, which is slightly down on our previous ranking of 33. We also maintained our position in the top half of our peer group; however we are aware that we need to do more to increase female representation in senior positions.

More information about our gender diversity performance and plans to address our gender pay gap will be included in our 2022/23 Gender Pay Gap report, which will be published on our website later this year: rsgroup.com/esg.

1. www.wellbeingofwomen.org.uk/menopause-workplace-pledge/employee/
 2. www.endometriosis-uk.org/endometriosis-friendly-employer-scheme
 3. ftsewomenleaders.com/wp-content/uploads/2023/03/ftse-women-leaders-review-final-report-2022.pdf

Q CASE STUDY

CELEBRATING REMARKABLE WOMEN

In 2022/2023, we invited 20 female leaders to pilot a new 12-month leadership development programme (Remarkable Leadership), designed to help transform mindsets in order to adopt bold, daring action.

The group joined female leaders from other global organisations for monthly masterclass sessions, which delved into who they really are, the opportunities they have to make an impact in the world and how to overcome their limitations.

Carolyn Park, VP Supply Chain Optimisation said:

"The programme is comprised of women who are all at different stages of their careers. Through the programme we have been challenged in our thinking, with lots of new techniques to try and follow up material to provoke thinking. Within RS we have monthly "wisdom hours" to share ideas and experiences and build confidence, learning how to create powerful and authentic relationships, challenging each other's viewpoints and providing honest and sometimes tough feedback to help each other develop and grow.

I have especially found the concept of queen leadership to be instrumental in how I respond to situations. I am using this knowledge and experience to help nurture and mentor other people in their careers and I believe this programme has really given me the tools and challenged my thinking to succeed at this."



Creating a diverse and inclusive workplace continued

Q CASE STUDY

SUPPORTING HERITAGE WEEK IN AUSTRALIA

Celebrating the heritage of our people is important to us. It is a person's unique, inherited sense of identity: the values, traditions and culture handed down by previous generations that shapes who we are today. To celebrate Heritage Week, RS employees in Sydney, Australia, shared their traditions and values from a diverse range of cultures through clothing, dance, music and food.



Ethnicity

In 2022/23, 11% of our senior leaders and two Board members, representing 22%, of the Board, were ethnically diverse. We know that we still have a long way to go and we are committed to becoming a more ethnically diverse organisation by being proactive in our recruitment practices and internal development programmes.

A key action in 2022/23 was joining the HALO Code in the UK and the CROWN Act in the US, which were created to prevent race-based hair discrimination. Our aim is to ensure that employees feel encouraged and empowered to show their natural hair at work.

Our EmBRACE ERG has focused on raising awareness around ethnically diverse communities within RS. Over the last year we have supported Heritage Week and Black History Month, with events aimed at driving conversations and discussions around ethnicity, equality and inclusion, including supporting the first Advancing Racial Equity conference in the UK in February 2023.

At the beginning of 2023/24 we signed a three year contract with Flair Race in the Workplace to investigate the experiences and views of our workforce with regards to racial equity in the workplace. This will include a questionnaire to UK and US based employees, where the results will be used to determine key strengths and improvement areas.

11%

of our leaders are ethnically diverse

LGBTQ+ community

We are focused on creating an inclusive culture where the LGBTQ+ community can thrive, find support and are empowered to bring their true self to work. Our Spectrum network is our LGBTQ+ community and allies group, offering guidance, support and education to employees.

Over the last year, we have supported Trans in the City, a global platform for organisations to further inclusion of transgender, non-binary and gender diversity in business. One of our RS leaders is a Director at Trans in the City and helps to increase visibility of members of the LGBTQ+ community.

We also sponsored Dallas Pride in the US and celebrated many inspirational current and historical LGBTQ+ role models during LGBTQ+ history month, including a session with Helen Richardson-Walsh talking about her experiences as a gay woman in the GB Olympic hockey team, and the importance of an inclusive culture and leadership to achieving high performance. We look forward to supporting Dallas Pride again in 2023/24 and we are the gold sponsors of Corby's first ever Pride march, in the UK.

PRIDE

Proud sponsors of Dallas Pride in the US

Q CASE STUDY

EMPOWERING OUR PEOPLE IN CHINA

Creating an open and trusting environment empowers our people to bring their true self to work. At our centre of expertise in Foshan, China we opened our doors to our people and their families to get together with activities and food. The event also gave more insight and understanding about our workplace, culture and environment.



Capability development

Q CASE STUDY

BLOOMERS DEVELOPING YOUNG TALENT

We're proud of the amazing work our employee network groups do to put inclusion at the heart of our culture.

Bloomers is a new employee-led resource group set up to support employees aged 16 to 30 to improve their confidence, grow their experience and network and harness the ability of young talent at RS. The group hosts social and networking events, as well as workshops that support personal and professional development.

In 2022/23 in addition to monthly member sessions, Bloomers members received skill boosting sessions led by members of our Grass Roots team, focused on management and goal setting. In April 2023, members were also given the opportunity to meet senior managers by hosting a professional reverse mentoring session.

Brogan Butler, Chair of Bloomers said:

"Bloomers is essential for a business like RS as it enables the voice of young people to be captured, shared and championed. We focus on increasing the confidence, community and collaboration of young people which are really important elements in the attraction and development of new talent."

Developing the capabilities of all our people

Talent development and leadership

Attracting and retaining top talent remains key to our long-term success. Our talent strategy is about enabling and accelerating the development of our most high-performing people, with a strong diversity lens, while providing all our people with opportunities to learn, grow and achieve their full potential.

Our Future Shapers programme is focused on investing in our people and their careers by growing and developing their leadership skills. This programme continues to grow with 16 employees taking part in 2022/23, experiencing award-winning executive development from experts Ivy House through participation in their masterclass programme, coaching, mentoring and personal development. We also ran an Include Me development programme designed to promote an inclusive culture, which was experienced by c. 300 leaders between January and May 2022.

It is our leaders who galvanise the high-performance purpose-led culture we need to deliver the RS Way.

Our Amazing Leaders framework (show passion, act with humility, demonstrate trust) is the blueprint for leadership across RS Group. To continue to evolve culture through leaders' behaviour, Amazing Leaders has been integrated into performance conversations, talent discussions and all leadership development activity, including team development.

At our global leaders event in April 2022, over 200 leaders from across the Group came together to craft and share their personal leadership purpose, articulating the impact of their leadership on others – creating a strong foundation to build our desired culture upon.

Learning and development

We are committed to investing in skills, education and training programmes for our people. Through our global learning hub, My Academy, over 159,000 hours of training were completed in 2022/23, on both mandatory and non-mandatory content.

This online learning is supplemented by local bespoke learning where required. For example, our EMEA sales teams have been trained in value selling and in Americas a programme has been rolled out to partner with education providers and industry experts to enable employees to gain professional qualifications and upskill their technical and behavioural capabilities.

In addition, as part of a partnership with Women in Electronics, we have 30 women in our organisation, at all levels of the business, participating in personal and professional development.

RS in the UK is also a Gold member of the 5% club, a dynamic movement of employers all of whom are inspired to take action for increased inclusive and accessible workplace training.

DID YOU KNOW?

Our Future Shapers programme is focused on investing in our people and their careers by growing and developing their leadership skills.

Rewards and benefits

CASE STUDY

APPRENTICESHIPS

At RS, we are firmly committed to building a pipeline of amazing talent into and within our organisation. A great way to do this is through apprenticeships, which combine practical on the job training with study

We currently offer apprenticeships for both new and existing employees – available from A-level to master's degree level and completely funded by the UK Government's apprenticeship levy. To date, we have seen 400+ talented UK apprentices sign up for the programme studying subjects ranging from management to data analytics.

In 2022/23 we supported 267 UK colleagues to develop their knowledge, skills and behaviours in a variety of roles.

We supported

267

UK apprentices in 2022/23

Rewards and benefits

We regularly evaluate our incentives and benefits packages to provide the most competitive physical, financial and social wellbeing benefits.

In 2022/23, we continued to look at our benefits provision to ensure it supports under-represented groups. For example, in the UK this year, we added support for ongoing health conditions such as diabetes, asthma and neuro-diverse conditions including Autism, Attention Deficit Hyperactivity Disorder and Tourette's. We also provided support for fertility (including IVF), endometriosis and menopause as well as offering enhanced coverage for trans colleagues. In the US, we combined benefits plans for our RS Americas & RS Integrated Supply businesses to enable a consistent experience for all of our US colleagues.

In response to the cost of living crisis, we supported our people through this difficult period, by providing ad hoc cost of living support payments. We also introduced two new benefits:

- For employees we introduced the RS YAY! Award, a share plan that enables colleagues across the globe the potential to own up to 100 shares in RS Group plc
- For senior leaders we introduced the Journey to Greatness (J2G) LTIP Award, and one of its performance measures is linked to our employee engagement score

Through our global learning hub, My Academy, over

159,000

hours of training were completed in 2022/23.

267

UK apprentices

30

women participating in 'Women in Electronics'

> Introduced RS YAY! Award, a share plan that enables colleagues the potential to own up to 100 shares in RS Group plc



Protecting our people

COMMITTED TO:

PROTECTING
OUR PEOPLE

We are committed to protecting our people by reducing accidents and supporting physical and mental health.

By 2029/30 we want to aim for zero accidents involving our people.



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.

	2022/23	2021/22	% CHANGE
All accidents	33	40	(18)%
All accident frequency rate per 200,000 hours	0.40	0.53	(25)%
Lost time accidents	22	23	(4)%
Lost time accident frequency rate per 200,000 hours	0.27	0.31	(13)%
Total calendar days lost	333	252	+32%
Near misses reported	16,740	13,770	+22%
Near misses per head	1.96	1.76	+11%

Our performance has improved this year and we are now back to a more historical trend on health and safety. This is following a focus on establishing a stronger health and safety culture at our newer sites that had higher accident rates in 2021/22. This is in part reflected in the increased reporting of near misses and an enhanced understanding of unsafe acts leading to near misses and potential accidents. None of the accidents reported in the year resulted in life-changing injuries and there were no work-related fatalities.

All our sites have health and safety management systems in place. Of these, 27 sites are certified to ISO 45001 or an equivalent standard, covering 67% of floor area and 45% 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. To provide emotional support to our people, we have 63 mental health first aiders across the business. We have also provided all employees with access to online mental health awareness training, to equip our managers in particular, with the resources they need to support their teams.

Over the last two years, 18% of our people volunteered to support their chosen charitable cause, or one of our social impact partners – The Washing Machine Project or Engineers Without Borders-International (see pages 38 and 39). Examples include employees in the UK supporting a local hospice and food bank, as well as colleagues in Spain and Italy planting trees in the local community.

We provide all of our people with an Employee Assistance Programme, providing them and their families with access to confidential counselling, advice and support on legal, financial and family matters together with online health and wellbeing resources.

Q CASE STUDY

PRIORITISING
SAFETY STANDARDS

The COVID-19 pandemic has resulted in unprecedented challenges to the world of work. In our Asia Pacific region, travel restrictions continued to disrupt normal working practices in 2022/23, causing us to rethink how we carry out essential business activities safely and sustainably.

In April 2022, we introduced remote health, safety and environmental (HS&E) audits for our sites in China, Japan, Australia, Singapore and Hong Kong. This enabled our specialist team members to carry out critical audits, including temperature, hazard and health checks, without the need for travel. It also meant that because the audits take less time and cost to complete, they could be run more frequently throughout the year. 17 audits were completed in 2022/23, providing our leaders with the insight they need to help embed our strong HS&E culture across Asia Pacific.



Delivering social impact

Q CASE STUDY

VOLUNTEERING FOR PEOPLE AND PLANET

At RS, we play an important role in advancing sustainability and tackling climate change. A key goal of our 2030 ESG action plan is to reduce carbon emissions and become net zero by 2030.

A great way for our employees to get involved is by volunteering to plant trees. Trees are vital in helping to remove carbon from the atmosphere. As they grow, trees store carbon in their wood, which helps to slow the rate of global warming. They can also help to prevent flooding, improve air quality and boost wildlife.

Our team at RS Iberia teamed up with restoration partner, Bosquia, to create our own RS Forest, located in Madrid. Over 67 employees volunteered across three days in November 2022 to plant trees in around two hectares of land, helping to recover the forests ecosystem and habitat from biodiversity loss.

One employee said:

"I especially value being able to share volunteering with colleagues in a more relaxed environment outside the office, which also helps to strengthen our teamwork.

It's really important to contribute to the environment and create links with people outside of work."

“

I especially value being able to share volunteering with colleagues.”

Delivering social impact continued

COMMITTED TO:

DELIVERING SOCIAL IMPACT

By 2029/30 we want to inspire 50% of our employees to use their volunteer time to have to support their communities and build new skills.

Each year, our employees receive two days paid leave to volunteer with charitable initiatives and good causes that boost their physical and mental wellbeing, as well as benefiting their community.

Over the last two years

18%

of our people volunteered



It's really important to contribute to the environment and create links with people outside of work."



CASE STUDY

A FORCE FOR GOOD

We are committed to using our skills to be a force for good not only for our business, but for the communities around us.

At RS in Fort Worth, US, we hosted a Giving Fair to help raise awareness on non-profit organisations in the local area. The increased exposure led to amazing volunteering and partnering experiences from our people, including food bank donations and home restoration projects for families in need.

WHAT'S NEXT?

> Engaged employees:

- Continue to improve our employee engagement score to reach the top 10% of high-performing companies
- Deliver on outcomes of employee engagement surveys, ensuring that we continue to listen and act on the opinions of all of our people

> D&I:

- Continued focus on creating a more diverse leadership team and a more inclusive culture
- Evolve our D&I strategy and plan, and improve our diversity data across all of our businesses and markets

> Capability development:

- Focus on leadership and management development
- Evolution of our learning platform and offerings to support development of strategic capabilities underpinning delivery of our strategy

> Health and safety:

- Focus on zero accidents across the organisation
- Continued focus on mental health and the overall wellbeing of our employees

> Volunteering:

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





DOING BUSINESS RESPONSIBLY

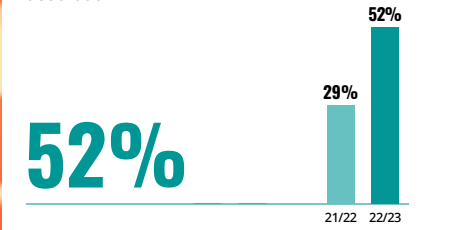
As we grow, it is essential we do so responsibly. Our strong governance, ethics and compliance approach ensures that doing the right thing underpins everything we do, both within our direct business and global value chain, so that we remain a trusted and transparent partner to our stakeholders.

UN SDGs

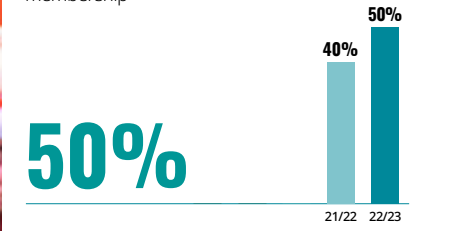


HIGHLIGHTS

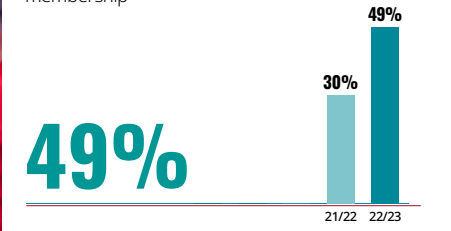
Ethical trading declaration
% of suppliers by spend signed our ethical trading declaration



EcoVadis membership
% of suppliers by spend with an EcoVadis membership



Sedex membership
% of RS PRO suppliers by spend with a Sedex membership



Our approach

Our approach

We have a robust ESG governance structure and a suite of global codes, policies and standards to steer our approach. Furthermore, we have embedded ESG targets into our RS Way scorecard, employee rewards programme and sustainability-linked loan to incentivise action to deliver our 2030 ESG goals.

Beyond our direct business, we are committed to raising environmental and ethical standards across our supply chain through our responsible procurement approach and ESG supplier action plan. 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 supplier partnerships, starting with our strategic suppliers.

Embedding ESG objectives in employee rewards, sustainability-linked loan and supplier objectives to drive progress across RS and our supply chain.

Our commitments and progress

2030 ACTIONS	PERFORMANCE	STATUS	COMMENTARY	READ MORE
<p>Incentivising ESG progress: – ESG-related targets included in our employee rewards programme across all levels and geographies</p>	<p>50% of employees had their annual incentive aligned to Group carbon reduction in 2022/23</p>	●	– 50% of employees were incentivised to deliver our Scope 1 and 2 carbon emissions reduction targets in 2022/23	See page 55
<p>Responsible supply chain: – Evaluate our suppliers against our high ethical and environmental standards. Set ESG objectives for strategic suppliers</p>	<p>52% of suppliers by spend signed our ethical trading declaration</p>	●	– We have increased supplier engagement on ESG priorities through the launch of our ESG supplier action plan and handbook. The results have been positive and we will continue to embed our ESG objectives into partnership scorecards and quarterly business reviews	See page 57
	<p>50% of suppliers by spend have an EcoVadis membership</p>	●		
	<p>49% of RS PRO suppliers by spend with a Sedex membership</p>	●		

Status key

Each of our actions are broken down into a series of annual targets that need to be met in order to remain on track to achieve our 2025 and 2030 goals.

The colour coding below reflects our current position:

- On track or ahead
- Slightly behind target – monitor closely
- Not on track – further action required

ESG governance

Our commitment to ESG is driven by strong governance from the very top of the Group. The Board has strategic oversight for ESG, while the SMT is responsible for the operational management of our 2030 ESG action plan and overseeing development of our ESG Solutions brand for customers

In 2022/23 we established ESG solutions to ensure dedicated oversight for delivery of our 2030 ESG action plan across RS and with our stakeholders, while supporting business growth through development of ESG product and service solutions. Debbie Lentz, President, ESG Solutions is responsible for all ESG aspects and sits on the SMT reporting to the CEO.



➤ The Board and its Committees support the strategy and governance of the Group's ESG approach.

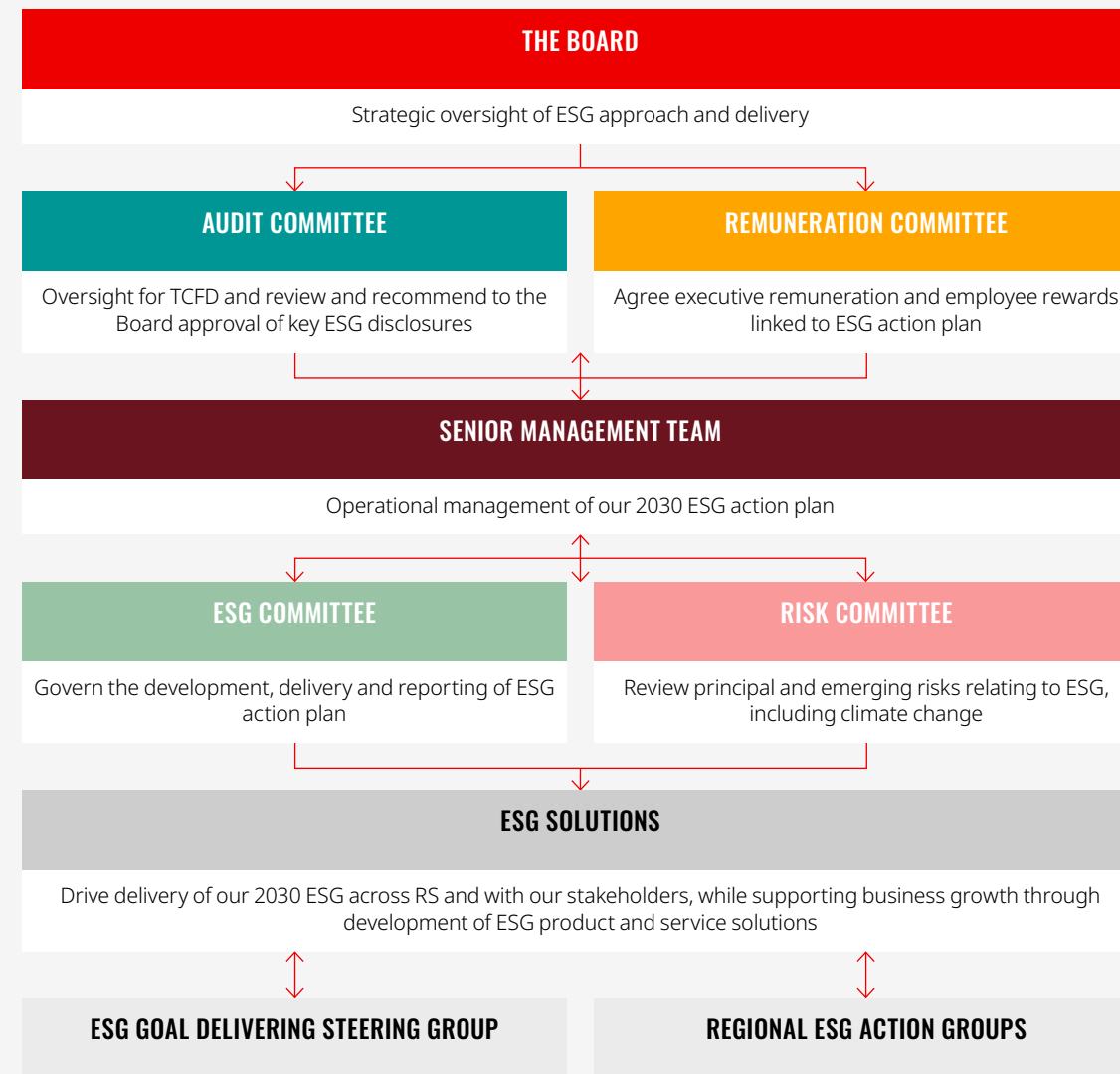
To reinforce our strong ESG governance approach we have an ESG Committee comprised of key SMT members and chaired by a Non-Executive Director. It meets twice a year to govern development, delivery and reporting of our 2030 ESG action plan.

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. All our policies and standards are available on our website: rsgroup.com/esg

The Board and its Committees support the strategy and governance of the Group's ESG approach. The Board has at least one overarching ESG strategy session each year, supported by deep dive sessions on key ESG topics and performance updates and reviews. In 2022/23 the Board reviewed the Group's ESG double materiality results (page 9), the 2030 ESG action plan and net zero performance and future priorities and the ESG solutions function's commercial strategy.

The Board is supported by the Audit Committee. The Audit Committee oversees compliance to the 11 recommendations of the Task Force on Climate Related Financial Disclosures (TCFD), reviews and recommends to the Board approval of key ESG disclosures, ensures horizon scanning of emerging ESG legislation and compliance with developing reporting requirements. The Audit Committee reviewed our 2022/23 ESG, TCFD and Scope 3 disclosures and quantitative climate-scenario modelling.

OUR GOVERNANCE STRUCTURE



ESG governance continued

ESG reporting approach

Our ESG approach is tailored to meet our stakeholders' needs identified in our ESG materiality assessments. It is focused on generating long-term value for all our stakeholders by mitigating our key ESG risks and leveraging the opportunities, as well as meeting existing and emerging regulatory requirements.

We have achieved leading status in a number of global ESG ratings (see page 64) including being awarded a AA by MSCI and being included in the Dow Jones Sustainability Indices (DJSI) Europe for the first time. This reflects our strong progress, differentiates our brand against our competitors in the eyes of our customers and supplier partners and places us in a good position for inclusion in ESG investment funds.

We are progressing our actions to comply with emerging ESG regulations, such as the International Sustainability Standards Board (ISSB), UK Transition Plan Taskforce (TPT), EU Corporate Sustainability Reporting Directive (CSRD) and the EU and UK Green Taxonomies. The completion and disclosure of our ESG double materiality results, Scope 3 emissions disclosure and assurance and our enhanced TCFD disclosure with financial modelling, forms a key part of these emerging requirements and puts us in a strong position for early compliance.

DID YOU KNOW?

We have achieved leading status in a number of global ESG ratings including being awarded a AA by MSCI and being included in the DJSI Europe for the first time.

For our reporting, we align to the sector-specific recommendations of the Sustainability Accounting Standards Board (SASB) and the Global Reporting Initiative (GRI). In 2022/23 we completed a gap analysis to ensure that any additional data required by these standards was consolidated into our ESG data centre. This has also supported us in preparation for the ISSB standards which are due to be finalised in 2023/24.

We are also members of the United Nations Global Compact (UNGC) and our priorities are aligned to six UN SDGs. For further standards and compliance please see page 64 and assurance of our data by ERM CVS at: rsgroup.com/esg.

In December 2022, we were shortlisted for the Lloyds Bank Sustainable Business of the Year Award at the edie Awards 2023. The award recognises organisations that are scaling up commitments and actions across all areas of corporate sustainability to advance the green economy.

➤ In December 2022, we were shortlisted for the Lloyds Bank Sustainable Business of the Year Award at the edie Awards.



Incentivising our people

COMMITTED TO:

INCENTIVISING OUR PEOPLE ON CLIMATE ACTION

By 2029/30 we aspire to have ESG-related targets included in our employee rewards programme across all levels and geographies.

Driving progress against our ESG goals

Embedding ESG KPIs in employee rewards

By integrating ESG targets in our employee rewards programme we are driving progress of our 2030 ESG action plan.

We have eight ESG metrics in our performance scorecard, including three SBTs covering Scopes 1, 2 and 3 emissions, which the Board reviews annually and uses to manage performance. Our Group annual incentive also has a performance measure linked to our climate action goals.

In 2022/23, 50% of Group employees have their annual incentive aligned to carbon reduction and 89 of our senior leaders participate in the J2G long-term incentive plan which has employee engagement as a measure.

Sustainability-linked loan (SLL)

In October 2022, we refinanced our SLL facility, which increased from £300 million to £400 million, and its maturity has been extended to five years at similar terms to the previous SLL facility that was agreed in October 2021. It is directly linked to the achievement of three of the Group's most material 2030 ESG actions which are: the reduction of direct carbon emissions (Scope 1 and 2 CO₂e emissions), packaging intensity and the percentage of management that are women.

STRONG GOVERNANCE, ETHICS AND COMPLIANCE APPROACH

CODE OF CONDUCT

- Our Code of Conduct sets out the standards and behaviours that we work by
- Updated annually and published in seven languages
- We require all senior leaders across the business to undertake mandatory Code of Conduct training and share copies with all other employees, on an annual basis

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 UN Global Compact Communication on Progress can be found on our website
- 1,700 employees were part of collective bargaining arrangements in 2022/23

WHISTLEBLOWING

- Speak Up, our dedicated whistleblowing policy and help line, 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 2022/23, we received 38 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
- 90% of our employees in higher risk markets and roles (c. 2,000 employees) completed anti-bribery training

ANTI-COMPETITIVE BEHAVIOUR

- We will compete fairly and vigorously wherever we do business and 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

Data, information security and privacy

DID YOU KNOW?

We require all senior leaders across the business to undertake mandatory Code of Conduct training, and share copies with all other employees, on an annual basis.

Risk-based approach to data and information security

Data and information security

We have a robust information security programme in place, central to which is an information security policy that is 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.

We delivered dedicated information security training to c. 5,800 employees in 2022/23. We also deliver engaging security awareness material regularly that helps our employees to stay safe online, including short videos featuring information security tips developed through collaboration with security specialists.

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 2022/23, 88% of our employees who deal with personal data from the UK and EU (c.3,500 employees) completed privacy training, with more frequent training given to employees who handle personal data as a core part of their role.

c. 5,800

employees received dedicated information security training in 2022/23

88%

of our employees who deal with personal data from the UK and EU (c. 3,500 employees) completed privacy training in 2022/23

We have a robust information security programme in place.

➤ We maintain a high level of focus on data and information security.



Responsible procurement

COMMITTED TO:

RESPONSIBLE
PROCUREMENT

By 2029/30 we want to evaluate all our suppliers against our high ethical and environmental standards and set ESG objectives for strategic suppliers.

Embedding ESG standards with our key suppliers

It's vital that businesses across the value chain are aligned on the issues that matter most and collaborate to drive ESG action.

By championing sustainable products and packaging, green logistics, a net zero supply chain and responsible procurement practices, we are reinforcing our pivotal role at the centre of the global industrial value chain, helping to drive ESG action with our supplier partners, on behalf of our customers.

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

In 2022/23, we continued to strengthen our approach towards screening and managing suppliers, which helps to reduce risk and increase our value to customers. We target our top 67% of suppliers by spend (c. 350 businesses) as well as RS PRO suppliers, to embed strong ESG standards within their processes.

Highlights from 2022/23 include:

- **All of suppliers** on our existing RS database are risk screened against global government-issued lists
- **Created a supplier questionnaire** containing key ESG requirements that suppliers must complete as part of our pre-qualification process as well as re-qualification at agreed intervals. This was rolled out by Indirect Procurement, Americas and RS Integrated Supply in 2022/23 and will be extended across the Group in 2023/24
- **143 inspections of RS PRO Asia suppliers** have taken place since May 2019. This covers 90% of RS PRO suppliers operating in higher-risk sourcing countries. In 2022/23, we conducted 23 on-site audits and 17 remote audits to re-assess our remaining high risk suppliers and confirm improvements. Key issues raised related to contracts and health and safety, which are being addressed by the suppliers.
- **Held an EMEA Supplier ESG Forum** in February 2023, where we launched our ESG Supplier Handbook and set out three key asks linked to our global ESG goals with 10 key actions (see case study on page 58). The ESG Supplier Handbook is available on our website. We will be delivering training on this to our product and supplier management community to enable and empower them to have conversations directly with our suppliers and embed ESG in their supplier scorecards and standard quarterly business reviews. They will also be using this to set ESG objectives and drive progress and improvements
- **225 suppliers attended a webinar with EcoVadis** in March 2023 to share the platform, benefits of getting rated and best practice so they can start to deliver improvements in the four key areas of environment, labour and human rights, ethics and sustainable procurement. From the 50% of the suppliers that are already EcoVadis members we have seen 47 (which represent 7% of Group spend) improve their score at least one level since 2019/20
- **Held EcoVadis training for c. 120 employees** in product and supplier management roles

52%

suppliers by spend signed our ethical trading declaration

25%

suppliers by spend have committed to SBTi

50%

of suppliers by spend have an EcoVadis membership

49%

of RS PRO suppliers by spend are Sedex members

23

suppliers have their products in the Better World product range

Responsible procurement continued

Q CASE STUDY

INSPIRING SUPPLIER ACTION ON ESG

At RS, we know that in order to truly deliver for people, planet and profit we need to engage with our supplier partners to ensure that sustainability and ESG are fully integrated across our value chain.

Our supply chain networks are where we have the greatest opportunities for change – from offering sustainable product and service solutions, to optimising our logistics networks and working to ensure a responsible supply chain and procurement practices.

In February 2023, we hosted an EMEA supplier event in Frankfurt, Germany, for over 400 suppliers. ESG was a key theme with the aim of demonstrating how focusing on sustainability can enable our suppliers to build stronger partnerships and new commercial opportunities.

We introduced 10 key asks of our suppliers under our three ESG goals of advancing sustainability, empowering people and doing business responsibly. Within these asks we prioritised four key areas: signing our ethical trading declaration, offering more sustainable products, setting SBTs and assessing ESG performance via EcoVadis and Sedex platforms.

We know that our suppliers deeply value our ongoing partnership, our joint ESG action and how we showcase this to customers. Together we can help make amazing happen for a better world.



We at Siemens like RS's ESG approach, it's pretty straightforward. We like that you're moving along this journey together with your suppliers and helping them to reach higher levels of sustainability.

During the supplier event you highlighted ESG as a core focus for the future, this is very appreciated and is complementary to our own ESG programme.

With our common efforts, I'm sure we can support our customers and help create a better world."

Siemens, RS Group Supplier

Responsible procurement continued

DID YOU KNOW?

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.

FURTHER READING

Our product compliance approach is embedded across our policy suite and suppliers are asked to commit to this in our Ethical Trading Policy Declaration

Read our Ethical Trading Policy, commitment to compliance brochure, Conflict Minerals Policy and statement and Chemicals of Concern statement at: rsgroup.com/esg

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 restricted 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 35% of our 2,500 Group suppliers.

Our Conflict Minerals and Materials of Concern Policy and statement provides an annual update of our ongoing efforts in this area. We also have strict policies in place around chemicals of concern and controversial products, which can include forbidding their sale. In 2022/23 we published our Chemicals of Concern statement here: rsgroup.com/esg.

WHAT'S NEXT?

> ESG governance:

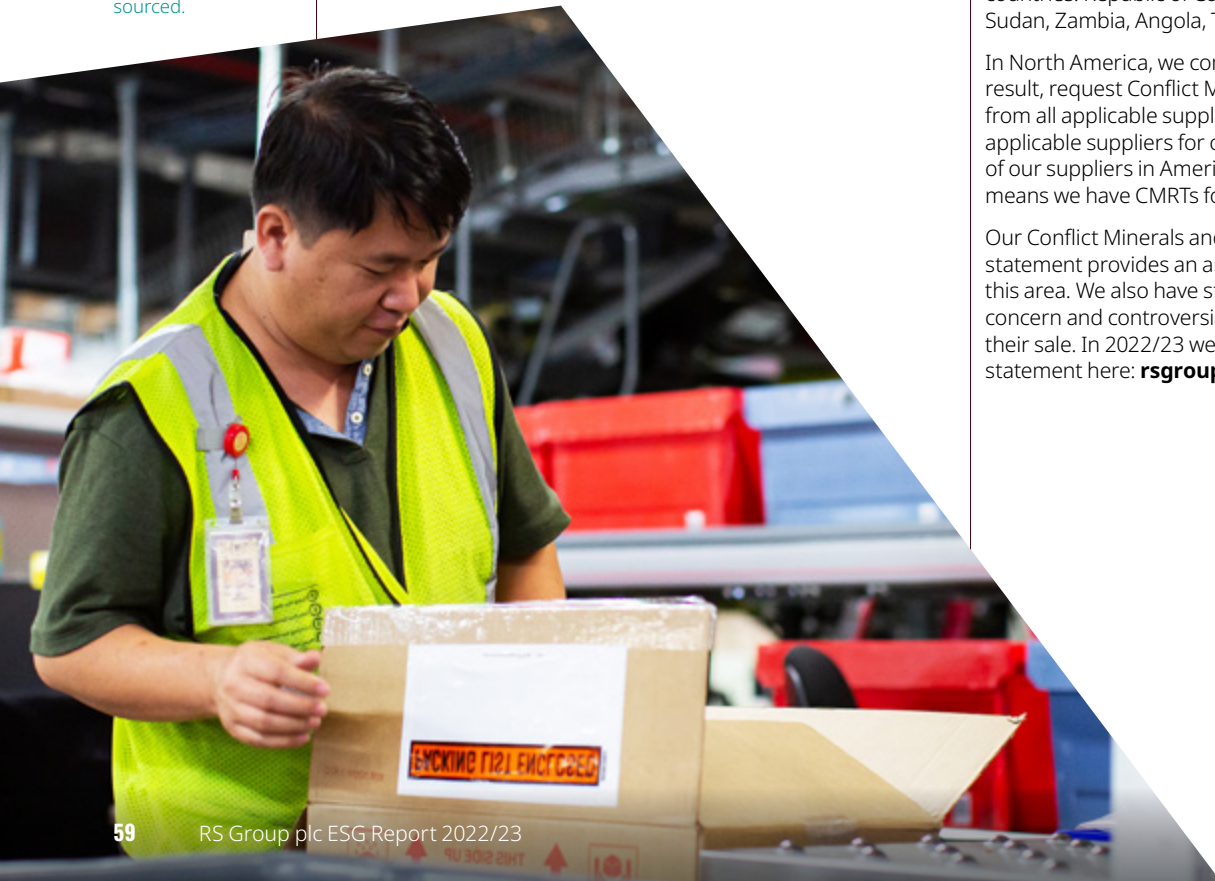
- Review ethics and compliance policies to ensure they reflect best practice
- Review ESG governance structure at a Board and SMT level

> Incentivising ESG progress:

- Further embedding ESG KPIs into annual incentives and objectives

> Responsible supply chain:

- Embedding our 10-step supplier ESG action plan with EMEA and Indirect Procurement suppliers, while further rolling out the programme to suppliers in other regions
- Developing ESG objectives in partnership with suppliers and embedding into partnership scorecards and quarterly business reviews
- Continue to create supporting materials that help to educate and facilitate conversations with suppliers around Better World products, EcoVadis and Sedex assessments and carbon reduction and setting SBTs
- Embedding the new supplier ESG qualification/requalification questionnaire across the Group
- Working proactively with suppliers to drive ESG performance improvements using the intelligence gathered from Better World products, EcoVadis, Sedex, SBTi and Scope 3 emission reporting to set objectives and drive progress



Preparing for emerging ESG regulations

PREPARING FOR EMERGING ESG REGULATIONS

The world of ESG reporting is maturing at a rapid pace. New regulations and reporting requirements are being introduced every year that demand more detailed, frequent, externally assured ESG data, financial materiality assessments, climate transition plans and net zero cost projections. This is important to ensure organisations are transparently and accurately disclosing their progress and striving to achieve a step change in their ESG results.

It is essential that our ESG reporting programme keeps pace to meet increasing regulatory, investor and customer requirements for more granular and robust ESG data, as well as demonstrating the progress we're making to achieve our ambitious 2030 ESG goals.

Here is an overview of our early progress to meet emerging ESG reporting requirements that are considered most material to RS.

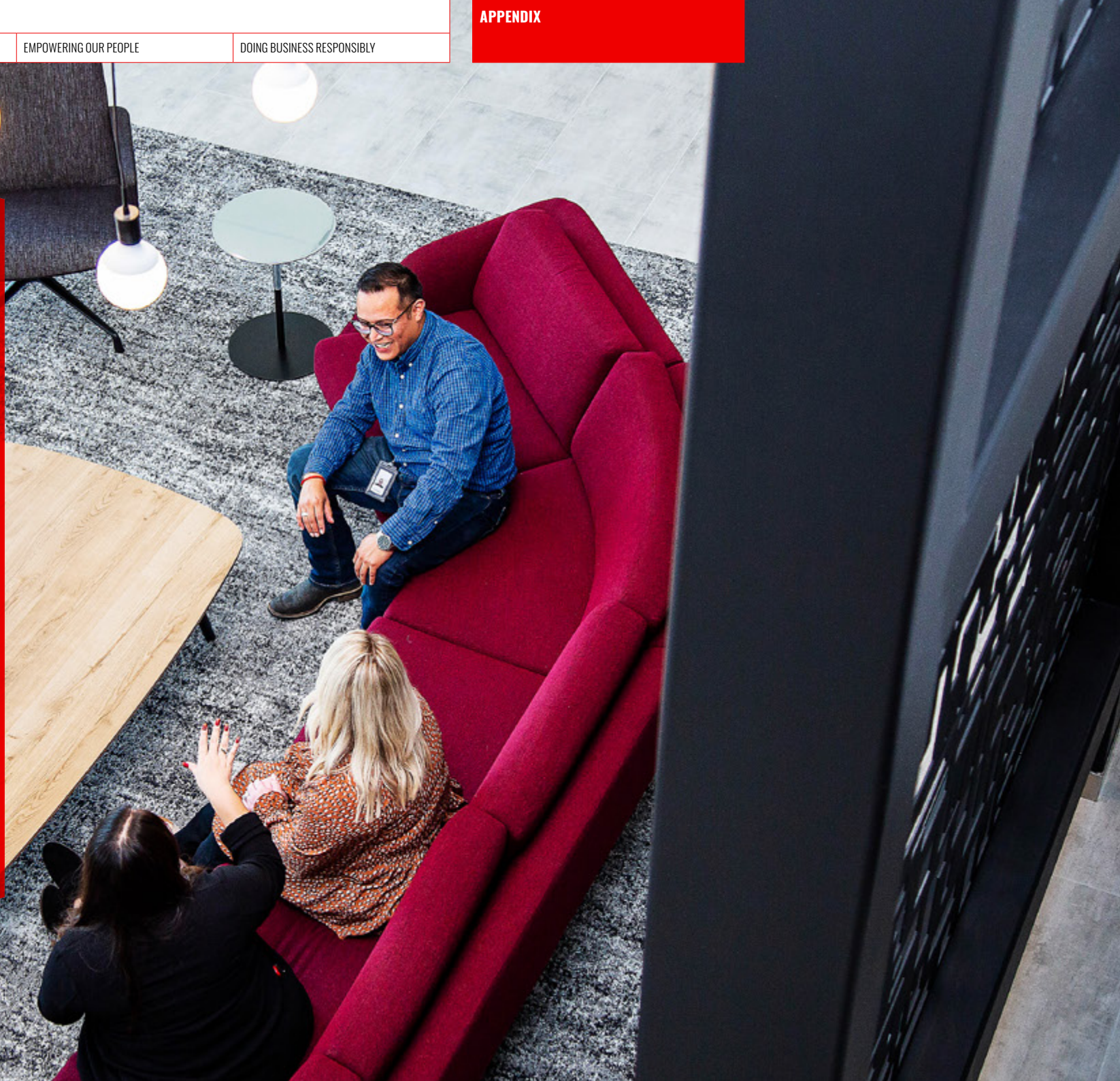
UK TRANSITION PLAN TASKFORCE (TPT)	INTERNATIONAL SUSTAINABILITY STANDARDS BOARD (ISSB)	EU CORPORATE SUSTAINABILITY REPORTING DIRECTIVE (CSRD)	EU TAXONOMY
<p>The TPT was announced at COP26 by the UK chancellor to develop the gold standard for private sector climate transition plans.</p> <p>Recommends three key parts:</p> <ol style="list-style-type: none"> Decarbonisation actions Responding to climate-related risks and opportunities Contributing to economy-wide transition 	<p>Formed by International Financial Reporting Standards foundation trustees to provide a global baseline for investor-focused sustainability reporting.</p> <ul style="list-style-type: none"> Part one includes standard sustainability disclosures Part two is based on the TCFD framework and will include Scope 1, 2 and 3 carbon emissions reporting <p>Enables investors to assess risks and opportunities based on enterprise value.</p>	<p>European Union (EU) legislation which extends the scope of the existing Non-Financial Reporting directive to include:</p> <ul style="list-style-type: none"> Double materiality ESG performance targets, goals and progress Updates on environmental protection, social responsibility, human rights, anti-corruption and bribery, board diversity Requires third-party assurance 	<p>A classification system that defines which economic activities qualify as sustainable to help scale up investments in the low carbon economy.</p> <p>Must meet and not harm key sustainability criteria and meet minimum social safeguards.</p>
Actions 1–7	Actions 1–8	Actions 2–10	Actions 2–11
Expected 2023/24	FCA will be consulting on changes to listing rules in 2023/24	Comply by 2025/26	Comply by 2025/26

Key actions list:	
1. Net zero transition plans outlined and SBTs covering Scopes 1, 2 and 3 carbon emissions (currently being verified by SBTi) to decarbonise our DCs and transport network, as well as offering more sustainable product and service solutions as part of our 2030 ESG action plan - For a Better World	✓
2. Enhanced our Scope 3 emissions reporting, assurance and reduction actions focusing on product transportation, product sustainability and engagement of suppliers to set SBTs	✓
3. Published total Scope 3 emissions and assured two of our most material Scope 3 categories: purchased goods and services (category 1) and upstream transportation and distribution (category 4)	✓
4. Completed quantitative climate scenario analysis as part of TCFD	✓
5. Launched Better World product range. Advocating with suppliers to focus on development of sustainable products and serving low carbon industries	✓
6. ESG supplier action plan launched with key actions around product sustainability and setting SBTs	✓
7. Internal carbon price applied to internal emissions reporting for direct operations, business travel and product transportation and launched RS Carbon League	✓
8. Completed double materiality assessment, including sustainability risks and impacts	✓
9. Published non-financial and sustainability information statement in the Annual Report encompassing key categories of environmental matters, people, social matters, human rights and anti-bribery and corruption	✓
10. Commissioned independent external assurance for absolute Scope 1 and 2 CO ₂ e emissions and Scope 3 categories 1 and 4 CO ₂ e emissions; the carbon intensity of direct operations; product transportation emissions intensity and packaging intensity from ERM CVS. Click [here] for our assurance statement	✓
11. Further analysis underway to streamline reporting around revenue streams that meet the EU taxonomy requirements	In progress
✓ Action completed	

OUR ESG PERFORMANCE

APPENDIX

Performance scorecard	62
ESG achievements, ratings and standards	64



Performance scorecard

PERFORMANCE SCORECARD

Performance status:

- On track or ahead
- Slightly behind target – monitor closely
- Not on track – further action required

PILLAR	ACTION	TARGET ¹	METRIC ²	STATUS	PROGRESS TO DATE	BASELINE (2019/20)	CURRENT PROGRESS (2022/23)	GOAL (2029/30)
 Advancing Sustainability	Carbon	Reduce absolute emissions from our own operations by 75% by 2029/30	Tonnes of CO ₂ e (Scope 1 and 2) ^{3,4} * not including subsequently acquired businesses in the 2019/20 baseline	●	58%	12,000	5,000	3,000
		Reduce absolute emissions from our own operations by 75% by 2029/30	Tonnes of CO ₂ e (Scope 1 and 2) ^{3,4} *2019/20 baseline rebased to include businesses acquired between 2019/20 and 2021/22, for the purposes of our target with the SBTi	●	62%	13,100	5,000	3,300
	Packaging	Reduce packaging intensity by 30% by 2030	Tonnes packaging / £m revenue ^{3,5}	●	32%	2.38	1.63	1.67
		100% of packaging widely reusable or recyclable by 2030	% of packaging by weight	●	94%	90%	94%	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 ⁵	●	12%	1.49	1.31	0.75
		Achieve zero waste to landfill in our direct operations by 2030	% waste to landfill	●	5%	7%	5%	0%
		Recycle >95% of our waste by 2030	% waste recycled	●	76%	79%	76%	>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 ^{3,5}	●	28%	1.67	1.21	1.25
	Products and solutions	Develop innovative and sustainable product and service solutions for all our customers	Number of products included within the Better World range	●	c. 20k	c. 20k (2022/23)	c. 20k	100k
Supplier carbon	Engage 67% of our suppliers by spend to set science-based targets by 2025	% of suppliers by spend to set SBTs	●	25%	15% (2020/21)	25%	67% (2024/25)	

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

2. All metrics exclude data from acquisitions completed in 2022/23.

3. Externally assured by ERM CVS in 2022/23

4. Covers the operations under our financial control globally but excludes several smaller sites where energy costs and consumption are included in lease costs.




5. KPIs are on a constant exchange rates basis and are updated to reflect changes in reporting methodology and / or emissions factors

Performance scorecard continued

Performance status:

● On track or ahead ● Slightly behind target – monitor closely

● Not on track – further action required

PILLAR	ACTION	TARGET ¹	METRIC	STATUS	PROGRESS TO DATE	BASELINE (2019/20)	CURRENT PROGRESS (2022/23)	GOAL (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	●	471,000	255,000 (2020/21)	471,000	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	●	319,000	213,000 (2020/21)	319,000	1.5 million
	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	Amount raised for TWMP	N/A	£330,000	£0	£330,000	N/A
Total number of lives impacted through our support to TWMP			●	28,000	0	28,000	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	●	78	71	78	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 ²	●	30%	30%	30%	40%
			% of ethnically diverse leaders ²	●	11%	11%	11%	25%
	Health and safety	Aim for zero accidents involving our people	All accident frequency rate (per 200,000 hrs)	●	42% ³	0.69	0.40	0
Volunteering	Inspire 50% of colleagues to volunteer to support their communities and build new skills	% of employees volunteering within the last two years	●	18%	0%	18%	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		N/A	
	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 ethical trading declaration	●	52%	29% (2021/22)	52%	100%
			% of suppliers spend with an EcoVadis membership	●	50%	40% (2021/22)	50%	80%
		% of RS PRO suppliers by spend with a Sedex membership	●	49%	30% (2021/22)	49%	90%	

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

2. Externally assured by ERM CVS in 2022/23.

3. Progress from 2019/20 baseline.

ESG achievements, ratings and standards

OUR ESG ACHIEVEMENTS, RATINGS AND STANDARDS

EXTERNAL FRAMEWORKS WE ALIGN TO:



To find out more about our alignment and progress against these standards visit our reporting centre

2022 ESG AWARDS

- Shortlisted for Lloyds Bank Sustainable Business of the Year Award
- RS Grass Roots won the Educational Support Award at the Elektras 2022
- Top 100 UK Apprenticeship Employers in 2022
- RS in Fort Worth, US, ranked 33 on the list of most inspiring workplaces in North America 2022
- Ranked 54 in FTSE Women's Review published March 2023

2022 ESG RATINGS

FRAMEWORK

OUR ACHIEVEMENT



PLATINUM

EcoVadis rating 2022: Platinum medal



TOP 50

Sustainalytics rating: Global top 50 ESG companies



AA

MSCI ESG rating: AA



A-

CDP climate change leadership score 2022: A-

A

CDP supplier engagement score 2022: A



FTSE4Good

3.7/5

FTSE4Good Index score: 3.7/5

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Dow Jones Sustainability Indices
Powered by the S&P Global CSA

Constituents of DJSI Europe

TOP 100

Top 100 UK Apprenticeship Employers in 2022

