

COLLABORATING FOR PEOPLE, PLANET AND PROFIT

Advancing sustainability	50
Championing education and innovation	58
Empowering our people	62
Doing business responsibly	68



ESG continued

FOR A BETTER WORLD

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.

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 below.

+ See our progress against our 15 supporting actions on pages 50 to 71

+ ESG Report: [rsgroup.com/esg](https://www.rs-group.com/esg)

OUR 2030 ESG ACTION PLAN GLOBAL GOALS



Supporting six United Nations Sustainable Development Goals (UN SDGs)



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 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.

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.

Our commitments and progress

2030 ACTIONS	PERFORMANCE	STATUS	COMMENTARY	READ MORE
<p>By 2030 in our direct operations:</p> <ul style="list-style-type: none"> – Carbon emissions: Be net zero with a science-based target (SBT) to reduce absolute emissions from our own operations by 75%¹ – Packaging: Make our packaging more sustainable: reduce intensity by 30%¹, with 100% of packaging widely reusable or recyclable and made with at least 50% recycled content – Recycling and Waste: Reduce, reuse and recycle our waste: reduce intensity by 50%¹, recycle > 95% and achieve zero waste to landfill in our direct operations 	<p>58% reduction in Scope 1 and 2 emissions since 2019/20²</p> <p>32% reduction in packaging intensity since 2019/20³</p> <p>76% of total waste recycled. Increased by 1 pts in 2022/23⁴</p>	<p>●</p> <p>●</p> <p>●</p>	<ul style="list-style-type: none"> – Good progress made through distribution centre (DC) energy efficiencies and renewable electricity – Reduction due to eco-totes and pallets for product movements between our sites in Europe – Percentage of waste recycled has remained fairly static and is an area of focus for DC teams in 2023/24 	<p>Pages 53 and 54</p> <p>ESG Report rsgroup.com/esg</p>
<p>Working towards a net zero global value chain by 2050:</p> <ul style="list-style-type: none"> – Product transportation: Reduce Scope 3 transport emissions by 25% per tonne of product sold¹ – Products and solutions: Develop innovative and sustainable product and service solutions for all our customers, including offering 100,000 Better World products by 2025 – Supplier engagement: Commit to engaging 67%⁶ of suppliers by spend to set SBTs by 2025 	<p>28% reduction in intensity of Scope 3 transport emissions since 2019/20⁵</p> <p>25% of suppliers by spend have set SBTs or have committed to set them by 2025 with the SBTi</p>	<p>●</p> <p>●</p>	<ul style="list-style-type: none"> – Reduction due to modal shifts and optimising our supply chain to source, store and ship more products locally to customers – 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 	<p>Pages 55 to 57</p> <p>ESG Report rsgroup.com/esg</p>

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

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

More information is available in our full ESG scorecard: [rsgroup.com/ESG](https://www.rsgroup.com/ESG)

Our pathway to net zero:

Our progress in 2022/23

By 2030: Net zero in our direct operations

Before 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 them manage environmental and net zero actions locally (see case study to the right)
- During 2022/23 92% of Group electricity use was from renewable sources

Decarbonisation

- Proposal approved to invest in decarbonising our DC in Beauvais, France. See case study to the right
- Decarbonisation proposal in development for our DC in Nuneaton, UK

Vehicles

- 54% of UK company car fleet is electric or hybrid
- Increasing electric vehicle (EV) 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
- 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

SUSTAINABILITY IN ACTION

DECARBONISING OUR DCS

Delivering energy reductions

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 the year 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.

Decarbonising Beauvais

In 2022/23, investment was approved to conduct net zero building optimisation at our DC in Beauvais, France, which accounts for around 10% of the Group's overall CO₂e emissions.

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, following the successful installation of solar panels on the DC roof in Bad Hersfeld, Germany. It will also have a positive impact on employee wellbeing by enabling greater control over temperature variability. The upgrade begins in 2023/24 and will run until 2024/25 and is expected to cost £3.7 million.



Climate change and the energy transition

Our net zero roadmap

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

At RS, we believe that climate action is not only the right thing to do, but 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 delivering sustainable

product and service solutions that enable the world's engineers, innovators and problem solvers to decarbonise and to help low carbon industries to thrive.

With our seat at the heart of the global supply chain, we are well-placed to support our 1.1 million customers through this transition.

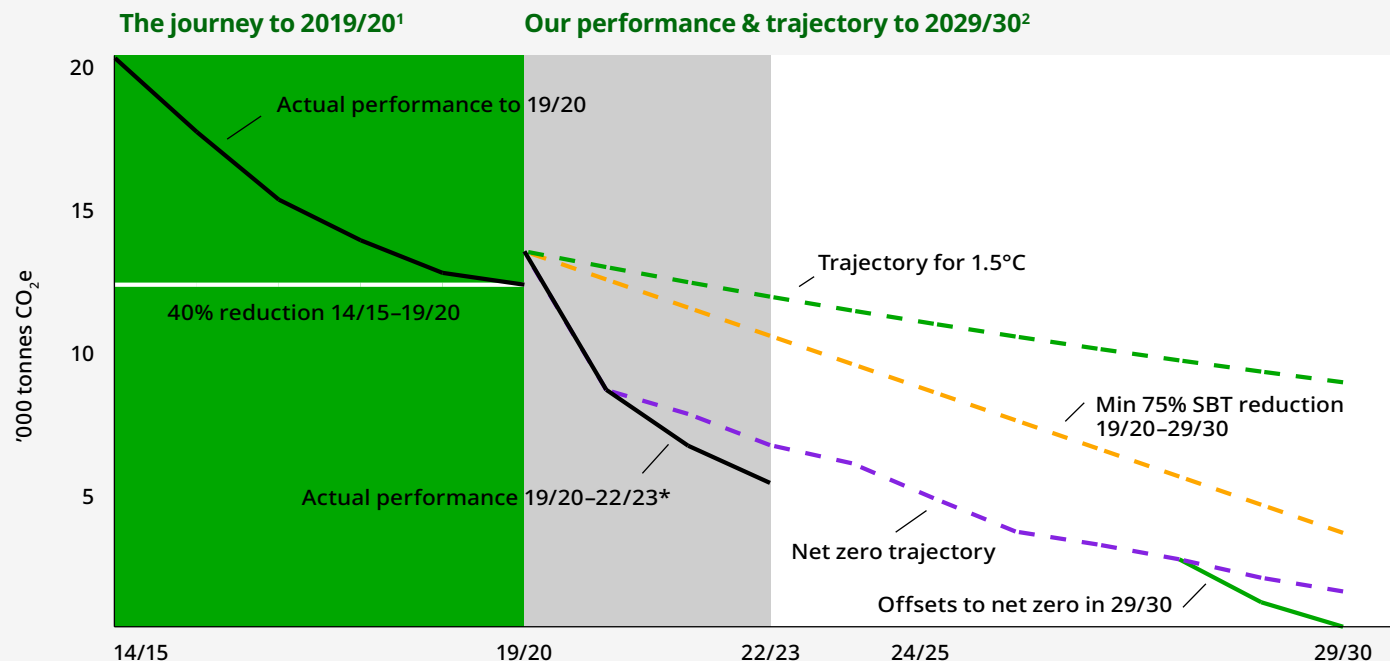
We are committed to being net zero by 2030. We have set SBTs covering our Scope 1, 2 and 3 emissions, which are currently being validated by the SBTi and include a commitment to reduce our direct emissions by 75% by 2030, from 2019/20. We have also set supporting targets for packaging,

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 56) 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 57).

We know that we have a challenging task ahead. We are focusing on the use of renewable energy sources, investing in our infrastructure to upgrade our systems and to decarbonise our buildings, finding greener transportation solutions while continuing to investigate emerging low carbon technologies that will support us in the longer term. The primary challenges to achieving our goals are cost and the availability of proven technology, particularly when it comes to product transportation.

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.

Our ambition is to become net zero in our business by 2030 and across our value chain by 2050.

Carbon emissions (Scopes 1 and 2) in our direct operations¹

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

Scope 1 & 2 emissions (tonnes CO₂e)

5,000

21% reduction from 2021/22

Carbon intensity^{2,3}

1.7

29% reduction from 2021/22

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 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.

We are closely monitoring our carbon emissions and progressing with our net zero initiatives in order to stay on track to meet our targets.

+ See page 55 for Scope 3 emissions progress

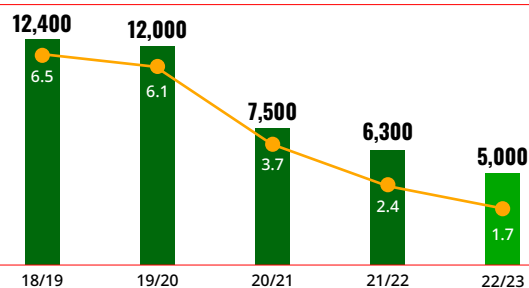
1. We acquired Risoul y Cia, S.A. de C.V. (Risoul) and domnick hunter-RL (Thailand) Co., Ltd. (DH) in 2022/23. Environmental performance for both acquisitions will be reported in the Annual Report and Accounts for the year ending 31 March 2024 and restated to the point of ownership in 2022/23. This is 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. CO₂e for prior years updated to include additional data.

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

tonnes CO₂e

5,000

- CO₂e (tonnes)
- CO₂e intensity (tonnes CO₂e / £m revenue)



Greenhouse gas (GHG) emissions and Streamlined Energy and Carbon Reporting (SECR) disclosure⁴

In accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, our 2022/23 Group emissions were:

	METRIC	2022/23	2021/22
Group Scope 1 emissions			
Combustion of fossil fuels ⁵	tonnes CO ₂ e	4,557	4,881
Operation of facilities, including fugitive emissions ⁶	tonnes CO ₂ e	121	153
Group Scope 2 emissions⁷			
Purchased electricity (market-based)	tonnes CO ₂	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 ⁶	tonnes CO ₂ e/£m	1.8	2.4
SECR disclosures⁸			
UK total Scope 1 and 2 emissions (market-based)	tonnes CO ₂ e	3,121	3,345
UK energy consumption	GWh	29.2	32.3
Group Scope 3 emissions⁹			
Purchased goods and services (including capital goods)	tonnes CO ₂ e	1,900,000	2,100,000
Upstream transportation and distribution	tonnes CO ₂ e	48,200	53,900

4. Table excludes emissions and revenue from acquisitions completed in 2022/23.
5. Includes emissions of 2,059 tonnes relating to fuel use in company vehicles (2021/22: 1,657 tonnes).
6. Includes 121 tonnes of CO₂e due to fugitive emissions from air-conditioning systems (2021/22: 153 tonnes).
7. 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).
8. SECR: UK emissions were 61% of 2022/23 global market-based emissions. UK energy use, including vehicles energy use, was 57% of global energy use.
9. Scope 3 emissions covering purchased goods and services (including capital goods) and upstream product transportation and distribution. Scope 3 emissions are not included in the SECR intensity measurement disclosures.

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

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 CVS. Their independent assurance report is set out on pages 77 and 78.

Environmental management systems

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

Packaging

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

Packaging intensity^{1,2,3}

1.63

19% reduction from 2021/22

Packaging reusable or recyclable

94%

2 pts increase from 2021/22

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 by weight 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 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 70). Following the excellent progress we have made this year towards our 2030 goal, we will be re-baselining this target in 2023/24.

1. Tonnes / £ million revenue (excluding acquisitions completed in 2022/23).
 2. KPIs are on a constant exchange rates basis and are updated to reflect changes in reporting methodology and / or emissions factors.
 3. Packaging data for prior years restated to include updated unit weights.

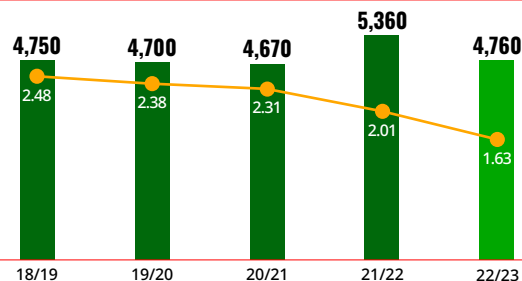
Packaging use^{2,3}

tonnes

4,760

● Packaging (tonnes)

● Packaging intensity (tonnes / £m revenue)



Recycling and waste

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

Waste intensity^{1,2}

1.31

No change from 2021/22

Waste recycled

76%

increased by 1 pts from 2021/22

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 2029/30 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.

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.

Decarbonising our global value chain

Scope 3 emissions

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) and developing robust action plans and initiatives to tackle these.

In 2022/23, we conducted a Scope 3 assessment and this identified purchased goods and services and upstream transport and distribution (product transportation) as our two most material categories. As such we have disclosed these two categories below and had the methodologies and data externally assured. We will also provide more detail on our wider Scope 3 emissions categories in our ESG Report: rsgroup.com/esg

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 our two key categories were:

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

Product transportation

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

Scope 3 transport emissions intensity^{1,2}

1.21

6% reduction from 2021/22

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 intensity¹ by 28%, thereby achieving our 2029/30 goal seven years early. Our progress has been made possible through modal shifts from air to sea or air to road and optimising our supply chain to source, store and ship more products locally (see sustainability in action case study on the right).

With hundreds of thousands of product shipments every week, it is critical that we find ways to reduce our transport emissions footprint.

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.

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 take account of our great progress, while incorporating the Group's newly acquired businesses.

We are 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.



REDUCING TRANSPORT EMISSIONS

We are sourcing, storing and shipping more products regionally and locally to our 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.



Sustainable products 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 the end of 2024/25.

Sustainable products

c. 20,000

Products in our Better World product range launched in the UK and Republic of Ireland in 2022/23

Customers are telling us that they want products that are sustainable, responsibly made and that help them to reduce their environmental impact. They seek products and solutions that are more energy efficient, save energy, reduce water consumption or help reduce emissions.

We are responding to our customers' needs with the launch of our Better World product range and by developing solutions like RS Industria®, which connects and monitors factory operations to reduce costs and make energy savings, as well as other sustainability solutions to reduce carbon emissions (see sustainability in action on page 16).

We are also promoting sustainable engineering design through our DesignSpark platform to 1.3 million members (see page 59) and are helping customers to streamline their buying and consolidate their supply chains to be greener and more efficient through RS Integrated Supply.

Providing these value-creating solutions attracts new customers, increases revenue and is a key differentiator for our brand.

Introducing our Better World sustainable product range

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.

Our approach to this is evolutionary. We have started by using certifications as this is something that many products already have, with claims having already been externally verified. We are, however, actively continuing to develop our model and, as a next step, want to showcase claims and improvements around key attributes such as using more sustainable raw materials, carbon or energy reduction and circularity.

Further ahead the aim is to offer tools, for instance similar to a product lifecycle assessment, which can be run in a more automated and efficient way.

We hope to have 100,000 Better World products on offer to our customers by the end of 2024/25.

The Better World product range forms the foundation of our alignment towards the EU taxonomy for sustainable activities and, as we progress in developing the framework, we will begin to report key metrics that are considered taxonomy-aligned.

Our aim is to complete a taxonomy benchmarking analysis over the next year in preparation for reporting in 2023/24.

Opportunities with new low carbon industries

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

To stay on track with a 1.5°C future, a US\$125 trillion investment is required globally in the low carbon economy by 2050¹.

Renewable, green hydrogen, 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 to help support a more sustainable world.

At RS we are increasing our support of the offshore wind industry (see sustainability in action to the right) and the EV charging market. We are focused on building our capability and relationships to serve these sectors better and we want to partner with our suppliers to offer the product and service solutions they need to grow.

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

SUSTAINABILITY IN ACTION

ADVANCING ESG SOLUTIONS

The offshore wind sector has seen, and will continue to see, exponential growth, as demand for clean energy and support for sustainability initiatives increase. As an organisation committed to providing ESG solutions to our customers, we have identified a unique opportunity to enhance our position in the UK offshore wind sector.

According to Offshore Renewable Energy (ORE) Catapult, the UK's leading innovation centre for offshore renewable energy, the UK offshore wind maintenance, repair and operations market is projected to reach £1.3 billion per year by 2030².

In 2022/23, RS was selected to participate in a business transformation programme with the Offshore Wind Growth Partnership, part of ORE Catapult, to enhance our position as a supplier to the offshore wind industry through dedicated market intelligence, insight and business support. This has been instrumental in helping us to build a sophisticated value proposition, establishing RS as first-choice for customers in this sector.

By increasing our activity and visibility at what is a pivotal point for the offshore wind sector, we are well placed to deliver long-term value for our shareholders.

2. Source: www.great.gov.uk/international/content/investment/sectors/offshore-wind/.



Supplier engagement

By 2029/30 we want to commit to engage 67% of suppliers by spend to set SBTs by 2025.

Suppliers by spend setting SBTs

25%

6 pts increase from 2021/22

With over 2,500 direct suppliers and more than 750,000 stocked products, it is 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. However, more progress is needed if we are to stay on track to achieve our ambitious 2025 target. We know that setting SBTs has a strong impact on carbon reduction.

During 2022/23, we engaged with over 400 key 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 product 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.



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 product 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. It is essential that we build skills to inspire the next generation of innovators – to ensure our sector and business have both 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 commitments and progress

2030 ACTIONS

PERFORMANCE

STATUS COMMENTARY

READ MORE

<p>Inspiring future engineers and innovators:</p> <ul style="list-style-type: none"> – Reach one million young people with educational technologies, learning content and skills development 	<p>471,000</p> <p>young engineers and students reached through educational programmes, products and DesignSpark platform since 2020/21</p>	<p>●</p> <ul style="list-style-type: none"> – Increased the number of students we engage with by 12% this year through our enhanced education programme 	<p>See page 59</p> <p>ESG Report rsgroup.com/esg</p>
<p>Purpose-driven innovation:</p> <ul style="list-style-type: none"> – Engage with 1.5 million engineers and innovators in creating socially responsible and sustainable solutions 	<p>319,000</p> <p>engineers and innovators engaged in purpose-driven innovation initiatives since 2020/21</p>	<p>●</p> <ul style="list-style-type: none"> – 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 	<p>See page 60</p> <p>ESG Report rsgroup.com/esg</p>
<p>Social impact partnerships:</p> <ul style="list-style-type: none"> – Support our social impact partners to develop solutions that improve lives – including supporting The Washing Machine Project (TWMP) to help 100,000 people in need 	<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>	<p>●</p> <ul style="list-style-type: none"> – 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 	<p>See page 61</p> <p>ESG Report rsgroup.com/esg</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

More information is available in our full ESG scorecard: www.rsgroup.com/ESG



Inspiring future engineers and innovators

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

Our global education programme

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.

Number of young engineers and students reached through educational programmes, products and DesignSpark platform

471,000

12% increase from 2021/22

Our global education offering overview:

SCIENCE, TECHNOLOGY, ENGINEERING AND MATHS (STEM) LEARNING – OKDO	EDUCATIONAL PRODUCTS / SERVICES – GRASS ROOTS	ENGINEERS AND INNOVATORS – DESIGNSPARK
<p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p>	<p>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.</p> <p>Curious minds from all walks of life use our design resources, programming software and technology updates to improve productivity and innovate responsibly.</p>
<p>Key actions in 2022/23</p> <ul style="list-style-type: none"> – Sponsored the FIRST LEGO League¹ 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 – 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 – Signed a distribution agreement with ROCK, a series of next generation single-board computers designed to target industrial customers and the education sector 	<p>Key actions in 2022/23</p> <ul style="list-style-type: none"> – Global roll out of Grass Roots' education programme to 10 countries across the globe – Held Grass Roots' annual flagship event REflect, designed to inspire young people from global ethnic majority backgrounds into STEM – Sponsored 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 	<p>Key actions in 2022/23</p> <ul style="list-style-type: none"> – Launched DesignSpark 2.0, a new subscription-based service (free until 31 March 2023) which provides members with more access to the bill of materials and sustainability-related information – Championed #ActivistEngineering projects 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 – One example is the Breathe Better Bear, which is designed to monitor air quality at schools. The innovative device is currently being used in Malta to make poor air quality more visible so that actions can be taken to improve environments for school children
<p>More information ESG Report: rsgroup.com/esg www.okdo.com</p>	<p>More information ESG Report: rsgroup.com/esg uk.rs-online.com/web/content/discovery/education</p>	<p>More information ESG Report: rsgroup.com/esg www.rs-online.com/designspark/home</p>

1. <https://www.firstlegoleague.org/>

2. <https://www.imeche.org/events/formula-student>

ESG continued

Purpose-driven innovation

By 2029/30 we want to engage with 1.5 million engineers and innovators in creating socially responsible and sustainable solutions.

Number of engineers and innovators engaged

319,000

16% increase from 2021/22

As a purpose-driven business at the heart of the global industrial sector, we are passionate about nurturing innovative technologies and purpose-driven engineering 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.



RS Group plc

Q CHAMPIONING EDUCATION IN ACTION

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 TWMP.

Ten shortlisted teams participated in masterclasses and a mentoring programme for six weeks to help them develop their idea in preparation for the virtual final pitch day. The masterclasses were focused on assisting the teams to build a strong value proposition and business fit for the solution with consideration of 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

19

Teams entered the championship and 30 RS colleagues participated as mentors and judges.



Annual Report and Accounts for the year ended 31 March 2023

60

Social impact partnerships

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.

Amount raised for TWMP

£330,000¹

£218,000 to 2021/22

Total number of lives impacted

28,000²

1,260 to 2021/22

The Washing Machine Project

70% of the world's population do not have 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 girls in low-income communities around the globe.

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

In 2022/23 we worked with the TWMP to support refugees from Ukraine who were living in Poland, by donating five electric washing machines and a tumble dryer to the refugee centre in Warsaw. We also supplied RS PRO parts for the construction of Divya 1.55, the latest version of the manual-crank washing machine.

Employees from across the organisation have volunteered several hundred hours of their time to assist with TWMP this year. Technical and non-technical 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 support communities in Uganda, Kenya and the US.

Engineers Without Borders International

We have 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 20,000 students a year 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.

1. Total raised since 2019/20.

2. Total number of lives impacted since 2019/20.

WHAT'S NEXT?

> Inspiring future engineers and innovators:

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

> Purpose-driven innovation:

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

> Social impact partnerships:

- Support TWMP to roll out additional projects around its mass manufacturing and distribution strategy and its next community pilot 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.



Our commitments and progress

2030 ACTIONS	PERFORMANCE	STATUS	COMMENTARY	READ MORE
Engaged employees: – Achieve and maintain an employee engagement score in the top 10% of high-performing companies	78 employee engagement score (out of 100)	●	– Improved from 75 in 2021/22 and achieved our highest score to date	See page 63 ESG Report rsgroup.com/esg
Diversity and 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	30% women in senior leadership roles 11% ethnically diverse senior leaders	●	– 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 page 63 ESG Report rsgroup.com/esg
Health, safety and wellbeing: – Aim for zero accidents involving our people	0.40 25% improvement in our all accident frequency ¹ since 2021/22	●	– 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 66 ESG Report rsgroup.com/esg
Volunteering: – Inspire 50% of colleagues to volunteer to support their communities and build new skills	18% of employees have volunteered in the last two years	●	– Continued support from our people has resulted in a 15 percentage point increase this year. However there is more work to do to reach our goal	See page 66 ESG Report rsgroup.com/esg

1. Per 200,000 hours.

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

More information is available in our full ESG scorecard: www.rsgroup.com/ESG

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 purpose-led, high-performance and inclusive culture and making this our greatest differentiator. We have a clear people strategy and plan for the next year, which sets out where we are investing in our people and culture to support our strategy.

Engaged employees

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

Employee engagement score

78

Up from 75 in 2021/22

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 c. 670 managers globally.

Joan Wainwright, a Non-Executive Director and one of the designated employee engagement directors, met with representatives from our employee resource groups (ERGs) during a visit to Corby, UK, in March 2023.

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.



D&I

By 2029/30 we want to ensure our global 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.

% of female leaders

30%

2 pts decrease from 2021/22

% of ethnically diverse leaders

11%

Not reported in 2021/22

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

In 2022/23 we introduced our first global D&I survey, which has been informed by our 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 cultural intelligence to build trust and 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 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.

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

RS also featured in the FTSE Women's Review for a second consecutive year, published in March 2023. This is a UK government-backed independent, voluntary and business-led initiative aimed at increasing female corporate representation.

Overall we were placed 54 in the review, which is down on our previous ranking of 33. We 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](https://www.rsgroup.com/esg).

For the full year ending 31 March 2023, we complied with the Financial Conduct Authority's diversity reporting requirements regarding gender and ethnic diversity of the Board and Management.

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.

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.

Gender and ethnicity split at 31 March 2023

Gender	Total employees		Management ^{1,2,5}		Board of Directors ^{3,4,5}		Chair, CEO, CFO and Senior Ind Director ^{3,4,5}	
	2023	2022	2023 ⁶	2022	2023	2022	2023	2022
Female	4,206 (48%)	3,843 (50%)	42 (30%)	42 (32%)	4 (44%)	4 (44%)	1 (25%)	1 (25%)
Male	4,562 (52%)	3,811 (50%)	96 (70%)	89 (68%)	5 (56%)	5 (56%)	3 (75%)	3 (75%)
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 on pages 77 and 78.
7. 101 of our 138 senior managers self-reported their ethnicity via the employee database and 11 managers identified as ethnically diverse (non-white).

Capability development

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. Additionally, we ran an Include Me development programme designed to promote an inclusive culture, which was experienced by c. 300 leaders between January and May 2022.

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 RS Americas is partnering 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.

We continue to provide apprenticeships and in 2022/23 we supported 267 colleagues in the UK to develop their knowledge, skills and behaviours in roles that include various levels of management, data analytics, project management and business transformation. RS in the UK is 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.

Reward and benefits

Our Group reward policy ensures base pay levels are set to ensure we pay a real-living wage, are competitive to attract and retain top talent and offer market-leading bonus and long term incentive plans (LTIPs).

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

In response to the cost of living crisis, in 2022/23 we supported our people through this difficult period, 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 (see remuneration in action on page 122)
- 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 (see page 120)

Top 100

For the second consecutive year, RS ranked in the Top 100 Apprenticeship Employers in the UK for 2022

RS Group plc

EMPOWERING OUR PEOPLE IN ACTION

AMAZING LEADERS

Our Amazing Leaders framework (show passion, act with humility, demonstrate trust) is the blueprint for leadership across RS. 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 grow a more purpose-led culture.

All new leaders joining the organisation are invited to participate in a small group session to explore Amazing Leaders and identify the personal development that is important to them. Our goal is to ensure that all leaders know what good looks like and take personal ownership and responsibility for becoming the best leader they can be for their people, using the tools and resources that RS provides.

>200

leaders from across the Group joined our Global Leaders Event in April 2022



Health, safety and wellbeing

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

All accident frequency rate (per 200,000 hours)

0.40

25% improvement from 2021/22

Target Zero performance

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

Our 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. In Asia Pacific, we were able to conduct remote visual audits of our operations

in order to keep people safe in the region, which has been particularly advantageous due to travel restrictions. In 2022/23 we completed 17 visual inspections.

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 Group. We have 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.

	2023	2022	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%

For more health & safety data please visit our ESG data centre: www.rsgroup.com/ESG

Volunteering

By 2029/30 we want to inspire 50% of our employees to use their volunteer time to have a positive impact on global communities.

% of employees who have volunteered in the last two years

18%¹

3% in 2021/22

Each year, our employees receive two days paid leave to volunteer at charitable initiatives and good causes that boost their physical and mental wellbeing, as well as benefiting the communities that surround us.

In 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 page 61). 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.

1. Includes the 3% recorded in 2021/22.





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 improve our diversity data across all of our businesses and markets

> Capability development:

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

> Health, safety and wellbeing:

- 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.

We are committed to raising environmental and ethical standards across our supply chain through our responsible procurement approach and ESG supplier action plan. To support this, we are introducing ESG objectives into our supplier partnerships, starting with our strategic suppliers.

Our commitments and progress

2030 ACTIONS	PERFORMANCE	STATUS	COMMENTARY	READ MORE
Incentivising ESG progress: – ESG-related targets included in our employee rewards programme across all levels and geographies	50% of employees had their annual incentive aligned to Group carbon reduction in 2022/23	●	– 50% of employees were incentivised to deliver our Scope 1 and 2 carbon emissions reduction targets in 2022/23	See page 70 ESG Report rsgroup.com/esg
Responsible supply chain: – Evaluate our suppliers against our high ethical and environmental standards. Set ESG objectives for strategic suppliers	52% of suppliers by spend signed our ethical trading declaration	●	– 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 71 ESG Report rsgroup.com/esg
	50% of suppliers by spend have an EcoVadis membership	●		
	49% of RS PRO suppliers by spend with a Sedex membership	●		

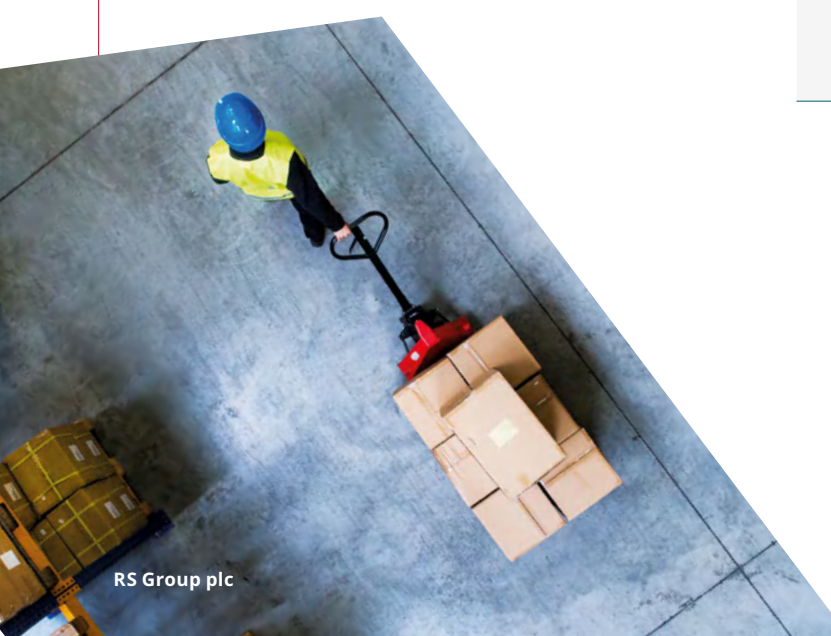
Status key

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

More information is available in our full ESG scorecard: www.rsgroup.com/ESG



ESG governance

Strategic oversight from the top

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 the ESG solutions function to ensure dedicated oversight for delivery of our 2030 action plan across RS and with our stakeholders, while supporting business growth through the 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.

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.

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 1) including being awarded a AA by MSCI and being included in the Dow Jones Sustainability Indices 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), 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.

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 supported us in preparation for the ISSB standards which are due to be finalised in 2023/24.

We are also members of the United Nation's Global Compact (UNGC) and our priorities are aligned to six UN SDGs. For further standards and compliance please see our ESG Report and assurance of our data by ERM CVS (pages 77 and 78).

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.

To read more about our ESG approach, performance and progress, our 2022/23 ESG Report can be found here: rsgroup.com/esg.

Strong governance, ethics and compliance approach

Modern Slavery

We have a responsibility both as a business and as individuals to tackle any form of modern slavery. We will not tolerate, facilitate or condone any form of modern slavery across our business or throughout our supply chains. This is supported through the commitment to, and compliance of, our employees, suppliers and third-party providers with our RS Group anti-slavery and human trafficking policy.

Ethics

We have a broad set of ethical standards for our people and suppliers. Our procurement policy is to only source products and services from those that meet, or are willing to take action to meet, those standards. This is made clear to all our employees through our Code of Conduct and to our suppliers through our ethical trading policy.

Whistleblowing

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

In 2022/23, we received 38 Speak Up reports globally and they were reviewed and monitored by our Audit Committee (see page 111). Appropriate actions were taken to address them. We continued to deliver Speak Up training, awareness and refresher campaigns across the Group.

Anti-bribery and corruption

We have a zero-tolerance stance on all forms of bribery and corruption and are committed to conducting our business affairs in line with UNGC Principle 10. Our Group-wide anti-bribery policy covers our stance on bribes, gifts and hospitality, facilitation payments, political and charitable contributions. In the anti-bribery campaign which finished in 2022/23, 90% of our employees in higher risk markets and roles (c. 2,000 employees) completed the anti-bribery training.

Data and information security

We have a robust information security programme, 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 (see page 44).

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. See managing risks in action on page 41.

Privacy

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.

ESG continued

Incentivising ESG progress

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

Incentivising ESG 2022/23 progress

8

ESG metrics in the Group RS Way performance scorecard

50%

of employees with carbon reduction in annual bonus

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 Group carbon reduction and 89 of our senior leaders participate in the J2G LTIP 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.

DOING BUSINESS
RESPONSIBLY IN ACTION

DIVERSIFYING OUR SUPPLY CHAIN

At RS, we believe that promoting diversity and inclusion within our own business and across our value chain leads to greater innovation, better decision making and ensures we can recruit and retain top talent to our industry.

We have set specific diversity targets to ensure our team reflects the communities we serve by working towards 40% of our leaders being women and 25% ethnically diverse by 2030. Also, we ask our supplier partners to prioritise diversity and inclusion within their own businesses and sourcing programmes with their suppliers.

As part of this commitment, we have established our first supplier diversity and inclusion programme within the RS Integrated Supply business in the US. We have chosen to start in the US as supplier diversity within procurement is already a mature and best practice approach there due to supporting regulation. It is also a high priority for our customers.

Our aim is to provide opportunities to businesses that have historically been underrepresented in global supply chains by making it easier for them to partner with us. By working with small, disadvantaged, women-owned, ethnically diverse and other underrepresented businesses we are building stronger and more diverse supply chains, which ultimately helps to create more equal communities and resilient local economies.

We will consider expanding this to other countries in the future, as our experience and stakeholder priorities increase.



Responsible supply chain

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

Suppliers signed our ethical trading declaration¹

52%

23 pts increase from 2021/22

Suppliers have committed to SBTi¹

25%

6 pts increase from 2021/22

Suppliers with EcoVadis membership¹

50%

10 pts increase from 2021/22

RS PRO suppliers are Sedex members¹

49%

19 pts increase from 2021/22

1. Suppliers by spend.

Embedding ESG standards with our key suppliers

It is vital that businesses across the value chain are aligned on the issues that matter most and collaborating 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 upfront in our supplier engagement process, we can ensure that we are prioritising suppliers that share our values and that display clear evidence of taking ESG improvement actions both within their own businesses and with their partners.

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 our 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 requalification 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
- **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 pages 37 and 57). The handbook is available on our website: rsgroup.com/esg
- **225 suppliers attended six webinars with EcoVadis** in March 2023, to share the platform, benefits of getting rated and best practice in the four key areas of environment, labour and human rights, ethics and sustainable procurement
- **Held EcoVadis training for c. 120 employees** in product and supplier management roles

+ **More information in our ESG Report: 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 launching Better World products, EcoVadis, Sedex, SBTi and Scope 3 emission reporting to set objectives and drive progress

TCFD: OUR PROGRESS

The progress table on pages 73 and 74 is a summary of our most material actions taken in 2022/23 as we believe that this is the most valuable information to our stakeholders. Where possible, we have made use of the TCFD Final Report and Annexes (October 2021), and technical supplements for our quantitative modelling and scenario analysis. We will continue to use these resources to strengthen our disclosure in the future.

For an in-depth overview against all 11 recommendations, please review our standalone TCFD factsheet at: rsigroup.com/esg

FINANCIAL IMPACT OF CLIMATE CHANGE – CURRENT ASSESSMENT

In 2021/22 we published our first TCFD disclosure which was consistent with the 11 recommendations and was well received by our stakeholders. Our 2022/23 disclosure builds on this and reflects progress made, specifically in relation to quantitative climate-modelling of our CRROs. Below we provide a summary of the results.

Through our ongoing work in 2022/23, we identified five key CRROs:

Transition:

1. Changes in market demand and customer segments (risk / opportunity)

- Opportunity: growth in customer segments linked to the low carbon economy (e.g. renewables or EVs) and product categories that enable the net zero transition e.g. automation and control products that reduce energy consumption
- Risk: decline in traditional customer segments reliant on fossil fuels and product categories that aren't required in the low carbon economy

2. Logistics decarbonisation (risk)

Risk: increased costs associated with carbon freight taxes and low carbon technologies

3. Reduced emissions and energy costs by installing solar panels at DCs (opportunity)

Physical:

4. Impact of extreme heat on our DCs (risk)

5. Impact of extreme weather (storms / floods / landslides on DCs (risk))

At the time of publication of this Annual Report, we have complied with the requirements of Listing Rule 9.8.6R, by including climate-related financial disclosures that are consistent with the TCFD recommendations across its four pillars and 11 recommendations.

For further information on how we embed action on our CRROs across our governance, strategy, financial investments, risk management and metrics and targets see our TCFD Factsheet 2022/23.

In 2022/23 we conducted a quantitative financial analysis of our CRROs across different time horizons and scenarios in order to provide further granularity around the financial impact of our key climate-related risks and opportunities. The basis of the financial models is the existing RS Group five-year strategic plan and capital allocations. Selected climate scenarios were overlaid onto these and projected out to 2050 to show how the business plan may be impacted under various climate scenarios.

We modelled the unmitigated financial impact range of the transition risks and opportunities under three different climate scenarios from the International Energy Agency, which were used in our previous TCFD analysis, reflect best practice

and are consistent with the CDP. For physical risks, we used two Intergovernmental Panel on Climate Change Representative Concentration Pathways (RCPs) – see reference table on page 75.

We identify the timeframe for when the risk / opportunity is likely to emerge:

- Short-term: 0–5 years
- Medium-term: 5–10 years
- Long-term: 10–100 years

There are no short-term CRROs identified and therefore we have modelled our medium and long-term CRROs in the table on page 76.

In 2022/23 a £3.7 million investment was approved to begin decarbonising our DC in Beauvais, France. Net zero costs for DCs have been built into the goodwill impairment on page 169.

Our key progress in 2022/23 included:

TCFD Pillar	2022/23 Highlights	More information	Future plans
Governance	– ESG solutions function formed which is focused on broadening the ESG solutions we offer our customers	See page 56	<ul style="list-style-type: none"> – Further embedding awareness, ownership and action relating to our CRROs with management teams across the Group – Reviewing and strengthening our ESG governance structure and developing climate skills at a Board, SMT and management level
	– Better World product range launched in UK and Republic of Ireland	See page 56	
	– Five ESG sessions held with the Board and Audit Committee in 2022/23, covering ESG solutions, launch of Better World products, 2030 ESG action plan, TCFD quantitative climate scenario analysis, actions, disclosures and results and ESG performance reporting	See pages 69, 94 and 97	
	– Strategic ESG solutions session with SMT and Board to support development of Better World products and new sustainability solutions for customers, and review net zero delivery progress and future initiatives	See page 69 See page 4 in TCFD 2022/23 standalone factsheet	
	– TCFD session held with the SMT and key functional management teams e.g., product and supply chain leadership team and ESG solutions team, to further embed awareness, ownership and action related to our CRROs	See page 69 See page 4 in TCFD 2022/23 standalone factsheet	
	– Formalisation of a net zero steering group to lead and coordinate global decarbonisation and net zero delivery across our operations	See page 4 in TCFD 2022/23 standalone factsheet	
Strategy	– Quantitative modelling of CRROs performed across a range of global warming outcomes from 1.4°C to 4.3°C	See below and pages 8 to 13 in TCFD 2022/23 standalone factsheet	<ul style="list-style-type: none"> – Increase Better World product range and roll out to other EMEA and US markets – Establish ESG solutions offerings for customers – Grow support to low carbon industries e.g. UK offshore wind and EV industries – Advocating with suppliers and customers to focus on operational and product decarbonisation – Progress initiatives for net zero 2030 in direct operations: site decarbonisation at Beauvais, France, and Nuneaton, UK; energy management across all DCs and continue switch to electric or hybrid vehicles – Establish ESG strategy, initiatives and reporting in new acquisitions: Risoul and DH – New capital expenditure requirements for net zero activities will continue to be built into the financial five-year plan, as they are defined – Preparing our climate transition plan in preparation for UK TPT
	– ESG solutions function formed with customer sustainability propositions a key focus e.g., Better World products launched in UK and Republic of Ireland, new services to help customers save energy and achieve climate goals such as RS Industria® (see page 16), as well as to establish RS as a leading maintenance, repair and operations provider for low carbon growth industries e.g. UK offshore wind sector	See page 56	
	– RS leading suppliers and industry to focus on development of sustainable product and service solutions, as well as serving low carbon industries	See pages 56 and 71	
	– Increased sustainable packaging and logistics optimisation to support our customers' climate goals. In 2022/23 we reduced packaging intensity by 32% and Scope 3 product transport emissions intensity by 28% since 2019/20	See pages 54 and 55	
	– ESG supplier action plan launched with EMEA and Integrated Supply suppliers. Key actions around product sustainability, carbon reduction and setting SBTs	See page 71	
	– Net Zero transition plans outlined with Scope 1, 2 and 3 carbon emissions targets and initiatives to decarbonise our DCs, transport network and products – validation in progress with SBTi	See pages 51 and 52	
	– £3.7 million financial investment approved to begin decarbonising our DC in Beauvais, France (e.g. solar panels on roof, heat pumps for space heating) and funding approved to scope activities at Nuneaton, UK DC. Further pipeline of net zero energy management projects underway worldwide	See page 51	
	– Strategy to acquire businesses with stakeholder value-creation opportunities and product offerings that support sustainability. ESG is a key workstream for due diligence and integration in acquisitions including with Risoul and DH. Year one priority is to obtain robust climate-related data and establish a pipeline of decarbonisation initiatives for energy, buildings and vehicles	Pages 6 and 7 of TCFD 2022/23 standalone factsheet	

TCFD Pillar	2022/23 Highlights	More information	Future plans
Risk	– High level CRRO risk register and mitigation plans developed with functional and regional business owners	Page 14 of TCFD 2022/23 standalone factsheet	<ul style="list-style-type: none"> – Group risk team embedding CRRO risk register with market and functional leaders – Proactive climate business continuity planning for Fort Worth, US, in line with exposure risk to physical effects of extreme weather events
	– Strategies and controls in place to mitigate physical climate-related risks on operations and wider supply chain	Page 11 of TCFD 2022/23 standalone factsheet	
	– Review of ESG impacts incorporated at due diligence stage of acquisitions and net zero investment lines added to integration plans	See pages 4, 6 and 14 of TCFD 2022/23 standalone factsheet	
Metrics and targets	– Progressing towards 2030 net zero target with 58% reduction in direct carbon emissions since 2019/20 and a 28% reduction in Scope 3 product transportation intensity (links to physical risks and logistics decarbonisation costs)	See pages 50, 52 and 55	<ul style="list-style-type: none"> – Further Scope 3 carbon emissions reporting refinement to provide more robust and granular data and move to an activity-based reporting model for supplier and product categories. Greater focus on Scope 3 action plans and increased disclosure of initiatives and progress – Re-baselining targets for Scope 1 and 2 carbon emissions, packaging intensity and Scope 3 product transportation emissions – Finalising validation of our Scope 1, 2 and 3 targets with the SBTi
	– Carbon intensity reduced by 72% since 2019/20 (links to physical risks)	See page 53	
	– Progressing validation of our Scope 1, 2 and 3 carbon targets with SBTi (links to all CRROs)	See page 52	
	– In 2022/23, we conducted a Scope 3 assessment and this identified purchased goods and services and upstream transport and distribution (product transportation) as our two most material categories. As such we have disclosed these two categories on page 55 and had the methodologies and data externally assured. We will also provide more detail on our wider Scope 3 emissions categories in our ESG Report: rsgroup.com/esg (links to transition CRROs)	See page 55	
	– Sustainability-linked loan facility increased to £400 million and extended to five years, aligned to carbon reduction goals and supports net zero DC investment (links to physical risks and logistics decarbonisation costs)	See page 70	
	– 50% employees have their annual incentive aligned to Group climate reduction goals (links to physical risks)	See page 70	
	– Internal shadow carbon price applied and reported by businesses in an RS Carbon Reduction League for direct operations, business travel and product transportation (links to physical risks and solar panel opportunity)	See page 51	
	– Five climate metrics monitored by the SMT quarterly and Board twice a year as part of The RS Way scorecard include: carbon emissions, packaging intensity, percentage of waste recycled, product transportation, percentage of suppliers by spend signed up to SBTi (links to all CRROs)	See pages 50 to 57	
	– Key CRRO metrics being monitored by relevant functional management teams include: <ul style="list-style-type: none"> ◦ Physical – DC and office temperatures, employee productivity and wellbeing, energy reductions ◦ Transition – Better World products and ESG solutions revenue, freight costs and carbon intensity 	See pages 10 to 13 of TCFD 2022/23 standalone factsheet	
	– Overall CDP climate leadership score of A- and A for supplier engagement (links to all CRROs)	See page 1	

KEY FINDINGS

1. Products

- The revenue opportunity for sustainable products and services and targeting new customer segments linked to the low carbon transition is significant
- We are focusing on growing our existing product mix, introducing new sustainable product and service solutions and targeting low carbon customer segments. With our diversity and agility – we are well placed to capitalise on this opportunity



2. Logistics

- Costs for logistics are likely to increase due to decarbonisation of transport technologies and increasing carbon taxes
- Decarbonising our logistics emissions by modal shift, supply chain localisation and optimisation and sustainability KPIs for logistics providers remains a high priority to reduce cost and carbon impacts and meet customers' growing sustainability requirements



3. Physical

- Our exposure to the physical effects of climate change is limited
- Our DCs are in areas of low likelihood of physical disruption, with the exception of Fort Worth, US, where we are doing proactive DC improvements and insurance and business continuity planning



+ Further information can be found in our standalone TCFD 2022/23 factsheet: [rsgroup.com/esg](https://www.rs-group.com/esg)

Temperature rise/stabilisation by 2100

Transition scenarios

NZE – The Net Zero Emissions by 2050 ¹	1.4°C stabilisation
APS – The Announced Pledges Scenario ²	2.1°C rise
STEPS – The Stated Policies Scenario ³	2.6°C rise

Physical pathways

RCP 8.5 – Representative Concentration Pathway 8.5 ⁴	4.3°C rise
RCP 4.5 – Representative Concentration Pathway 4.5 ⁵	2.4°C rise

1. Maps out a way to achieve a stabilisation in the rise in global average temperatures by 2100, alongside universal access to modern energy by 2030.
2. Assumes that all aspirational targets announced by governments are met on time and in full, including their nationally determined contributions, long-term net zero and energy access goals.
3. Does not take for granted that governments will meet all announced goals and instead looks at where the energy system might evolve to without additional policy implementation, looking at existing policies and measures and those under development.
4. A pathway where greenhouse gas emissions continue to grow unmitigated, leading to a best estimate global average temperature rise of 4.3°C by 2100.
5. A moderate scenario in which emissions peak at about 2040 and then decline, leading to a best estimate global average temperature rise of 2.4°C by 2100.

ESG continued

High level results of the quantitative financial scenario analysis of our CRROs are shown below, with the financial impact of each risk / opportunity shown in the key.

		Definition	Raw risk / opportunity						Mitigating activity cost	Residual risk / opportunity					
			Medium-term financial impact (£m p.a. as at 2030)			Long-term financial impact (£m p.a. as at 2050)			Investment	Medium-term financial impact (£m p.a. as at 2030)			Long-term financial impact (£m p.a. as at 2050)		
			NZE	APS	STEPS	NZE	APS	STEPS		NZE	APS	EPS	NZE	APS	STEPS
Transition															
Risk	1a. Product: changes in customer segments and product demand	Decline in traditional customer segments reliant on fossil fuels and product categories that are not required in the low carbon economy	1	1	1	1	1	1	1	1	1	1	1	1	
Risk	2. Logistics: decarbonisation costs	Increased costs associated with carbon freight taxes and low carbon technologies	1	1	1	1	1	1	1	1	1	1	1	1	
Opp	1b. Product: changes in customer segments and product demand	Growth in customer segments linked to the low carbon economy and product categories that enable the net zero transition	2	1	1	3	2	1	1	2	1	1	3	2	1
Opp	3. DC solar generation	Solar panels on DCs to reduce energy costs and increase resilience	1	1	1	1	1	1	1	1	1	1	1	1	
Physical															
Risk	4. Physical: Impact of extreme heat on DCs	Increased costs associated with cooling systems or potential impacts on the health, safety and wellbeing of our DC people which could reduce productivity	1	1	1	1	1	1	1	1	1	1	1	1	
Risk	5. Physical: Impact of severe weather on DCs	Flooding and storms have the potential to disrupt our operations and logistics and cause physical damage to our infrastructure	1	1	3	1	1	2	1	1	1	2	1	1	2

Impact key:**Risks****Opportunities**

This impact key is aligned with how we measure our global risks and was also used to distinguish the financial impact of our key ESG material issues, as shown on page 9.

Very high (5)	Very high (5)	Group / region / business e.g. EMEA, Asia Pacific, Americas, Integrated Supply – Greater than 32% of operating profit
High (4)	High (4)	Group / region / business e.g. EMEA, Asia Pacific, Americas, Integrated Supply – Between 24% and 32% of operating profit
Medium (3)	Medium (3)	Group / region / business e.g. EMEA, Asia Pacific, Americas, Integrated Supply – Between 16% and 24% of operating profit
Low (2)	Low (2)	Group / region / business e.g. EMEA, Asia Pacific, Americas, Integrated Supply – Between 8% and 16% of operating profit
Very low (1)	Very low (1)	Group / region / business e.g.. EMEA, Asia Pacific, Americas, Integrated Supply – Less than 8% of operating profit

See pages 11 to 13 of our TCFD factsheet for the actions and key metrics monitored for each of our CRROs.

ESG ASSURANCE

Independent limited assurance statement to RS Group plc

ERM Certification and Verification Services Limited (ERM CVS) was engaged by RS Group plc (the Group) to provide limited assurance in relation to the selected information set out below and presented in RS Group's 2022/23 Annual Report and Accounts (the Report).

Engagement summary	
Scope of our assurance engagement	<p>Whether 2022/23 data for the following ESG key performance indicators (KPIs) shown on pages 53 to 55 and 64 of the Report are fairly presented, in all material respects, with the reporting criteria:</p> <ul style="list-style-type: none"> – Total Scope 1 and Scope 2 GHG emissions (tonnes CO₂e) – Total Scope 3 GHG emissions from the following categories (tonnes CO₂e): <ul style="list-style-type: none"> ◦ Category 1 – Purchased goods and services ◦ Category 4 – Upstream transportation and distribution – Carbon intensity (tonnes of Scope 1 and 2 CO₂e per £ million revenue) – Product transportation emissions intensity (tonnes CO₂e per tonne of product sold) – Packaging intensity (tonnes per £ million revenue) – Percentage of management that are women (percentage)
Reporting period	– 2022/23 (1st April 2022 – 31st March 2023)
Reporting criteria	<ul style="list-style-type: none"> – WBCSD/WRI GHG Protocol Corporate Accounting and Reporting Standard (2004, as updated in 2015 with the Scope 2 Guidance) for the Scope 1 and Scope 2 GHG emissions – WBCSD/WRI GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard for the Scope 3 GHG emissions – The Group's internal definitions (basis of reporting) for the packaging intensity and percentage of management that are women KPIs, as described on pages 54 and 64 of the Report
Assurance standard and level of assurance	<p>We performed a limited assurance engagement, in accordance with the International Standard on Assurance Engagements ISAE 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Standards Board.</p> <p>The procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.</p>
Respective responsibilities	<p>The Group is responsible for preparing the Report and for the collection and presentation of the information within it, and for the designing, implementing and maintaining of internal controls relevant to the preparation and presentation of the selected performance data.</p> <p>ERM CVS's responsibility is to provide conclusions to the Group on the agreed scope based on our engagement terms with the Group, the assurance activities performed and exercising our professional judgement. We accept no responsibility, and deny any liability, to any party other than the Group for the conclusions we have reached.</p>

Our conclusion

Based on our activities, as described below, nothing has come to our attention to indicate that the 2022/23 data for the ESG KPIs listed under Scope above and shown on pages 53 to 55 and 64 of the Report are not fairly presented, in all material respects, with the reporting criteria.

Our assurance activities

Considering the level of assurance and our assessment of the risk of material misstatement of the performance data, a multi-disciplinary team of sustainability and assurance specialists performed a range of procedures that included, but was not restricted to, the following:

- Assessing the appropriateness of the reporting criteria for the selected ESG KPIs
- Interviews with the Group management personnel and external consultants responsible for the management of the ESG KPI data to understand and evaluate the data management systems and processes (including internal review processes) used for measuring, collecting and reporting the ESG KPI data
- In-person site visits to three RS Group operating facilities in the United Kingdom, Germany and France to review the data measurement, collection and reporting processes at the facility level and to test the consistency of reported 2022/23 data for the energy and fuel use underlying the GHG emissions and for packaging with underlying source data and related documentation
- An analytical review of the 2022/23 data for all the Group locations included in the reporting boundary, including a review of the completeness of the data and of the mathematical accuracy of the consolidation of the data
- A review of the unit conversion and emission factors used in the calculation of the GHG emissions data and the alignment of these factors with the relevant sources
- A review of the definition of management roles applied by the Group in the calculation of the percentage of management that are women, and a review of employee data by gender and grade
- A review of the presentation in the Report of the data relevant to the scope of our work, to ensure consistency with our findings



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www.ermcvs.com
Email: post@ermcvs.com

The limitations of our engagement

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

Our independence, integrity and quality control

ERM CVS is an independent certification and verification body accredited by the United Kingdom Accreditation Service to ISO 17021:2015. Accordingly, we maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. Our quality management system is at least as demanding as the relevant sections of ISQM-1 and ISQM-2 (2022).

ERM CVS applies a code of conduct and related policies to ensure that its employees maintain integrity, objectivity, professional competence and high ethical standards in their work. Our processes are designed and implemented to ensure that the work we undertake is objective, impartial and free from bias and conflict of interest. Our certified management system covers independence and ethical requirements that are at least as demanding as the relevant sections of Parts A & B of the IESBA Code relating to assurance engagements.

The team that has undertaken this assurance engagement has extensive experience in conducting assurance on environmental, social, ethical and health and safety information, systems and processes, and provides no consultancy related services to the Group in any respect.

Gareth Manning
Partner, Corporate Assurance
UK, London

19 May 2023