Environmental, social and governance (ESG)

CREATING VALUE FOR A BETTER WORLD

+ Read more about our ESG approach at: rsgroup.com/sustainability

FOR A BETTER WORLD

Our purpose, making amazing happen for a better world, reflects our commitment to delivering results for people, planet and profit. To create value for all our stakeholders, our 2030 ESG action plan targets four global goals and 15 actions where we are driving positive change.

Our 2030 ESG action plan

We continue to take ESG action to support our 1.1 million customers, c. 9,000 people and over 2,500 global suppliers. By targeting the Group's most material ESG actions, as identified through our Corporate Sustainability Reporting Directive (CSRD) aligned double materiality assessment, we are enabling our strategy, strengthening relationships and generating value for all our stakeholders.

Our ESG action plan supports six UN SDGs. A summary of progress against each of our global goals and key action areas can be found in the table below, with detailed progress updates against all 15 actions outlined on pages 42 to 61.

All 2023/24 and 2022/23 ESG data now includes post-acquisition data for businesses acquired by the Group in 2022/23 and 2023/24, unless stated otherwise.

To read more about our ESG approach, including our methodology for collecting and calculating ESG data, accounting for acquisitions and historical performance, head to: **rsgroup.com/sustainability**

OUR 2030 ESG ACTION PLAN

MAKING AMAZING HAPPEN FOR A BETTER WORLD

Supporting six United Nations Sustainable Development Goals (UN SDGs):

4 QUALITY EDUCATION
5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

GLOBAL GOALS	KEY ACTION AREAS	PERFORMANCE HIGHLIGHTS		
Advancing sustainability Developing sustainable operations and product and service solutions for our customers and suppliers	**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	**61%** reduction in Scope 1 and 2 emissions since 2019/20 excluding acquisitions[1]	**53%** of our packaging has >50% recycled content, an increase of 6% pts since 2022/23	**26%** reduction in Scope 3 transport emissions intensity[2] since 2019/20
Championing education and innovation Partnering with education providers, building skills and fostering innovative solutions that improve lives	Building skills and fostering innovation with **1.5 million engineers** and **innovators**	**c. 5,200** educational institutions use our products in their teaching	**£628k** raised for The Washing Machine Project (TWMP) to improve lives since 2019/20	**1.4m** DesignSpark members, including professional design engineers and students
Empowering our people Creating a safe, inclusive and dynamic culture where everyone can thrive and grow	Working towards a diverse leadership team of **37% to 42% women** and **17% to 22% ethnically diverse** leaders[3]	**75** employee engagement score – down from 78 in 2022/23	**34%** of our senior leaders are women and 11% are ethnically diverse[4]	**46%** reduction in our all accident frequency rate[4] since 2019/20[5]
Doing business responsibly Ensuring the highest ethical standards throughout our business and global supply chain	Increasing screening and **ESG objectives for suppliers. ESG metrics** in **employee rewards** and **sustainability-linked loan (SLL)**	**45%** of employees have their annual incentives aligned to carbon reduction targets	**32%** of suppliers by spend set science-based targets (SBTs)	**66%** of RS PRO suppliers are Sedex members

1. Excludes acquisitions completed in 2022/23 and 2023/24. Scope 1 and 2 emissions have been updated to reflect reporting and emissions factor changes.
2. Tonnes of CO_2e due to Scope 3 transportation emissions per tonne of product sold.
3. We have updated our 2030 D&I actions in 2023/24. See pages 54 and 55 for more.
4. 102 of 128 senior managers self-reported ethnicity via the employee database (including not specified / prefer not to say) and 11 identified as non-white.
5. Per 200,000 hours worked.

ADVANCING SUSTAINABILITY

As a critical partner to the global industrial sector, we play an important role in advancing sustainability and tackling climate change.

By developing a cleaner and greener distribution service and providing sustainable product and service solutions, we can make a real and lasting impact and differentiate our brand as a strategic partner to our customers and suppliers.

2030 ACTIONS	PERFORMANCE	STATUS	COMMENTARY	READ MORE
By 2030 in our direct operations: – **Carbon emissions:** Be net zero with a SBT to reduce absolute emissions from our own operations by 75%[1]	**61%** reduction in Scope 1 and 2 emissions since 2019/20 excluding recent acquisitions[2,3]		Positive progress made from site energy savings, switching to renewable electricity and creating a net zero fleet. Including acquisitions, direct emissions increased by 19% from 5,700 tCO_2e in 2022/23 to 6,800 tCO_2e in 2023/24	Pages 43 to 46 **rsgroup.com/sustainability**
– **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	**35%** reduction in packaging intensity since 2019/20[4]		Packaging intensity decreased by 8% from 2022/23 and by 35% since 2019/20 with recent acquisitions included. Positive progress due to reducing customer packaging and using reusable eco-totes in internal systems	
– **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	**82%** of total waste recycled		Overall percentage of waste recycled improved as we continued to prioritise better waste segregation, recycling and reuse. For example, our global distribution centre (DC) in Nuneaton, UK increased its recycling rate from 74% to 87%	
Working towards a net zero global value chain by 2050: – **Product transportation:** Reduce Scope 3 transport emissions by 25% per tonne of product sold[1]	**26%** reduction in intensity of Scope 3 transport emissions since 2019/20[5]		Ongoing progress by prioritising modal shifts and optimising our supply chain to source, store and ship more products locally to customers through our distribution sites. However, our intensity KPI was impacted by a change in global emissions factors and supply chain challenges	Pages 47 to 49
– **Products and solutions:** Develop innovative and sustainable product and service solutions for all our customers, including offering 100,000 Better World products[1]	**c. 30k** products in the Better World product range		Increased Better World product range to c. 30,000 products from over 90 suppliers, available in 30 countries worldwide. We also launched new solutions to help our customers run their businesses more sustainably	
– **Supplier engagement:** Commit to engaging 67% of suppliers by spend to set SBTs by 2025	**32%** of suppliers by spend have set SBTs		Positive seven percentage point increase in suppliers setting SBTs during the year, but off track to meet our 2025 target. We will continue to engage suppliers in ESG action in 2024/25	

1. By 2029/30 from 2019/20.
2. Performance excludes acquisitions completed in 2022/23 and 2023/24.
3. Scope 1 and 2 emissions updated to reflect reporting and emissions factor changes.
4. Tonnes per £m revenue.
5. Tonnes of CO_2e due to Scope 3 transport emissions per tonne of product sold.

Status key

Each of our actions are broken down into annual targets that need to be met to remain on track to achieve our 2025 and 2030 goals. The key 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/sustainability**

Our net zero plan

Our ambition is to be net zero in our direct operations by 2030 and across our wider value chain by 2050. For RS, this means implementing our science-based emissions reduction targets across Scope 1, 2 and 3 emissions and using certified Gold Standard offsets for any additional residual, hard-to-abate emissions. To achieve this, we have set four SBTs which were validated by the SBTi in 2023/24 and cover the Group's most material operational activities, including our direct operations, logistics, suppliers and products. These targets and their supporting initiatives drive our decarbonisation approach in line with the 2015 Paris Agreement to limit global warming to 1.5°C above pre-industrial levels. Our detailed climate performance covering our direct and indirect activities can be found on pages 44 to 47, our Task Force on Climate-related Financial Disclosures (TCFD) response on pages 62 to 67 and our independent assurance statement from ERM CVS on pages 68 and 69.

Net zero across our direct operations by 2030 pages 44 and 45

We are committed to taking action to decarbonise our direct operations. Our three priority areas are:

1. Decarbonising our buildings

Upgrading our distribution sites to be more automated, energy efficient and sustainable to provide a better service to our customers and reduce our environmental impacts.

Key actions in 2023/24:
- Implemented environmental management dashboards at our 10 largest sites which include monthly emissions reduction targets and monitoring
- Moved to a new energy-efficient local fulfilment centre (FC) in Madrid, Spain and progressed multi-year project to improve the efficiency of our regional DC in Beauvais, France
- Worked with a third-party decarbonisation partner at our regional DC in Bad Hersfeld, Germany to create a net zero plan

Impact:
4%
reduction in premises energy use in 2023/24 excluding acquisitions[1]

2. Switching to renewable electricity

Generating and procuring renewable electricity by installing solar photovoltaic panels on our buildings and procuring green electricity.

Key actions in 2023/24:
- Installed solar panels at our FC in Midrand, South Africa which have provided over 45% of the site's electricity use since October 2023
- Solar panels on the roof of our FC in Madrid, Spain
- Group Energy Management Policy promoted to all owned and leased sites to procure green electricity where available. Where purchasing a renewable energy tariff is not possible, we purchase Energy Attribute Certificates for select sites

Impact:
90%
renewable electricity use in 2023/24

3. Creating a net zero fleet

Transitioning our company car fleet to electric and hybrid vehicles and encouraging adoption with our people.

Key actions in 2023/24:
- Installed over 40 additional electric charging points in locations across the UK
- Accelerated UK fleet policy to mandate the switch to hybrid or electric vehicles (EVs) to reach our 2030 target
- Established cross-functional working groups to roll out EV and hybrid company car policy to EMEA markets

Impact:
30%
Group company cars and 82% of UK fleet are electric or hybrid

Net zero across our value chain by 2050 pages 47 to 49

Over 99% of our emissions sit within our global value chain, which is where we have the greatest opportunity to drive change and create value for our stakeholders. Our three priority areas are:

1. Sustainable product and service solutions

Expanding our range of sustainable product and service solutions to help customers reduce costs, save resources and achieve their environmental goals.

Key actions in 2023/24:
- Increased the number of Better World products in our range and broadened our framework to target multiple sustainability improvements across the product lifecycle (see page 48)
- Continued to expand our sustainability-focused maintenance, repair and operation (MRO) services, such as energy monitoring and compressed air surveys (see page 49)

Impact:
c. 30k
Better World products offered to customers in 2023/24

2. Product transportation

Cutting the distance our products travel by sourcing, storing and shipping closer to customers and suppliers and switching to less carbon intensive modalities.

Key actions in 2023/24:
- Product replenishments from the UK to our regional DC in Fort Worth, US moved to sea and road deliveries, rather than air, to reduce emissions
- Optimised our regional DC in Bad Hersfeld, Germany to enable more European customers to be served locally by road
- Increased carrier engagement and selection based on sustainability principles

Impact:
26%
reduction in product transport intensity since 2019/20[2]

3. Supplier engagement

Collaborating with our suppliers to prioritise carbon reduction activities that drive reductions across the value chain, including sourcing, designing, manufacturing and shipping products more sustainably.

Key actions in 2023/24:
- Engaged with our top 67% of suppliers by spend to act on four sustainability priorities detailed in our ESG supplier handbook, including setting SBTs and becoming members of EcoVadis or Sedex (see page 61)
- Conducted c. 300 meetings with suppliers to target development of more sustainable products, for inclusion in the Better World product range

Impact:
32%
suppliers by spend set carbon targets with SBTi

1. Performance excludes acquisitions completed in 2022/23 and 2023/24.
2. Tonnes of CO_2e due to Scope 3 transport emissions per tonne of product sold.

Enabled by:
- Access to technologies
- Government policies and incentives
- Energy grid decarbonisation
- Gold Standard certified offsets

Advancing sustainability within our business

Carbon emissions (Scope 1 and 2) in our direct operations

By 2029/30, our ambition is to be net zero in our direct operations. We have set a SBT validated by SBTi to reduce absolute emissions from our own operations by 75% and will use Gold Standard certified offsets closer to 2030 for any residual, hard-to-abate emissions.

Scope 1 and 2 emissions (tonnes CO_2e)[1]

Excluding recent acquisitions[2]

4,600

10% reduction from 2022/23

Including recent acquisitions[3]

6,800

19% increase from 2022/23

Carbon intensity (tonnes CO_2e/£m)[1]

Excluding recent acquisitions[2]

1.8

Unchanged from 2022/23

Including recent acquisitions[3]

2.3

21% increase from 2022/23

In 2023/24, we integrated post-acquisition data from our acquisitions completed in 2022/23 and 2023/24[3] into our Scope 1 and 2 emissions reporting. This has increased our direct carbon footprint from 5,100 to 5,700 tonnes CO_2e in 2022/23 and from 4,600 to 6,800 tonnes CO_2e in 2023/24. Risoul, our industrial product and service solutions business in Mexico, has had a significant impact on our direct operational footprint as it owns its fleet of logistics vehicles to deliver products directly to customers.

We have restated our historic emissions to include emissions from businesses acquired in 2022/23 and 2023/24. This is summarised in the Scope 1 and 2 emissions table (bottom right), along with our pathway to net zero in our direct operations (top right) which shows our updated trajectory towards meeting our ambitions.

Pathway to net zero

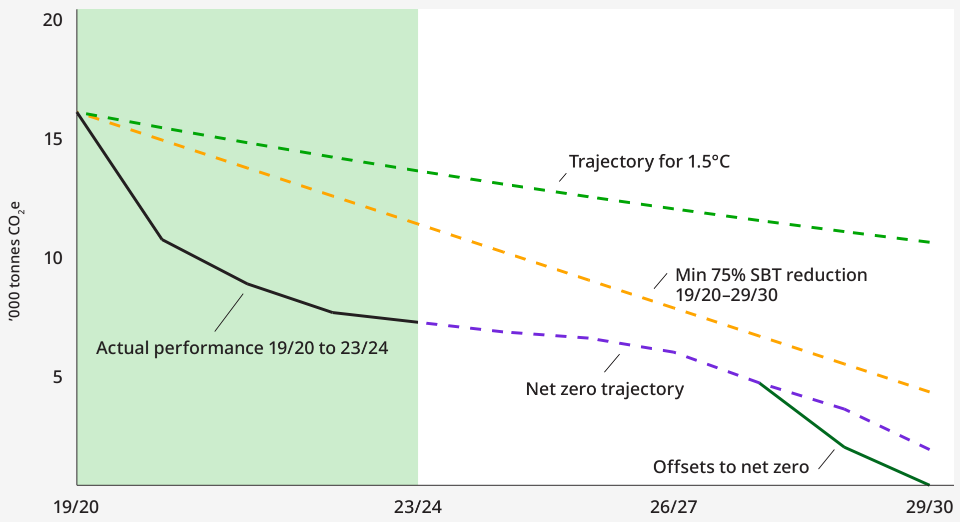
We remain committed to achieving our Group net zero ambition and to working with our acquired businesses to decarbonise their operations and inspire action with customers and suppliers.

Our ESG team is proactively supporting operational teams at our acquired businesses of DH, Risoul and Distrelec to develop first-phase decarbonisation plans aligned to the Group's net zero ambition and SBTs. Initial plans will focus on site energy efficiency, options for renewable electricity, hybrid and electric vehicles and logistics optimisation.

We will share more information on our plans and progress in our climate transition plan which will be published in line with compliance timelines.

Our pathway to net zero in our direct operations

Our performance & trajectory to 2029/30[4]



Scope 1 and 2 emissions[1]
(tonnes CO_2e)

	Change from 2020	2024	2023	2022
Excluding recent acquisitions[2]	(61)%	4,600	5,100	6,300
Including emissions from acquired businesses, from the point of RS ownership[3]	(43)%	6,800	5,700	6,300
Including emissions from acquired businesses, in 2019/20 baseline year (SBTi target)[4]	(57)%	6,800	7,300	8,500

1. KPIs are on a constant exchange rate basis and updated to reflect changes in reporting methodology, emissions factors and additional data. Coverage includes operations under our direct financial control globally.
2. Performance excludes acquisitions completed in 2022/23 and 2023/24.
3. Includes post-acquisition data from acquired businesses domnick hunter-RL (Thailand) Co., Ltd. (DH) and Risoul y Cia, S.A. de C.V. (Risoul) (completed in 2022/23) and Distrelec B.V (Distrelec) (completed in 2023/24).
4. Performance and plan re-based to 2019/20 to include emissions from acquired businesses.

Carbon emissions (Scope 1 and 2) in our direct operations continued

We continued to make strong progress in reducing our Scope 1 and 2 emissions in our existing business in 2023/24, achieving a 10% reduction from 2022/23 excluding recent acquisitions[1].

This was driven by continued activities to reduce energy consumption across our distribution sites, switching to renewable electricity and progressing towards an electric and hybrid company car fleet in the UK.

Through continued energy efficiency improvements at our sites, we achieved a 4% reduction in energy consumption in 2023/24 and a 9% reduction from 2019/20[1]. The Group's energy intensity has reduced by 33% since our baseline year of 2019/20[1,4]. We also increased the proportion of our UK company cars that are electric or hybrid to 82% (2022/23: 54%).

Carbon reduction will remain a key focus in 2024/25. This is a core KPI for the Group and 45% of our people and leaders are incentivised to drive progress through the Scope 1 and 2 emissions reduction metric in the annual incentive (page 60).

Streamlined Energy and Carbon Reporting (SECR) disclosure

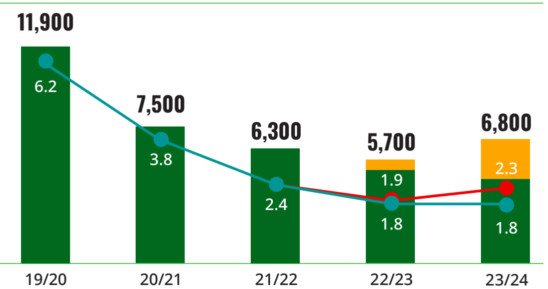
In accordance with UK SECR requirements, our 2023/24 Group Scope 1 and 2 emissions are summarised in the table to the right and restated to include post-acquisition data from acquisitions completed in 2022/23 and 2023/24. Our Scope 3 emissions performance breakdown by material category can be found on page 47.

Environmental Management Systems (EMS)

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

Scope 1 & 2 emissions[2,4]
tonnes CO_2e

6,800



- CO_2e (tonnes) due to 2022/23 and 2023/24 acquisitions
- CO_2e (tonnes) excluding recent acquisitions
- CO_2e intensity (tonnes CO_2e / £m revenue) excluding recent acquisitions
- CO_2e intensity (tonnes CO_2e / £m revenue) including recent acquisitions

Greenhouse gas (GHG) emissions (Scope 1 and 2) and SECR disclosure

	Metric	2024	2023
Group Scope 1 emissions			
Combustion of fossil fuels[5]	tonnes CO_2e	6,022	5,067
Operation of facilities, including fugitive emissions[3]	tonnes CO_2e	119	113
Group Scope 2 emissions[6]			
Purchased electricity (market-based)	tonnes CO_2	788	594
Electricity use from renewable sources	% Group electricity	90%	91%
Electricity use from own renewable generation	% Group electricity	2%	2%
Intensity metric			
CO_2e due to premises energy and vehicles use per £m revenue	tonnes CO_2e / £m	2.3	1.9
Total GHGs per £m revenue[3]	tonnes CO_2e / £m	2.4	2.0
SECR disclosures[7]			
UK total Scope 1 and 2 emissions (market-based)	tonnes CO_2e	2,614	3,114
UK energy consumption	GWh	26.3	29.2

1. Performance excludes acquisitions completed in 2022/23 and 2023/24.
2. 2022/23 Scope 1 and 2 CO_2e emissions restated as 5,700 tonnes to include businesses acquired in 2022/23.
3. Figure includes 119 tonnes of CO_2e due to fugitive emissions from air-conditioning systems (2022/23: 113 tonnes), which are not included in our reported Scope 1 and 2 emissions of 6,800 tonnes CO_2e.
4. KPIs are on a constant exchange rate basis and updated to reflect changes in reporting methodology, emissions factors and additional data. Coverage includes operations under our direct financial control globally.
5. Includes emissions of 3,656 tonnes relating to fuel use in company vehicles (2022/23: 2,534 tonnes).
6. Scope 2 emissions calculated using CO_2 factors as CO_2e factors are not consistently available for all countries. Market-based emissions from electricity purchased from renewable sources were nil tonnes CO_2 (2022/23: nil). Market-based emissions from electricity purchased from non-renewable sources calculated using grid average emission factors. Location-based Scope 2 emissions calculated using grid average factors were 7,630 tonnes CO_2 (2022/23: 7,609 tonnes).
7. SECR: UK emissions were 38% of global market-based emissions. UK energy use, including vehicle energy use, was 46% of global energy use.

GHGs 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. Further details can be found in our basis of reporting document and ESG data centre on our website: **rsgroup.com/sustainability**

In 2023/24, the Group commissioned independent external assurance from **ERM CVS** of its absolute CO_2e emissions from Scope 1 and 2 and Scope 3 categories 1, 4 and 11; emissions intensity from Scope 1 and 2, product transportation and RS PRO products in-use; and packaging intensity. Their independent assurance report is set out on pages 68 and 69.

Packaging

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

Packaging intensity[1,2]	% packaging made with at least 50% recycled content
1.57	**53%**
8% reduction from 2022/23	6 pts increase from 2022/23

Packaging sustainability is a critical issue for our customers. They want to know that we are taking proactive measures to reduce the amount of packaging used, while increasing the amount of recycled content and recyclable materials to minimise waste. Packaging intensity is one of our non-financial KPIs and is included in our SLL targets (see page 60).

In 2023/24, our packaging intensity reduced by 8% from 2022/23 and by 35% from 2019/20. We continued to reduce overall packaging tonnage by using more reusable eco-totes and pallets in our internal replenishment systems and automated packaging machines to produce made-to-fit transit cartons that save space and reduce waste.

Reusable plastic collars were introduced and plastic pallets were increased for inventory replenishments between RS locations in EMEA. This has significantly reduced waste across the organisation.

We made significant progress in switching to more sustainable packaging materials across our regions this year to support our customers:

- **RS in EMEA:** we moved to brown packaging boxes which are made from 100% recycled material
- **RS in Americas:** we increased the proportion of packaging made with over 50% recycled content from 15% by weight in 2022/23 to 46% in 2023/24
- **RS in the UK, France, Italy and Germany:** we replaced plastic tape with paper tape sealing to reduce plastic consumption by four tonnes and make it easier for customers to recycle

Combined, these efforts mean that over 53% of total packaging by weight is made from materials that contain at least 50% recycled content. This represents a 6 percentage points increase in recycled content from 2022/23. At the end of 2023/24, 94% of our packaging was reusable or recyclable, unchanged from 2022/23.

In 2024/25, we will develop the next phase of our packaging strategy, including our initiatives, investment plans and a review of our 2030 packaging targets to identify further opportunities for action.

1. Tonnes / £ million revenue.
2. KPIs are on a constant exchange rates basis and are updated to reflect changes in reporting methodology.

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]	Waste recycled
1.37	**82%**
increased by 1% from 2022/23	increased by 6 pts from 2022/23

We are committed to reducing, reusing and recycling our waste to create a cleaner and greener world. By reducing our use of natural resources, we can also reduce costs and support customer and supplier sustainability preferences.

Waste has been a key area of focus for our distribution site management teams in 2023/24 as we prioritised better waste segregation, recycling and reuse across our global operations. Our global DC in Nuneaton, UK implemented a major continuous improvement project to reduce supplier and customer packaging and increase recycling. This led to a 13 percentage point increase in the site's recycling rate.

In 2023/24, our waste intensity increased by 1% from 2022/23 but was 10% lower than in the 2019/20 baseline year. The proportion of total waste recycled increased by 6 percentage points to 82%. Waste that is not recycled is typically sent for incineration, energy recovery and only to landfill as a last resort. In 2023/24, 11% of our total waste was incinerated, 5% was sent to landfill and 2% was treated via other means of disposal.

Advancing sustainability within our value chain

Scope 3 emissions

As a global distributor of industrial product and service solutions, Scope 3 emissions represent over 99% of our total carbon footprint. It is therefore vital that we collaborate with suppliers and customers to influence reductions in both upstream and downstream emissions. In doing so, we are driving collective climate action and creating greater value for all our stakeholders.

In 2023/24, emissions from the Group's three material Scope 3 emissions categories totalled some 5.2 million tonnes CO_2e. We have set SBTs for each of these categories which were validated by the SBTi in 2023/24.

In 2023/24, we worked with third-party experts to refine our Scope 3 product emissions methodologies from a spend-based approach to a product specific methodology that provides greater accuracy. This has resulted in an increase in our two most material emissions categories from 2022/23: purchased goods and services and in-use emissions from RS PRO products (see table below).

Our reporting methodologies are detailed in our basis of reporting document, which can be found at: **rsgroup.com/sustainability**. Performance data has been externally assured by ERM CVS (see pages 68 and 69). Moving forward, we will continue to mature our Scope 3 data collection, methodologies and reporting.

In 2024/25, we will focus on in-use emissions from our wider product portfolio, beyond RS PRO.

Key Scope 3 emissions categories

	% Change from 2020	2024	2023	2022
Product transportation Product transportation (Scope 3, Category 4)[1,3,5]	(18)%	48,400	49,400	54,500
Product transportation carbon intensity[2,3,5] (SBTi target)	(26)%	1.23	1.23	1.29
Purchased goods and services Purchased goods and services (Scope 3, Category 1)[3,5]	(12)%	2.9m	2.9m	3.0m
% of suppliers by spend with SBTs (SBTi target)	+17% pts	32%	25%	19%
In-use emissions from RS PRO products Use of sold products: RS PRO (Scope 3, Category 11)[3,4,5]	+4%	2.2m	2.5m	2.3m
RS PRO products in-use carbon intensity[3,4,5] (SBTi target)	(18)%	184	222	203

1. Tonnes of CO_2e (from inbound, outbound and inter-site deliveries controlled by RS Group).
2. Transport emissions intensity (tonnes of CO_2e from inbound, outbound and inter-site deliveries controlled by RS Group, per tonne of product sold).
3. KPIs updated to reflect changes in reporting methodology and emissions factors.
4. Tonnes of CO_2e from RS PRO products in-use per tonne of product sold.
5. Subject to independent external assurance by ERM CVS. See independent assurance report on pages 68 and 69.

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[2,3]

1.23

unchanged from 2022/23

With thousands of product shipments every day, including inbound supplier deliveries and outbound customer deliveries, it is critical that we continue to optimise our supply chain to reduce our transport emissions. In 2023/24, our transport emissions intensity[2] was unchanged from 2022/23, with an overall decrease of 26% from 2019/20.

Our progress in 2023/24 was impacted by several factors outside our control, including an increase in global emissions factors used to calculate our transport emissions and global supply chain challenges. This was further compounded by a short-term increase in Asia Pacific customer deliveries by air. Despite these challenges, we have continued to make positive strides in our global product transportation strategy to set us on a positive path for the future.

We continued to prioritise modal shifts from air to sea and road in 2023/24. We also implemented several key logistical improvements across our locations. This included the following activities:

- **RS in EMEA:** we have expanded the inventory capacity of our regional DC in Bad Hersfeld, Germany by 14% in 2023/24 and introduced new routes into France, Italy and Spain, resulting in less products being shipped from the UK into mainland Europe, reducing emissions and saving transportation costs
- **RS in Spain:** our expanded FC in Madrid holds more products locally, reducing delivery distances and emissions
- **RS in Asia Pacific:** we expanded our supply chain network with FCs in Malaysia, Thailand, the Philippines and New Zealand to reduce the distance of customer deliveries in these markets by 9%
- **RS in Americas:** UK to US product replenishments moved from air to sea, reducing transport emissions on these lanes by 22%

In 2024/25, we will develop the next phase of our transportation strategy, including our initiatives, investment plans and a review of 2030 targets. A key priority will be working with our acquired businesses to support supply chain optimisation and seek opportunities to further reduce air travel, cost and emissions.

Sustainable products

By 2029/30, we want to develop innovative and sustainable product and service solutions for all our customers, including an ambition to offer over 100,000 Better World products to customers.

Sustainable products

c. 30,000

products in our Better World product range in 2023/24

Better World products

Better World products enable our customers to make more sustainable and responsible purchasing decisions they can trust. Initially launched in 2022/23 as a range of c. 20,000 products in the UK and Republic of Ireland, we expanded the range in 2023/24 to include 10,000 new products from 50 additional suppliers, across 30 countries.

With customers often finding sustainable purchasing confusing and limited, we launched a claims based framework in March 2024 to offer better choices that are backed by clear, credible and verified sustainability claims.

Partnering with external consultants to ensure its robustness, the framework is structured by product attributes that are aligned to evolving legislation such as the Green Claims Directive. The framework also covers key areas of the product lifecycle, with claims grouped into three categories based on customer need:

- **Made more sustainably:** features products that are produced using more sustainable materials or manufacturing processes
- **Sustainable solution:** features products that help customers run their business more sustainably; from reducing energy and emissions to protecting health and safety
- **Supports circularity:** features products with an increased lifespan, or that can be reused, repaired or recycled to reduce waste

Our Better World product range now features c. 30,000 products from over 90 suppliers and includes over 1,300 products that support energy and carbon reduction or renewable energy generation across customer facilities.

Our ambition is to grow the range to over 100,000 products in the coming years and create a clear and robust sustainability standard for our industry that supports both customers and suppliers. To achieve this ambition, we need our suppliers to accelerate the development and verification of sustainable products at a significantly faster pace. This is something we are strongly advocating for with our supplier partners, but recognise it will take more time for the industry to make this fundamental shift and we have therefore updated our target year to 2029/30.

The Better World product range also forms the foundation of our alignment towards the EU taxonomy for sustainable activities. As we continue to develop the framework, we will begin to report key metrics that are taxonomy-aligned. Our aim is to complete a taxonomy benchmarking analysis over the next year in preparation for reporting in 2025/26.

> “Better World products answer the clear market need for more sustainable options. The framework helps customers make the right decisions for their own environmental goals.”
>
> **Markus Schlink**
> Corporate Account Manager, Siemens AG

+ Download the Better World product guidelines here: **rsgroup.com/sustainability/advancing-sustainability/sustainable-products**

Sustainable service solutions

Sustainability solutions

We want to help our customers run their businesses more efficiently, cost effectively, safely and sustainably at all stages of the industrial lifecycle. By offering value-added and sustainability-focused industrial MRO services, we are strengthening customer relationships and increasing revenue through service fees and product pull through:

– Maintenance, repair and operations:
We offer industrial MRO solutions including energy, water and compressed air leakage surveys that promote operational efficiency, cut costs and reduce emissions
Highlights: In 2023/24, we successfully launched customer energy and air leak surveys focused on operational compressed air, heat loss / steam loss, panel thermography, LED lighting and pumps. These surveys have been rolled out to a number of UK and Ireland customers as part of an initial trial

– Recycling and circular economy solutions:
We are working with established third-party recycling providers in the UK to provide product recycling schemes for customers and circular economy trials
Highlights: In 2023/24, we continued to develop two new recycling solutions focused on personal protective equipment (PPE) and cable recycling. We are actively seeking pilot customers to develop this further and broaden our offer to cover both refurbish and repair

– Health and safety (H&S) solutions:
We have partnered with training providers to create a comprehensive suite of H&S training courses and customer site surveys including air quality testing, fire risk assessments, H&S audits and healthy building certification
Highlights: In 2023/24, in the UK, we launched H&S training courses in collaboration with supplier partners

Supporting low carbon industries

Our product and service solutions support the growth of low-carbon industries by providing their product procurement, industrial MRO and logistics needs. In doing so, RS plays an important role in enabling the transition to a low-carbon economy, while creating new green revenue streams from high value growth industries:

– Renewables:
We are partnering with the UK renewables sector to enable fast access to critical MRO products and solutions which will minimise their downtime and support growth
Highlights: In 2023/24, we formed a strategic partnership with energy company Equinor to provide MRO solutions to the off-shore wind sector in the UK. This collaboration will support vital offshore wind projects, including the world's largest offshore wind project, Dogger Bank, UK. We also joined Offshore Renewable Energy (ORE) Catapult and other partners in a project designed to provide off-shore wind operators with vital insight into wind turbine health, logistical planning and MRO product solutions

– Electric vehicles and solar:
We provide a range of products for customers that manufacture, install, operate and maintain EV charging equipment. We are also increasing our range of solar power equipment to support customer sustainability
Highlights: In 2023/24, we enhanced our EV charging offer, increasing the availability of charging points, cables, connectors and electronic components. Our aim is to develop charging kits and bundles to become a one-stop shop for installers and maintainers of EV equipment

Supplier engagement

By 2025, we commit to engaging 67% of suppliers by spend to set SBTs.

Suppliers by spend setting SBTs

32%

7% pts increase from 2022/23

With over 750,000 stocked products from over 2,500 suppliers and a significant proportion of our Scope 3 emissions from purchased goods and services, it is vital that we engage, inspire and collaborate with our supplier partners to decarbonise our value chain. In doing so, we can create long-term value while helping our suppliers reach higher levels of sustainability and making their products and services more attractive to customers.

We continued to engage with our key suppliers in 2023/24 to encourage them to develop and offer more sustainable products, prioritise carbon reduction and set SBTs. Through regular interactions, supplier events, quarterly business reviews (QBRs) and supplier ESG communications, we have made good progress in encouraging our suppliers to take sustainability action. Read page 61 for more.

In 2023/24, 32% of suppliers by spend have set SBTs with the SBTi, an increase of 7 percentage points from 2022/23. Despite steady progress, this means that we are not on track to meet our 2025 ambition of 67%. In 2024/25, we will continue with our programme of supplier ESG engagement to influence further progress.

ESG continued

CHAMPIONING EDUCATION AND INNOVATION

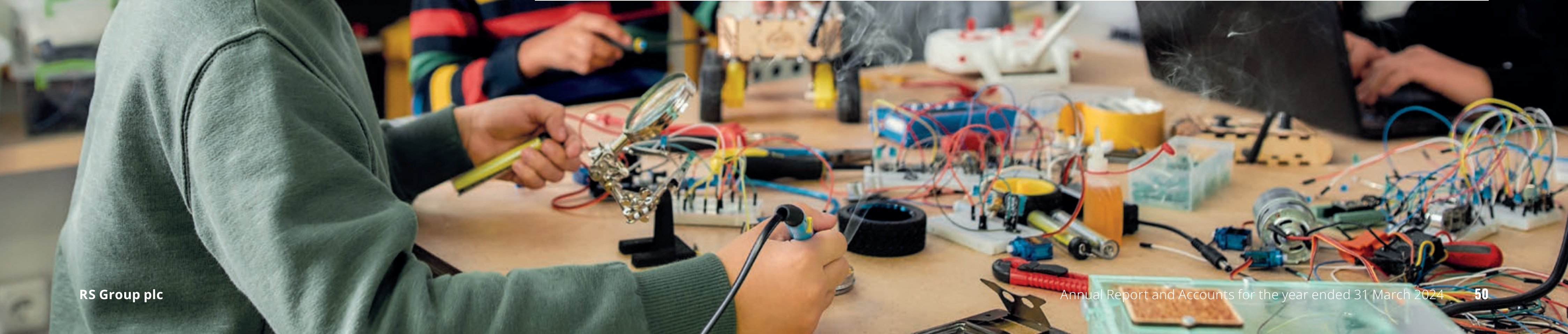
It is essential that we inspire the next generation of industrial innovators to ensure we have the right skills to thrive in the future.

By providing educational products, inspirational learning content and immersive skills development opportunities, we help young engineers and technologists embark on exciting future careers. We also collaborate with social impact partners on projects that improve lives.

2030 ACTIONS	PERFORMANCE	STATUS	COMMENTARY	READ MORE
Inspiring future engineers and innovators: Reach one million young people with educational technologies, learning content and skills development	**796,000** young engineers and students reached through educational programmes, products and DesignSpark platform since 2020/21	Green	Continued to reach young people through our global education programme which serves c. 5,200 educational institutions. OKdo's participation in the BBC micro:bit – the next gen campaign also distributed micro:bits to c. 200,000 primary school students in the UK	See page 51 **rsgroup.com/ sustainability**
Purpose-driven innovation: Engage with 1.5 million engineers and innovators in creating socially responsible and sustainable solutions	**357,000** engineers and innovators engaged in purpose-driven innovation initiatives since 2020/21	Amber	Increased engagement with innovators and engineers by 10% in 2023/24. Our subscription-based DesignSpark service is set to help businesses innovate faster, however more work is needed to reach our 1.5 million target by 2030	See page 51
Social impact partnerships: Support our social impact partners to develop solutions that improve lives – including supporting TWMP to help 100,000 people in need	**31,000** lives improved through TWMP since 2019/20 **£628,000** raised for TWMP since 2019/20	Red	Raised c. £298,000 for TWMP in 2023/24 through external fundraising from customers and suppliers. This will enable TWMP to increase production and distribution in 2024/25	See page 51

Status key
Each of our actions are broken down into annual targets that need to be met to remain on track to achieve our 2025 and 2030 goals. The key below reflects our current position:
- Green: On track or ahead
- Amber: Slightly behind target – monitor closely
- Red: Not on track – further action required

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



Our key actions

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.

We are passionate about inspiring young people, not only by encouraging them to pursue tech-based careers but by directing their development towards purpose-led engineering.

As well as providing educational products to c. 5,200 institutions, we are shaping the next generation of innovators through two key programmes:
- **OKdo education** provides coding and electronics products, tools and games to help young students (aged 6-18) learn to code
- **RS Grass Roots education** gives young engineers and technologists (aged 18-30) vital skills to inspire and shape their early career

Key actions in 2023/24

OKdo education highlights:
- Participated in the BBC micro:bit – the next gen campaign, an ambitious project from the BBC, Micro:bit Foundation and Nominet to provide every primary school in the UK with tools, resources and training to support skills development in the classroom. As a key partner, OKdo distributed 675,000 micro:bits to reach 90% of UK primary schools (c. 20,000)
- Continued to support the BBC's annual do your :bit challenge: by donating £20,000 and 500 micro:bit boards to the Compton Unified Schools District, US

RS Grass Roots education highlights:
- RS student project fund provided students with up to £300-worth of RS products to bring their university projects to life. We also ran Student Project Competition, EPIC and separate projects in South Africa and Spain
- Provided online learning content to accelerate SuperSkills development and help engineering students gain important employability skills

+ More information
rsgroup.com/sustainability
uk.rs-online.com/web/content/discovery/education
www.okdo.com

Purpose-driven innovation

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

As a purpose-led business at the heart of the global industrial sector, we are passionate about fostering ingenuity by bringing the engineering community together to develop new tech that benefits people and planet.

In 2023/24, through our **DesignSpark** platform, we engaged with a global community of 1.4 million design engineers, students and innovators from around the world, to accelerate the design and development of projects that improve lives. By promoting our #ActivistEngineering ethos, we encourage engineers to adopt a responsible mindset to influence change.

Key actions in 2023/24

DesignSpark highlights:
- Promoted the second phase of our Air Quality Project – an initiative that encourages DesignSpark members to use a certified open-source, cloud-connected sensor platform (ESDK) to tackle global pollution
- Continued to work with the Maltese government to support air quality education by implementing our Breathe Better Bear project across ten schools, with additional schools set to take part over the next year. The project features a toy bear linked to an ESDK sensor to educate primary school children on air pollution and climate change
- Launched a new podcast series called Mission Responsible to coincide with National Engineering Week. The podcast explores how responsible engineering can build a better planet by exploring topics focused on building a sustainable future

+ More information
rsgroup.com/sustainability
rs-online.com/designspark/home

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.

To act as a force for good, we support global social impact projects that develop innovative solutions to solve challenges and save lives.

Since 2019/20, we have provided financial and volunteering support to two primary partnerships:
- **TWMP** provides displaced and low-income communities with an accessible, off-grid washing machine solution that has improved the lives of 31,000 people to date
- **Engineers Without Borders-International (EWB-I)** works across the globe to put sustainability at the heart of engineering

Key actions in 2023/24

TWMP highlights:
- In 2023/24, we raised c. £298,000 for TWMP Foundation through fundraising activities, employee donations and matched-giving. Since 2019/20, we have raised a total of £628,000 for the charity
- 110 RS employees volunteered to build 39 flatpack washing machines which were sent to communities in need across India, Kenya and Uganda
- Participated in community wash days near to our regional DC in Fort Worth, US, where employees volunteered to support the homeless community

EWB-I highlights:
- We sponsored EWB-I's Engineering for People Design Challenge in the UK and US, which gives c. 20,000 students the opportunity to design sustainable solutions that tackle community development challenges

+ More information
rsgroup.com/sustainability
www.thewashingmachineproject.org
www.ewb-international.org

ESG continued

EMPOWERING OUR PEOPLE

Our unique team of c. 9,000 individuals is the lifeblood of our business. Every day, their passion and expertise enable us to provide product and service solutions that delight our customers and make amazing happen for a better world.

Our commitment is to be first choice for our people, creating an inclusive and engaging environment where all our people can grow, learn and thrive.

2030 ACTIONS	PERFORMANCE	STATUS	COMMENTARY	READ MORE
Engaged employees: Achieve and maintain an employee engagement score in the top 10% of high-performing companies	**75** employee engagement score (out of 100)		3 point decrease in 2023/24, from 78 to 75. We have taken action to refine our strategy, values and operating model and enhance our people plan to support engagement	See page 54 **rsgroup.com/sustainability**
Diversity and inclusion (D&I): Ensure our team is reflective of the customers, suppliers and communities we serve by working towards 37% to 42% of our senior leaders being women and 17% to 22% being ethnically diverse[1]	**34%** women in senior leadership roles **11%** ethnically diverse senior leaders[2]		We have made some progress towards our D&I actions to create a more diverse leadership team in 2023/24. Gender diversity among our leaders increased by 4 percentage points to 34%, while ethnic diversity remained unchanged at 11%. Following a benchmark in 2023/24, we have subsequently refined our global D&I strategy and 2030 actions	See pages 54 and 55
Health, safety and wellbeing: Aim for zero accidents involving our people	**0.37** 8% decrease in our all accident frequency rate[3] since 2022/23		Our health and safety performance continued to improve, with a further all accident frequency rate reduction in 2023/24. We will continue to take action to reach zero accidents by 2030	See page 56
Volunteering: Inspire 50% of colleagues to volunteer to support their communities and build new skills	**23%** of employees have volunteered in the last two years		The number of employees using their two days of paid volunteering leave increased by 5% points this year. With 23% of our employees volunteering in the last two years, there is still work to be done to reach our 2030 ambition	See page 56

1. We have updated our 2030 D&I actions in 2023/24. See pages 54 and 55 for more.
2. 102 of 128 senior managers self-reported ethnicity via the employee database (including not specified / prefer not to say) and 11 identified as non-white.
3. Per 200,000 hours worked.

Status key

Each of our actions are broken down into annual targets that need to be met to remain on track to achieve our 2025 and 2030 goals. The key 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/sustainability**

Putting people first

The RS people plan details our approach to attracting, developing, engaging and retaining an outstanding team to meet our long-term strategic and operational aims.

OUR PEOPLE PLAN

Creating an inclusive and engaging environment where everyone is proud and excited to come to work and can perform at their best, develop and thrive.

Focus areas	Culture	Talent	Capability	Reward
Long-term objective	Creating an inclusive and engaging culture	Building a diverse talent pipeline	Developing leader, manager and functional capability and excellence	Compelling reward and recognition that drives performance
Actions	– Employee engagement – Values and behaviours – Health and safety – Volunteering	– Talent acquisition – Employee value proposition and onboarding – Early careers	– Leadership framework and development – People manager development – Strategic workforce planning	– Reward and benefits – Incentive review – Recognition – Wellbeing
Underpinned by	D&I, Technology, data and insight			

...to support our strategy, operating model and vision

Our vision for our people is to be first choice by creating an inclusive and engaging environment where everyone is proud and excited to come to work and can perform at their best, develop and thrive.

In 2023/24, we strengthened our commitment to people and culture through the development of our refreshed operating model, people plan and values launched in March 2024 (see pages 13, 18 and 19).

Led by our Chief People Officer, our people plan focuses on four core pillars of culture, talent, capability and reward. It is guided by our values and behaviours and underpinned by two core foundational priorities: D&I to ensure we are promoting diverse thought and representation in everything we do and technology, data and insight to ensure we have robust tools and data to consistently meet the needs of all our stakeholders.

Through our people plan, we are confident we will continue to build and support an outstanding RS team who will embody our values, execute our strategy brilliantly and deliver high performance to create long-term value for all our stakeholders.

Read about how we are putting our people first on pages 54 to 57.

Culture

Employee engagement

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

Engagement score

75

Down by 3 from 78 in 2022/23

Creating a high-performance, engaged and motivated team is critical for our long-term success. To ensure we are meeting the needs of our people consistently, we regularly check in with them to assess ongoing levels of satisfaction and engagement. In 2023/24, our My Voice survey included 21 questions and was run in 11 languages to gain valuable insights from our global team. We received an 88% response rate this year (2022/23: 86%), our highest to date. We also received more than 11,000 comments (an increase of 11%), which is testament to the trust our colleagues have in sharing their views.

Overall, our engagement score declined by three points in 2023/24, from 78 to 75[1]. Feedback highlighted uncertainty surrounding recent leadership changes, as well as concerns about global economic conditions. This sentiment was echoed by external engagement benchmarks, which saw a general trend in declining engagement scores globally in 2023[2]. Our current score places us four percentage points below our ambition to be in the top 25% of high-performing companies by 2024/25.

In response, we continue to invest in our people plan and identify ways to evolve our listening approach. From 2024/25, we will conduct quarterly pulse surveys to encourage managers to check in with their people more regularly. This will be further supported by My Voice, which will provide a global view on Group sentiment every 18 months. We hope that these actions will strengthen our two-way listening approach and ensure we continue to meet the needs of our people quickly and effectively.

11,000+

comments received in our latest My Voice engagement survey

1. As at 31 March 2024, we were four points away from the global benchmark for the top 25% of high-performing companies.
2. Glint's June 2023 Global Benchmark saw a 1% decline in overall engagement scores since our last survey.

Diversity and inclusion

By 2029/30, we want to ensure our team reflects the customers, suppliers and communities we serve by working towards 37% to 42% senior leaders being women and 17% to 22% being ethnically diverse.

% female leaders

34%

Increase of 4 pts from 2022/23

% ethnically diverse leaders[3]

11%

Unchanged from 2022/23

As a global business, it is vital that we create an inclusive and dynamic environment where all our people can grow and thrive. By promoting a culture of openness and respect, we continue to attract and retain the best talent in our industry and beyond, while harnessing a diverse range of strengths relating to gender, ethnicity, age, neurodiversity, disability and sexuality.

We continued to implement measures to increase the broad diversity of our senior leadership team in 2023/24. During the year, the number of senior leaders that are women increased to 34% (2022/23: 30%), while the percentage of our leaders who are ethnically diverse[3] was unchanged.

Despite our continued efforts, we have not made progress at the pace we would wish. To understand why and to help us make a bigger shift, we conducted an external review of our D&I strategy during the year. This identified opportunities to embed D&I more robustly in our governance, systems and processes and data.

We have subsequently used these findings to refine our global D&I strategy, strengthen our action plan and review our 2030 actions to ensure they remain ambitious and achievable. As an outcome, in April 2024, our ExCo agreed revised 2030 D&I actions to ensure our team is reflective of the customers, suppliers and communities we serve, by working towards 37% to 42% of our senior leaders being women and 17% to 22% being ethnically diverse.

By introducing a minimum target range to our actions, we continue to be ambitious and aspirational, while creating flexibility to accommodate significant regional variations and changes in representation across our global communities and talent pipelines.

Gender

We are committed to promoting gender diversity across the Group and wider industry to drive our business and sector forward.

Globally, our Group-wide gender split remains balanced, with near equal numbers of men and women across the organisation (2023/24: 49% female; 51% male). At a senior leadership level, our female manager population increased by four percentage points in 2023/24 to 34% (2022/23: 30%)[4].

At Board level, composition increased to 56% female Board members (2022/23: 44%), including our Chair and CFO, following the appointment of Kate Ringrose. This was recognised in the FTSE Women Leaders Review for 'Women on Boards' in 2024, where we ranked joint fourth for FTSE 100 Board diversity.

3. 102 of 128 senior managers self-reported ethnicity via the employee database (including not specified / prefer not to say) and 11 identified as non-white.
4. The percentage of our manager population which is female has been subject to independent external assurance by ERM CVS. See independent assurance report on pages 68 and 69.

Diversity and inclusion continued

We continued to implement measures to support, develop and promote gender diversity across the Group in 2023/24. Highlights include:

- **Elevate:** Our women and allies' network brings together and supports global members who are working to bring gender diversity to the forefront of the agenda
- **Accelerating leaders:** Continued to support talented women through accelerator programmes like Remarkable Women and Mission Include's 30% Club which promote personal and professional development
- **Women in Tech:** Partnered with Women in Electronics in the US to invite 32 women into our workplace and expand employment opportunities for women in industry
- **STEM Returners:** Worked with STEM Returners to recruit, develop, retain and promote women and other under-represented groups

Ethnicity

We are committed to promoting a diverse culture reflective of the communities and countries we serve. In support, we are working towards building a more ethnically diverse leadership team. In 2023/24, 11% of our senior leaders identified as ethnically diverse[1] (2022/23: 11%).

To accelerate, we conducted a review of our D&I strategy, 2030 actions and initiatives in 2023/24. We will be taking action on this in 2024/25 to continue to create a more ethnically diverse and gender balanced team.

While we are behind on our 2030 action, we continue to raise awareness of ethnic and cultural diversity across our existing employee base. We have taken important measures to attract, recruit and promote talented people of all races and ethnicities in 2023/24. Highlights include:

- **EmbRACE:** Our ethnically diverse employee resource group (ERG) and allies' network brings together global members who are working to recognise and celebrate diversity
- **Accelerating diverse leaders:** 20 RS employees joined Mission Include's 30% Club to help under-represented groups develop leadership skills. A further 20 employees participated by joining the programme as mentors
- **Cultural awareness training:** Delivered global training with a focus on cognitive bias and promoting cultural intelligence
- **Celebrating diversity:** Continued to celebrate events including Black History Month in the UK and US, Windrush (UK) and Juneteenth (US)

Moving forward, ethnicity will remain a key priority in our refreshed D&I strategy as we look to identify ways to improve our performance and attract diverse talent into our industry and organisation.

Broader inclusion

We are committed to operating as an equal opportunity employer and supporting D&I in its broadest sense so that everyone is proud and excited to come to work and can perform at their best, develop and thrive. We support under-represented and vulnerable employees by giving them the tools they need to succeed.

Our employee-led ERGs support colleagues in the areas of gender (Elevate), ethnicity (EmbRACE), sexual orientation and LGBTQIA+ (Spectrum) and, youth (Bloomers). Our ERGs actively run events throughout the year to raise awareness across the entire organisation.

We recognise we still have a long way to go, but we are passionate about investing in our people and becoming an inclusive employer of choice.

1. 102 of 128 senior managers self-reported ethnicity via the employee database (including not specified / prefer not to say) and 11 identified as non-white.

Our external disclosures relating to Board and senior management are aligned to the Financial Conduct Authority's Diversity and Reporting requirements (see pages 90 and 91). Read more about our diversity and inclusion programmes, policies and progress on our website:
rsgroup.com/sustainability

Health, safety and wellbeing

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

All accident frequency rate (per 200,000 hours)

0.37

Decrease of 8% from 2022/23

In 2019/20, we set the ambition to reach zero accidents involving our people by 2029/30. To achieve this, our Target Zero programme aims to implement measures that continuously improve performance, prevent avoidable incidents and support physical health and mental wellbeing.

Following the acquisition of DH, Risoul and Distrelec, we conducted health and safety audits, assessments, induction and awareness training to align the new sites and our colleagues to Group standards.

We continued to make progress in reducing the number of total accidents and incidents across the Group in 2023/24. Our all-accident frequency rate per 200,000 hours was down 8% to 0.37 – a reduction of 46% since 2019/20. During the year, the total number of accidents across the Group decreased to 32. No accidents resulted in life-changing injuries or fatalities.

To promote a safety-first culture, we encourage our people to have greater awareness and individual ownership of their actions to protect themselves, their colleagues and families. We do this through comprehensive awareness training, best practice alignment and regular reflection through our learning from experience process.

In 2023/24, we continued our Behaviour Based Safety initiative to help employees and leaders identify and eliminate any behaviours that may result in future incidents. We also aligned our distribution sites on five DC safety priorities to ensure that key safety requirements are embedded consistently across our locations.

Near miss reporting continued to underpin our health and safety focus and we conducted regular campaigns to encourage our people to identify and report unsafe acts, hazards and near misses. The total number of near misses reported in 2023/24 increased to 20,124. Once reported, all near misses are investigated immediately, with most corrected at the time of reporting and others requiring more stringent control procedures to be addressed as soon as viable.

To ensure consistency across our operations, all our sites have health and safety management systems in place, with 29 sites certified to ISO 45001 or an equivalent standard, covering 58% of floor area and 33% of our sites. We continue to identify and target sites with higher accident rates and work with them to develop action plans which we monitor closely.

13%

increase in reported near misses per head in 2023/24

29

sites certified to ISO 45001 or an equivalent standard

Our performance

	Change from 2023	2024	2023	2022
All accidents	(3)%	32	33	40
All accident frequency rate (per 200,000 hours)	(8)%	0.37	0.40	0.53
Lost time accidents	(23)%	17	22	23
Lost time accident frequency rate (per 200,000 hours)	(30)%	0.19	0.27	0.31
Total calendar days lost	(9)%	302	333	252
Near misses reported	+20%	20,124	16,740	13,770
Near misses per head	+13%	2.21	1.96	1.76

For additional health and safety data, including how we are supporting mental health and wellbeing, please visit our ESG data centre: **rsgroup.com/sustainability**

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

23%

Increase of 5% pts from 2022/23

We continued to support local communities in 2023/24 by encouraging our people to use their two days of paid volunteering leave to participate in community-based initiatives and volunteer for good causes. As well as supporting local communities, volunteering is a great way to develop skills, improve engagement and boost health and wellbeing.

We were pleased to see an increase in volunteering by five percentage points this year, with employees donating a total of 1,700 days to support a local cause or one of our key social impact partners. Key highlights included volunteering for TWMP, where 110 employees volunteered their time to build 39 of the latest Divya 1.65 washing machines and a further 50 volunteers participated in community wash days to give homeless people the dignity of clean clothes.

While volunteering participation continues to increase steadily, we still have work to do to ensure that 50% of our people are using their time to support community causes. Volunteering will be promoted alongside the roll out of our new values and behaviours in 2024/25 as an example of how we do the right thing.

For more on our volunteering initiatives and activities, go to: **rsgroup.com/sustainability**

Talent, capability, reward

Talent and leadership

We operate in a competitive industry, which is why we place strong emphasis on accelerating the long-term growth and career advancement of our people and leaders to retain talent and drive our commercial success.

In 2023/24, we continued to increase our insight and rigour into the selection and development of our leadership population. To achieve this, we introduced a Global Executive Talent Policy which defines our common approach to assessing internal and external leadership hires while balancing leadership behaviours with technical capabilities. In 2024/25, we will include leadership succession tracking into our QBRs to embed further talent planning, visibility and accountability.

As part of our talent review process, we regularly identify and nominate future leaders to participate in development activities that are best aligned to their needs. In 2023/24, we enrolled select candidates in strategic learning opportunities such as Ezra Coaching and Influence with Impact. We also continued to encourage peer-to-peer interaction via monthly Management Matters facilitated sessions and our 2024 Leadership Event, which was attended by 193 people managers in March 2024.

We are also passionate about identifying and investing in emerging talent to accelerate their progression into leadership roles. Through Future Shapers, we are helping ambitious cohorts of employees to develop their leadership skills. Led by Ivy House, 14 employees participated in Future Shapers this year, with a total cohort of 71 employees since the programme began in 2019/20.

We continue to provide apprenticeships and supported 253 colleagues in the UK in 2023/24. We have been recognised as a Gold member of the 5% Club and our employees have spent over 11,000 hours developing their knowledge, skills and behaviours through ‘earn and learn’ training.

Capability development

Our people are integral to creating a high-performance culture that unlocks the innovation and ingenuity we need to deliver our strategy and to remain first choice for all our stakeholders. By setting a consistent global framework for learning and development, we are shaping the talent we need to thrive.

We invest in our people through a broad mix of on-the-job activities, learning opportunities and formal training. In 2023/24, our employees completed a total of over 51,000 hours of learning through our global learning platform, My Academy, on both mandatory and non-mandatory content. This is supplemented by live training which provides over 30,000 additional training hours.

Our approach to ensuring we have the right capabilities in place is driven by two key global processes: talking performance and talent & succession reviews. By promoting a regular rhythm of career conversations between managers and employees, we can identify developmental needs quickly and effectively to accelerate their progression.

In 2023/24, we introduced a new people managers’ guidebook to support our managers with everything they need to positively engage, develop and manage their people. The guidebook includes guidance in facilitating excellent career and development conversations to support skills development and career progression.

We also relaunched our monthly Management Matters sessions in 2023/24 to bring people managers from all roles and regions together to share experiences and learning.

Reward and recognition

We want to provide competitive rewards and benefits to incentivise our people to perform at their best and to attract and retain top talent.

In 2023/24, we enhanced our rewards and benefits to provide a package of physical, social and financial incentives for our people and their families (see pages 103 and 104).

Our approach is guided by our global commitment to ensuring base pay levels are set to pay a living wage and that we offer competitive bonuses to our people, as well as long term incentive plans (LTIPs) to reward our senior leaders. This is supported by a market-based approach that aligns our benefits and rewards packages to local market norms and supports our commitment to diversity and inclusion.

DOING BUSINESS RESPONSIBLY

Our commitment to doing the right thing underpins everything we do and ensures we remain a trusted and transparent partner.

We adopt a strong approach to governance, ethics and compliance both within our business and across our value chain. By actively collaborating with our 2,500+ product suppliers, we ensure that the more than 750,000 products we stock come from responsible businesses that share our high ethical and environmental standards.

2030 ACTIONS	PERFORMANCE	STATUS	COMMENTARY	READ MORE
Responsible business: ESG-related targets included in our employee rewards programme across all levels, geographies and in our SLL	**45%** of employees had their annual incentive aligned to Group carbon reduction in 2023/24	🟢	45% were incentivised to deliver Scope 1 and 2 emissions reduction goals in 2023/24, with a carbon metric accounting for between 10% to 15% in the Group's annual incentive. Three ESG metrics are in our £400 million SLL	See page 60 **rsgroup.com/sustainability**
Responsible supply chain: Evaluate our suppliers against our high ethical and environmental standards and set ESG objectives for strategic suppliers	**59%** of suppliers by spend with signed Ethical Trading Declaration	🟠	We continue to drive ESG action with our strategic product and service suppliers across EMEA and RS Integrated Supply. Specifically, we target our key suppliers (top 67% by spend) by encouraging them to work on four ESG priorities set out in our Supplier ESG Handbook. By including supplier spend from recent acquisitions, the number of suppliers in the top 67% by spend has increased from c. 350 businesses to 390. This has impacted the percentage of suppliers with a signed Ethical Trading Declaration and an EcoVadis assessment in 2023/24. We will continue to work with the acquisitions in 2024/25 to align to our supply chain ambitions	See page 61
	52% of suppliers by spend have an EcoVadis rating	🟠		
	66% of RS PRO suppliers by spend are Sedex members	🟢		

Status key

Each of our actions are broken down into annual targets that need to be met to remain on track to achieve our 2025 and 2030 goals. The key 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/sustainability**

ESG governance

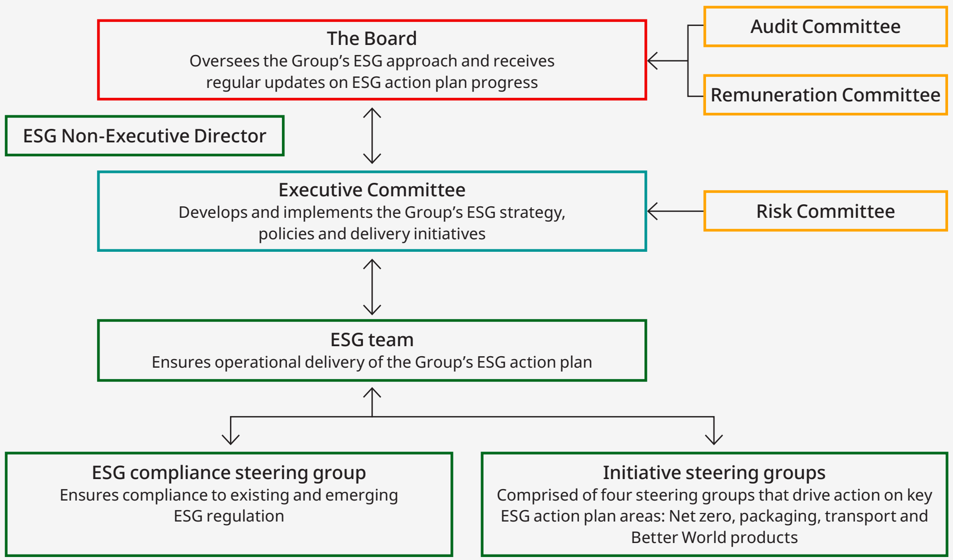
The ExCo, led by our CEO, has ultimate responsibility for the development, delivery and progress of our 2030 ESG action plan. They oversee the development, implementation and performance management of all ESG-related policies, goals, initiatives, investments and disclosures. The ExCo receives quarterly ESG performance updates and annual training on our net zero strategy and climate transition plans to ensure they are taking action on the Group's key climate-related risks and opportunities, the latest regulations and embedding best practice.

The Board has close oversight of our ESG action plan. They ratify key ESG policies, targets, initiatives and investments, while monitoring progress via regular ESG updates. In respect of ESG, the Board is supported by two of its committees: the Audit Committee (see pages 92 to 98), who ensure alignment to existing and emerging ESG compliance and the Remuneration Committee (see pages 99 to 115), who make decisions on ESG metrics and targets to be included in executive remuneration and employee rewards.

In 2023/24, the Audit Committee reviewed the Group's climate-scenario modelling and wider TCFD disclosure, as well as our updated Scope 3 emissions modelling and recommended these to the Board for disclosure (see page 80). We also selected a new Non-Executive Director ESG lead, Bessie Lee, to provide a deeper governance link between the Board, ExCo and ESG team.

The Group ESG team is responsible for the day-to-day delivery of our ESG action plan. Operating within our Corporate Services function, the team is led by our VP of Social Responsibility & Sustainability and is supported by four cross organisational steering groups focused on net zero, packaging, transport and Better World products. These teams meet monthly to develop strategic plans, oversee initiatives and manage ongoing performance. The ESG team are also supported by the ESG compliance steering group who oversees the development and delivery of the Group's approach to existing and emerging ESG legislation, including the TCFD and CSRD.

ESG GOVERNANCE STRUCTURE



Reporting and disclosure

To ensure our ESG disclosures meet the evolving needs of our stakeholders, we continued to align our reporting to key frameworks, ratings and standards. Our 2023/24 ESG Report and data centre includes up to five years of environmental data and our climate-related KPIs. We also provide a separate basis of reporting document which outlines the reporting methodology for key ESG KPIs. Assurance of our ESG data from ERM CVS can be found on pages 68 and 69. For more, please go to: **rsgroup.com/sustainability**.

Our ESG disclosures are aligned to the following frameworks and standards:

- **TCFD:** In 2023/24, we enhanced our TCFD disclosure with financial modelling and refined our Scope 3 emissions methodology, disclosure and assurance process (see pages 62 to 67)
- **GRI & SASB:** Our ESG reporting aligns to the Global Reporting Initiative (GRI) and sector-specific recommendations of Sustainability Accounting Standards Board (SASB)
- **UNGC:** We are members of the United Nation's Global Compact (UNGC), and our latest Communication on Progress (COP) can be found on our website
- **UN SDGs:** Our ESG action plan is aligned to six of the UN SDGs where we can make the biggest impact (see page 41)

The ESG regulatory landscape continues to evolve rapidly and we are working hard to stay aligned with the latest standards and sector-specific recommendations. This includes taking measures to align our approach to emerging UK and EU regulation, including CSRD, the International Sustainability Standards Board (ISSB), UK Transition Plan Taskforce (TPT) and the EU and UK Green Taxonomies.

Awards and recognition

In 2023/24, RS Group was awarded **Best Company for Sustainability Reporting** in the industrial sector at the Corporate ESG Awards 2023, held by ESG Investing. We were also listed in the **S&P Global Sustainability Yearbook** for the first time, placing us in the top 15% of companies in our industry for ESG action.

We continued to align to leading global ESG ratings in 2023/24, including:

- **EcoVadis:** Platinum medal
- **CDP:** A- Climate score
- **MSCI:** AA rating
- **Sustainalytics:** 6.4 score (Global top 50 ESG companies)
- **S&P:** Sustainability Yearbook inclusion

Ethics and compliance

We are committed to upholding the highest standards of ethics and compliance across the Group and ask our suppliers and partners to do the same. To ensure consistent action, our key policies and processes align to regional legislative requirements and best practice standards. These include the policies and processes described below and on page 60.

Code of Conduct

In 2023/24, we launched a new Code of Conduct to reinforce our commitment to achieving the highest ethical and legal standards across the Group. The Code of Conduct sets out our policy to maintain the highest standards of ethical conduct and behaviour, legal and compliance requirements we must adhere to and ways of raising concerns via our Speak Up helpline (see page 60).

To familiarise people with the Code of Conduct, we launched mandatory training in early 2024 which 100% of our top 500 leaders and 91% of employees have completed to date, with ongoing training to cover remaining employees.

ESG governance continued

Ethical trading

We continue to promote ethical standards for our people through the Code of Conduct and for our suppliers through our Procurement Policy and Ethical Trading Policy.

We are committed to partnering with suppliers with strong ESG standards. We ask all our products and service suppliers to sign our Ethical Trading Declaration, or provide their own equivalent ethical policy that aligns to our standards. As of 2023/24, 59% of suppliers by spend had signed our Ethical Trading Declaration or provided their own.

Anti-bribery and corruption

We are committed to conducting our business affairs ethically and transparently, ensuring we do not engage in or facilitate any forms of bribery or corruption as outlined in UNGC Principle 10.

Our Anti-Bribery & Corruption Policy covers our stance on bribes, gifts and hospitality, facilitation payments and political and charitable contributions. This policy and expected procedures are detailed in our Code of Conduct training which all employees are required to complete. We delivered anti-bribery training to 100% of our top 500 leaders in 2023/24.

Whistleblowing

Speak Up, our dedicated whistleblowing process is a confidential method for employees, customers and suppliers to raise concerns regarding ethical or legal concerns without fear of victimisation. Available globally, we provide both an internal channel and an external independent reporting service that is operated by a third party supplier.

In 2023/24, we received 23 Speak Up reports, all of which were investigated and where necessary acted upon. The operation of our Speak Up process is monitored regularly by our Audit Committee (see page 98). We refreshed our Speak Up Policy during the year and continued to deliver dedicated training, awareness and Speak Up refresher campaigns.

Modern slavery

Our 2024 Modern Slavery Transparency Statement outlines our zero-tolerance stance towards any forms of slavery, human trafficking, child or forced labour within any part of our business or supply chain. This position is reinforced in our Anti-Slavery and Human Trafficking Policy and Ethical Trading Policy.

We comply fully with the International Labour Organization (ILO) Forced Labour Convention and Abolition of Forced Labour Convention and the ILO's Minimum Age Convention. In 2023/24, 91% of our employees undertook modern slavery training as part of our Code of Conduct training, including employees across all DCs.

Data, information security and privacy

We continue to operate a robust information security programme, central to which is our Information Security Policy that is aligned to the principles of the NIST Cybersecurity Framework and ISO 27001. We recognise and respect the high level of trust our customers, suppliers and employees place in us. This is why we continue to maintain a high level of focus on data, privacy and information security, as key mitigations to cyber security as a principal risk for the Group. We also published a Data Incidents Policy and an AI Policy which is being translated for global distribution.

In 2023/24, we brought all our mandatory information security and privacy training requirements into a single course that forms part of our Code of Conduct training. In addition, we provided tailored training to over 600 colleagues across the Group (100% of high risk teams) that deal with personal data from the UK and EU.

For a full list of Group codes, policies and standards, go to: **rsgroup.com/sustainability/codes-policies-and-standards**

Incentivising ESG progress

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

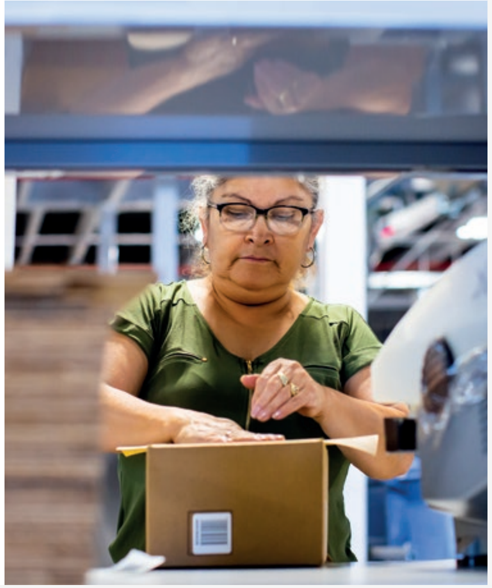
ESG metrics in Group performance scorecard	% of employees with carbon reduction metric in annual incentive
8	**45%**
unchanged from 2022/23	a 5% pts decrease from 2022/23

We have taken steps to integrate ESG targets into our employee rewards programme to drive progress towards our 2030 ESG action plan. As of 2023/24, 45% of Group employees have their annual incentive aligned to the Group's Scope 1 and 2 emissions reduction target, with this metric accounting for between 10% to 15% of the Group annual incentive. In 2023/24, we exceeded the maximum performance level for this metric. Furthermore, 75 of our senior leaders continue to participate in the Journey to Greatness LTIP, which has employee engagement as a measure.

In addition to these incentives, ESG forms a core part of our performance management at both a Group and individual level. The ExCo and Board receive ESG performance updates quarterly. We also have eight non-financial KPIs in our updated Group performance scorecard which the ExCo will use to manage ESG performance via QBRs with the regions and functions. Specific individuals and teams have ESG targets in their annual objectives and annual incentive structures to drive further progress.

Sustainability-linked loan

The Group continues to have access to funding via a £400 million SLL facility which is directly linked to the achievement of three of the Group's most material 2030 ESG actions – direct carbon emissions (Scope 1 and 2 CO_2e emissions), packaging intensity and the percentage of management that are women. In 2023/24, we met the annual performance targets for all three KPIs, as specified in the SLL framework agreement.



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 with signed ethical trading declaration	Suppliers with EcoVadis rating	Suppliers committed to SBTi	RS PRO suppliers that are Sedex members
59%	**52%**	**32%**	**66%**
9 pts[1] increase from 2022/23	3% pts increase[2] from 2022/23	7 pts increase from 2022/23	17 pts increase from 2022/23

Supplier ESG action plan

We are committed to leveraging our position at the centre of the global industrial value chain to drive responsible action among our suppliers, on behalf of our customers. We recognise that sustainability is a new part of the journey for some of our suppliers, which is why we are committed to educating, upskilling and encouraging them to set responsible business standards that align with our own. In doing so, we are forging stronger relationships and accelerating value chain decarbonisation.

We continued to strengthen our approach towards screening and collaborating with suppliers in 2023/24, which helps to reduce risk and increase trust among customers. We target to engage our top 67% of suppliers by spend (c. 390 suppliers) and all RS PRO suppliers on four ESG priorities outlined in our Supplier ESG Handbook:

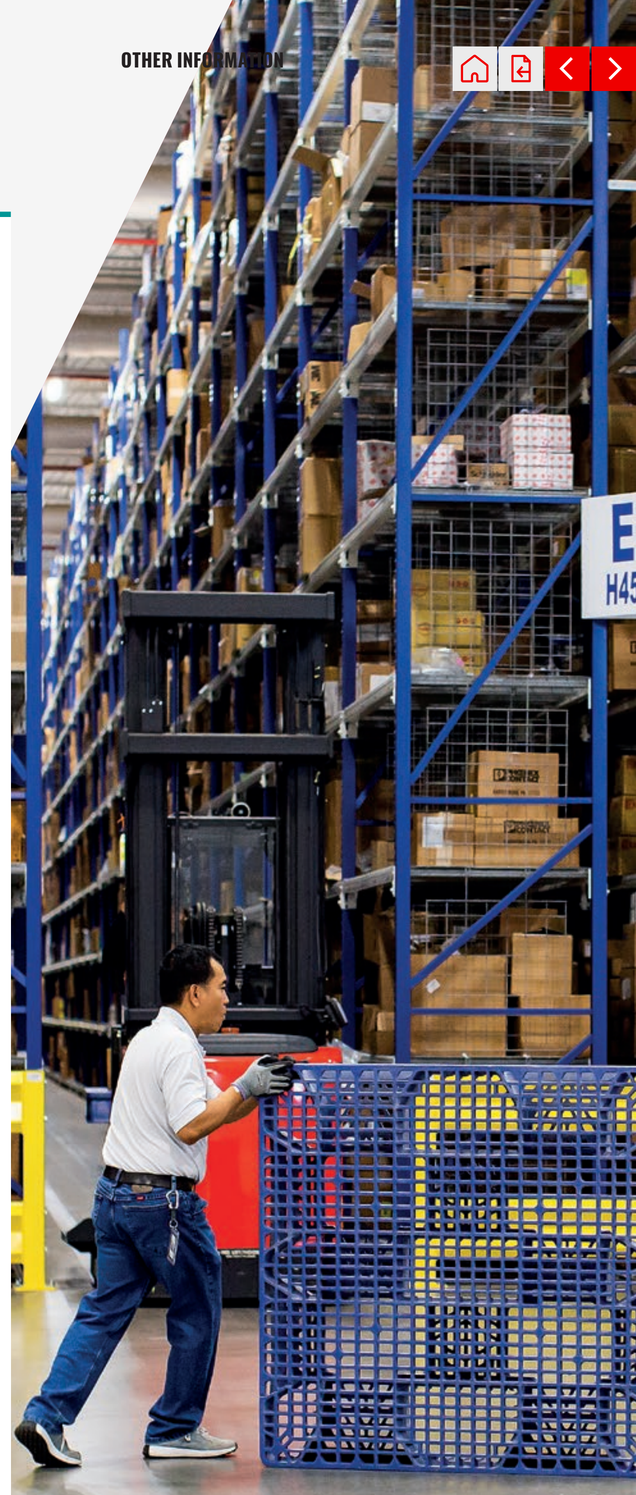
- **Sign and return the Ethical Trading Declaration:** 59% of suppliers by spend with a signed Ethical Trading Declaration in place in 2023/24 (2022/23: 50%[1])
- **Develop and offer more sustainable products:** Engaged suppliers to develop and offer more sustainable products via ongoing webinars and individual meetings. 50 new suppliers and 10,000 new products were added to the Better World product range in 2023/24, which now totals c. 30,000 products from over 90 suppliers (see page 48)
- **Set science-based carbon reduction targets by 2025:** As of 2023/24, 32% of suppliers have set science-based climate goals through the SBTi (see page 49)
- **Become EcoVadis-rated or Sedex members:** Continued to encourage strategic suppliers to become EcoVadis rated, with 52% by spend now rated (2022/23: 49%[2]). Not only has participation increased, but overall scores have also improved from an average bronze medal in 2022/23 to silver in 2023/24. Additionally, we encourage RS PRO suppliers to become Sedex members, with 66% of our key suppliers now signed up (2022/23: 49%)

Beyond this, we continued to engage suppliers on key ESG topics throughout the year via webinars and events covering topics such as EcoVadis alignment, sustainable PPE, health and safety and Better World product development.

Finally, we continued to conduct detailed ethics and compliance monitoring with our key suppliers to ensure ongoing alignment to Group standards and expectations. This included:

- **Risk screening:** As of 2023/24, we have risk screened all existing suppliers on the RS database against global government lists
- **Supplier pre-qualification questionnaires:** Since May 2023, all new suppliers are required to complete a mandatory pre-qualification questionnaire as part of our supplier onboarding process. In 2023/24, we updated the questionnaire and trialled a re-qualification supplier ESG questionnaire for our top suppliers, covering 67% of supplier spend. We will aim to re-qualify our suppliers every three years to ensure they are all aligned to evolving and emerging standards
- **RS PRO site inspections:** 39 audits of higher-risk RS PRO suppliers from Asia took place in 2023/24

More information on our supplier ESG action plan can be found online at: **rsgroup.com/sustainability**



1. Restatement of 2022/23 from 52% to 50% due to updates in reporting methodology and data cleansing.
2. Restatement of 2022/23 from 50% to 49% due to updates in reporting methodology and data cleansing.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

At the time of publication, we have aligned with the requirements of Listing Rule 9.8.6R and the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 by including climate-related financial disclosures that are consistent with the 11 TCFD recommendations.

Where possible, we have made use of the TCFD Final Recommendations Report and Annexes (2021) and technical supplements for our quantitative climate scenario analysis. We will continue to use these resources to strengthen our disclosures in the future, including development of our first climate transition plan.

Climate change is one of the greatest challenges facing our world today. As a Group, we are committed to climate action and supporting the critical priorities of the Paris Agreement to limit global warming to 1.5°C above pre-industrial levels. This is not only the right thing to do for people and planet, but core to our purpose of making amazing happen for a better world and our strategy, which is focused on delivering sustainable value for all our stakeholders.

We remain committed to communicating our progress on climate action transparently. This is the third year we have published a TCFD report and we have made good progress in this time, moving from qualitative to quantitative scenario analysis for our five climate-related risks and opportunities (CRROs), embedding strong governance and risk management controls and integrating climate and ESG priorities into our products, solutions, target customer industries and operational capabilities. Our progress to date enables us to mitigate our risks, while leveraging the opportunities to deliver long-term value for our stakeholders by supporting the transition to a low-carbon global industrial sector.

The table below sets out the 11 TCFD recommendations and where the related information can be found within this report:

Recommendation	Disclosure	Reference
Governance	A) Describe the Board's oversight of climate-related risks and opportunities	Doing business responsibly (page 59)
	B) Management's role in assessing and managing climate-related risks and opportunities	Doing business responsibly (page 59)
Strategy	A) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	TCFD strategy (pages 63 to 67)
	B) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	TCFD strategy (pages 63 to 67)
	C) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	TCFD strategy (pages 63 to 67)
Risk management	A) Describe the organisation's processes for identifying and assessing climate-related risks	TCFD risk management (page 67) / Risks, viability and going concern (page 36)
	B) Describe the organisation's processes for managing climate-related risks	TCFD risk management (page 67) / Risks, viability and going concern (page 36)
	C) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	TCFD risk management (page 67) / Risks, viability and going concern (page 36)
Metrics and targets	A) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Advancing sustainability / TCFD metrics and targets (page 67)
	B) Disclose Scope 1, Scope 2 and if appropriate Scope 3 greenhouse gas (GHG) emissions and the related risks	Advancing sustainability (pages 44, 45 and 47)
	C) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Advancing sustainability (pages 42 and 43)

Our five CRROs are summarised in the table on this page and further detail can be found on pages 64 and 65. These remain consistent with our assessment and disclosure in prior TCFD reports (available at: **rsgroup.com/sustainability/reporting-centre**), which set out further complementary detail and context on our climate governance and risk management approach and our climate-related scenario analysis.

Governance

Our climate governance activities are fully integrated within our wider corporate governance. For an overview of our ESG governance arrangements and key activities for 2023/24, inclusive of climate risks and opportunities, refer to page 59. For an update on key ExCo and Board climate-related engagement and activities in 2023/24, please refer to pages 80 to 83.

Strategy

Driving climate action through our core business strategy

Climate action is core to our purpose, strategy, values and 2030 ESG action plan. We refined our strategy in 2023/24 and this has provided an opportunity to deepen this integration further. Some key examples of how we are mitigating climate risks and maximising opportunities, aligned to our strategy include:

- **Customers:** developing and retaining customers in industry sectors that are critical to the low-carbon transition, including renewables, utilities and automotive sectors (see page 14)
- **Products:** offering our customers more sustainable products that help them to reduce their energy consumption and transition to lower-carbon operations (see pages 15 and 48)
- **Solutions:** helping our customers run their businesses more sustainably, via solutions such as energy monitoring and product recycling (see pages 15 and 49)
- **Operational excellence:** reducing emissions from our DC operations and product shipments (see pages 16 and 42 to 47)

We are engaging with our suppliers, customers and wider value chain partners to drive collaborative action for a low-carbon global industrial sector, for example, through our Better World product range and supplier ESG action plan (see pages 48 and 49). We are already seeing our commitment and progress on ESG be a key differentiator in attracting and retaining high-value customers. Alongside this, we are making good progress in developing our climate transition plan, utilising the TPT Framework released in 2023 and will publish this in line with developing compliance timelines.

Refining our approach to climate scenario analysis

In 2023/24, we refreshed our quantitative climate scenario analysis. Our ESG and Group financial control teams worked together to overlay climate scenarios onto our refreshed five-year strategic plan and projected out to 2050. This has helped to bring tighter ownership and control over our CRROs and demonstrates our commitment to embedding climate action across our business.

We have modelled the impact on Group adjusted operating profit after mitigation of the CRROs under three different climate scenarios from the International Energy Agency (IEA) for transition risk and under three Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathways (RCPs) for physical risk, which is consistent with our previous analyses (see reference table on page 66).

We identified the likely timeframe for each CRRO to emerge:

- **Short term: 0 to 5 years** (aligned to our five-year strategic plan)
- **Medium term: 5 to 10 years** (aligned to the risk management process, modelled as 2030 in our quantitative climate scenario analysis)
- **Long term: 10 to 30 years** (aligned to the risk management process, modelled as 2050 in our quantitative climate scenario analysis)

Whilst we have identified short-term climate opportunities, we have not identified any material short-term risks. We have modelled our medium and long-term CRROs in the table on page 66.

Our five CRROs

Products, solutions and customers

1. Changes in customer segments and product demand (transition opportunity)

Logistics

2. Technology transition and rising fuel costs (transition risk)

Distribution sites

3. Reduced emissions and energy costs through solar generation (transition opportunity)
4. Impact of extreme heat (physical risk)
5. Impact of extreme weather (physical risk)

We are already seeing our commitment and progress on ESG be a key differentiator in attracting and retaining high-value customers

2023/24 actions on our CRROs:

CRRO		Description	Business owners	Metrics monitored	2023/24 initiatives, progress and investment activities
Transition					
Opportunity	**1. Products, solutions and customers:** Changes in customer segments and product demand **Strategic action alignment:** **Connected stakeholders:**	Growth in customer segments linked to the low-carbon economy and product categories that enable the net zero transition, alongside a smaller downside of decline in traditional customer segments (fossil fuel) and products that are not required in the low-carbon economy (although modelling indicates this is of low significance)	**Products:** Chief of Product and Supply Chain (P&SC) **Solutions:** Chief of Solutions and Services	– Number of products in the Better World product range (ambition for 100,000) – Investment in and incremental revenue from sustainable products and services e.g. Better World products, industrial MRO services that reduce energy and carbon and low-carbon industry sectors – Overall green revenues metric to be developed, aligned to UK Green Taxonomy guidance	– Better World products – c. 30,000 products launched in 30 countries (see page 48) – Low-carbon industry sectors – business development team and strategy established for UK offshore wind industry. Key strategic MRO partnership established with Equinor to serve the world's largest offshore wind farm – Dogger Bank, UK (see page 49) – New sustainability solutions to help customers monitor and reduce energy in their operations (see page 49) **2024/25 focus:** Continue to grow our customer propositions and revenue from sustainable product and service solutions and low-carbon industries
Risk	**2. Logistics:** Technology transition and rising fuel costs **Strategic action alignment:** **Connected stakeholders:**	Increased costs from third-party logistics providers associated with carbon freight taxes and investment in low-carbon technologies (expected to continue to be embedded in pricing margin)	Chief of P&SC and Regional Presidents (RPs)	– Total CO_2 emissions and emissions intensity for product transportation – 25% reduction per tonne of product sold by 2029/30 from 2019/20 (SBTi target) – Logistics costs as a % of revenue	– 26% reduction in absolute carbon emissions from product transportation since 2019/2020[1], delivered via ongoing initiatives to regionalise and optimise our supply chain and switch transport modes to sea or ground to limit distance, air miles, costs and carbon emissions (see page 47) **2024/25 focus:** Continued supply chain optimisation through regional sourcing, storing and shipping and modal shift to reduce distances travelled, carbon footprint and cost
Opportunity	**3. Distribution sites:** Reduced emissions and energy costs through solar generation **Strategic action alignment:** **Connected stakeholders:**	Installation of solar panels on available distribution site roof space to reduce energy costs and increase resilience	Chief of P&SC and RPs	– Capital expenditure on distribution site solar generation and storage solutions has been embedded in goodwill impairment on page 95 – Reduction in energy costs – Percentage of 2023/24 electricity use from on-site solar generation: 2%	– Investing in solar panels at our distribution sites or leasing new distribution sites with solar installed – 52kW solar panels array added to our FC at Midrand, South Africa – New leased FC in Madrid, Spain, with solar panels installed – Proposals in development for other key distribution sites (see page 43) **2024/25 focus:** Review and progress proposals for installation of solar generation at further sites

1. Scope 3 emissions from product transportation (Category 4) per tonne of product sold.

Strategic action
Customers Products Solutions Experience Operational excellence

Stakeholder key
Our people Customers Suppliers Communities Shareholders

2023/24 actions on our CRROs:

CRRO		Description	Business owners	Metrics monitored	2023/24 initiatives, progress and investment activities
Physical					
Risk	**4. Distribution sites:** Impact of extreme heat **Strategic action alignment:** **Connected stakeholders:**	Increased costs associated with installation of high-efficiency cooling systems and / or potential impacts on the health, safety and wellbeing of people working at our distribution sites which could reduce productivity. Key material site identified to be exposed to extreme heat is our regional distribution site in Fort Worth, US	Chief of P&SC and RPs	– Distribution site operating temperatures – Worker productivity and absence during high-heat periods (>35°C and >40°C) – Capital expenditure in heating, ventilation and air conditioning (HVAC) systems has been embedded in goodwill impairment on page 95	– Employee productivity monitored in distribution sites during high-heat periods with regular breaks and refreshments – Building upgrades and new building management system installed at our regional DC in Fort Worth, US, supporting HVAC optimisation (c. £0.5 million capital investment) – New, modern and energy-efficient FC in Madrid, Spain and improvement in roof insulation and windows at our regional Beauvais DC, France, to reduce solar gain (c. £1 million capital investment) **2024/25 focus:** Ongoing mitigation through business continuity planning, review additional sites for HVAC and fabric improvement options
Risk	**5. Distribution sites:** Impact of extreme weather **Strategic action alignment:** **Connected stakeholders:**	Extreme weather events, including flooding, storms and tornadoes, have the potential to disrupt our operations and logistics and cause physical damage to our infrastructure. Our regional distribution sites in Fort Worth, US was identified to be the key site at risk, due to physical exposure and strategic importance for our Americas distribution network	Chief of P&SC and RPs	– Distribution site insurance costs – Frequency and cost impact of severe weather events on distribution sites – Investment in distribution site facility improvements	– Proactive business continuity planning by our regional DC team in Fort Worth, US, includes mitigations such as drop shipments, alternative warehousing, updated contingency plan and enhanced revenue recovery procedures **2024/25 focus:** Ongoing mitigation through business continuity planning

Strategic action

Customers Products Solutions Experience Operational excellence

Stakeholder key

Our people Customers Suppliers Communities Shareholders

Updated climate scenario analysis

In 2023/24, our ESG and Group financial control teams conducted quantitative climate scenario analysis, overlaying the CRROs onto our refreshed five-year strategic plan. High-level results of the analysis are shown in the table on the right, with the residual financial impact of CRROs post mitigation. Opportunities indicate a positive net impact on operating profit (shaded green) and risks indicate a negative net impact (shaded red). Our analysis indicates that physical risks are expected to be greater under a higher warming scenario, whereas transition opportunities and risks are greater under lower temperature scenarios, due to faster and more significant policy and market changes to deliver the low-carbon transition.

The main update to our analysis, compared to 2022/23, is that we have reassessed the physical risk from extreme weather on our DC in Fort Worth, US, to be 'Very Low' (post mitigation) under RCP 8.5 scenario (>4°C) compared to previously assessing it to be 'Low'. We conducted a more detailed, externally-facilitated recovery assessment that increased the speed and magnitude of the mitigating activities, which we have included in our analysis. We have also re-categorised our product demand CRRO as an opportunity (previously reported as an opportunity and a risk), as our updated analysis indicates that the downside risk of lost revenue is minimal. Our exposure to the fossil fuel sector is very low, relative to the potential opportunity to expand and further develop our sustainable product and service solutions and support low-carbon industries.

For further detail on our quantitative financial scenario analysis methods, please refer to our basis of reporting document at: **rsgroup.com/sustainability**

CRRO			Financial impact	Timeframe[1]	Annual net impact on Group adjusted operating profit Financial materiality key		
Transition				Temperature rise	1.5°C	2°C	>2°C
1.	Opp	**Products, solutions and customers: changes in customer segments and product demand**	Annual revenue impact	2030	Very Low	Very Low	Very Low
				2050	Medium	Low	Very Low
2.	Risk	**Logistics: technology transition and rising fuel costs**	Increased operating costs, fully offset through embedding in pricing margin	2030	No impact	No impact	No impact
				2050	No impact	No impact	No impact
3.	Opp	**Distribution sites: reduced emissions and energy costs through solar generation**	Annual operating costs impact (including depreciation)	2030	Very Low	Very Low	Very Low
				2050	Very Low	Very Low	Very Low
Physical					2°C	>2°C	>4°C
4.	Risk	**Distribution sites: impact of extreme heat**	Capital and operating costs to mitigate risk, expected to fully mitigate impact on productivity	2030	Very Low	Very Low	Very Low
				2050	Very Low	Very Low	Very Low
5.	Risk	**Distribution sites: impact of extreme weather**	Annual revenue impact and operating cost, offset by recovery via insurance policies	2030	No impact	Very Low	Very Low
				2050	No impact	Very Low	Very Low

Net financial impact

Overall, we have low exposure to physical climate risks, with our operations generally in low-risk locations. Furthermore, our diversified business model and global customer base, strong supplier partnerships and capital strength mean we are well placed to mitigate potential future risks. We are also well positioned to support the transition to a low-carbon industrial sector by leading in sustainable products, solutions and industry sectors.

Our analysis suggests that if we are able to deliver upon our strategic growth ambitions relating to low-carbon products, service solutions and industry sectors, we will see a net positive financial impact from the CRROs. This demonstrates the overall resilience of our business model to manage our risks and maximise our opportunities under various future climate pathways.

Financial materiality key[2]

Annual impact on Group adjusted operating profit

Very high	>32%
High	24 to 32%
Medium	16 to 24%
Low	8 to 16%
Very low	0 to 8%
No impact	0%

Temperature scenarios[3]

Temperature	Scenario
Transition	
1.5°C	NZE – 1.4°C
2°C	APS – 2.1°C
>2°C	STEPS – 2.6°C

Temperature	Scenario
Physical	
2°C	RCP 2.6 – 2.0°C
>2°C	RCP 4.5 – 2.4°C
>4°C	RCP8.5 – 4.3°C

1. 2030 – medium term, 2050 – long term. Time horizons for the climate scenario analysis were selected according to the time periods for which data was consistently available for both IEA and RCP scenarios within the range of RS's medium and long-term risk time horizons outlined on page 63.
2. Aligned to RS enterprise risk management guidance, a CRRO is considered to be material where the annual net impact on adjusted operating profit is greater than +/-2%. CRRO 1 Products, solutions and customers: changes in customer segments and product demand is the only CRRO deemed to be material aligned to this threshold.
3. NZE – The Net Zero Emissions scenario by 2050, APS – The Announced Pledges Scenario, STEPS – The Stated Policies Scenario (Source: IEA), RCPs 2.6, 4.5 and 8.5 (Source: IPCC).

Risk management

Our CRROs are managed via our risk management process to ensure a robust and consistent approach across the Group. We have a high-level CRRO risk register and mitigation plans, which are refreshed periodically in consultation with market and functional leaders. We also have strategies and controls in place to mitigate physical climate-related risks on our operations and wider supply chain (see page 36).

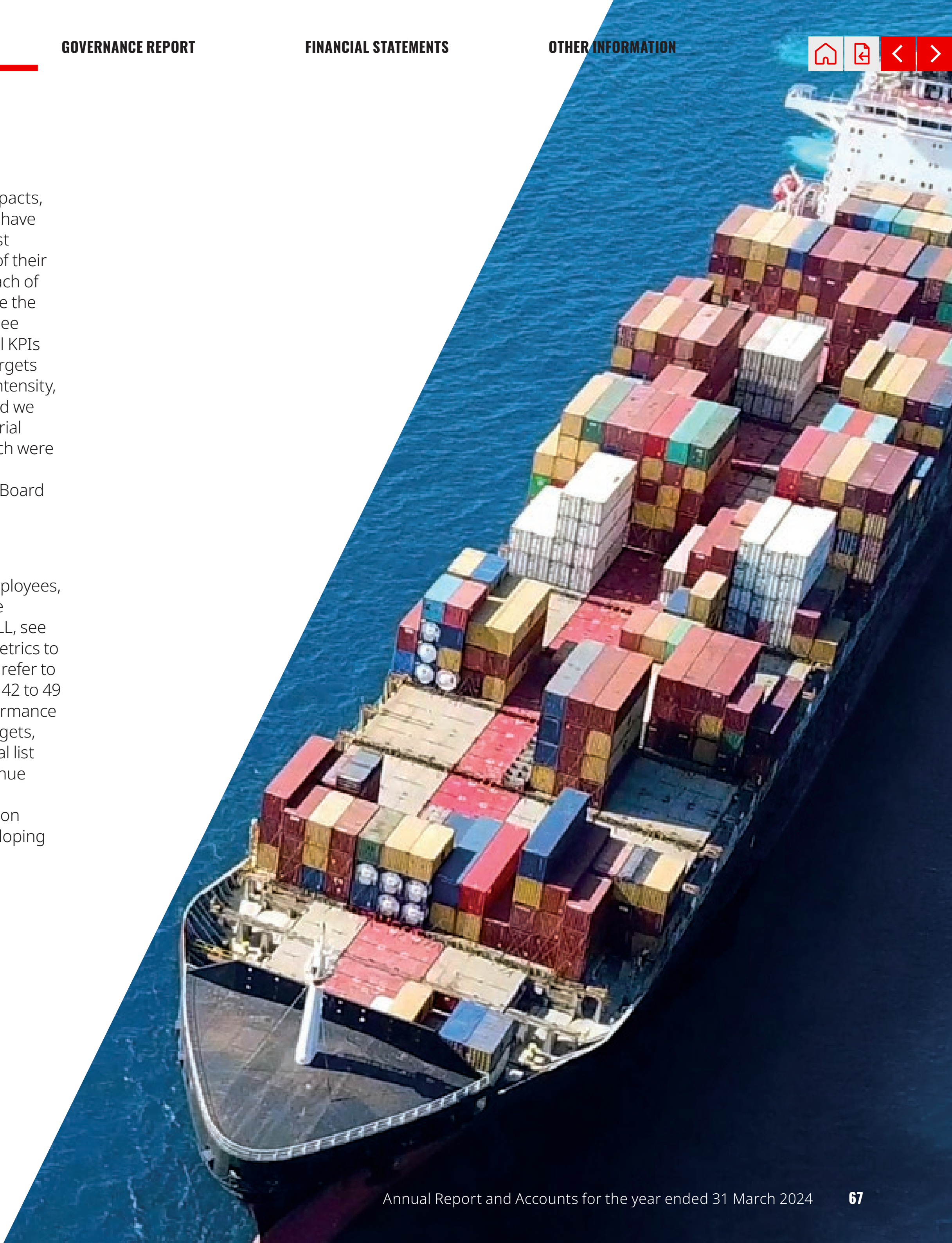
CRROs are integrated into our risk management process for ongoing management. Each CRRO has an owner, mitigating controls and a series of metrics and targets that are monitored and reported on. The internal audit and risk team monitor the controls associated with our CRROs and review these frameworks when conducting audit inspections. A review of ESG impacts is incorporated at the due diligence stage of acquisitions and investment will be added to future integration plans. Updates and key risks are provided to the Risk Committee, ExCo, Audit Committee and the Board during their bi-annual risk reviews to ensure a clear line of sight and integration into our strategy, business planning and decision making. For more information on our principal risks, including climate change, see pages 34 to 37.

Metrics and targets

To understand and manage our climate impacts, we monitor key metrics for our CRROs and have set performance targets related to the most material CRROs (aligned to the materiality of their financial impact as outlined on page 66). Each of our CRROs has a business owner to oversee the approach with relevant leadership teams, see pages 64 and 65. The Group's non-financial KPIs contain four climate-related metrics and targets (Scope 1 and 2 carbon emissions, carbon intensity, packaging intensity and waste recycled) and we have set four SBTs covering our most material Scope 1, 2 and 3 emissions categories, which were validated by the SBTi in 2023/24. These are reviewed by the ExCo quarterly and by the Board twice a year (see page 59).

Our science-based Scope 1 and 2 carbon reduction target is included in the annual performance incentive for 45% of all RS employees, including the annual incentive for Executive Directors, and is also included within our SLL, see page 60. We monitor a set of key climate metrics to ensure our net zero action plan is on track, refer to the Advancing sustainability section pages 42 to 49 for a full update on our progress and performance against our climate-related metrics and targets, as well as our online data centre for the total list of all ESG metrics we monitor. We will continue to develop our climate-related metrics and targets further through our climate transition plan, which we will publish in line with developing compliance timelines.

Our CRROs are managed via our risk management process to ensure a robust and consistent approach across the Group



ESG ASSURANCE

Independent limited assurance report 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 Annual Report and Accounts 2024 (the Report).

Engagement summary	
Scope of our assurance engagement	Whether the 2023/24 data for the following ESG KPIs on pages 41 to 47 and 54 of the Report are fairly presented, in all material respects, in accordance with the reporting criteria: – Total Scope 1 and Scope 2 GHG emissions (tonnes CO_2e) – Carbon intensity (total Scope 1 and Scope 2 (market-based) GHG emissions in tonnes CO_2e per £ million revenue) – Total Scope 3 GHG emissions from the following categories (tonnes CO_2e): ∘ Category 1 – Purchased goods and services ∘ Category 4 – Upstream transportation and distribution ∘ Category 11 – Use of sold products (RS PRO products only) – Product transportation emissions intensity (tonnes CO_2e per tonne of product sold) – In-use carbon intensity (RS PRO products only) (tonnes CO_2e per tonne of product sold) – Packaging intensity (tonnes packaging per £ million revenue) – Percentage of management that are women (percentage) Our assurance engagement does not extend to information in respect of earlier periods or to any other information included in the Report.
Reporting period	– 2023/24 (1 April 2023 – 31 March 2024)
Reporting criteria	– 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 KPIs, as described in the Group's ESG basis of reporting 2023/24 (see: rsgroup.com/sustainability)
Assurance standard and level of assurance	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 Assurance Standards Board. The procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement and 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.
Respective responsibilities	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. ERM CVS' responsibility is to provide a conclusion to the Group on the agreed scope based on our engagement terms with the Group, the assurance activities performed and exercising our professional judgement.

Our conclusion

Based on our activities, as described below, nothing has come to our attention to indicate that the 2023/24 data for the ESG KPIs listed under Scope of our assurance engagement on page 68 are not fairly presented on pages 41 to 47 and 54 of the Report, in all material respects, in accordance with the reporting criteria.

Our assurance activities

Considering the level of assurance and our assessment of the risk of material misstatement of the 2023/24 data and information for the selected disclosures a multi-disciplinary team of sustainability and assurance specialists performed a range of procedures that included, but was not restricted to, the following:

- Evaluating the appropriateness of the reporting criteria for the selected disclosures
- Interviews with RS 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 RS Group facilities in Mexico, Italy and the UK to review the data measurement, collection and reporting processes at the facility level and to test the consistency of reported 2023/24 data for the energy and fuel use underlying the Scope 1 and Scope 2 GHG emissions and for packaging with underlying source data and related documentation
- An analytical review of the 2023/24 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 of information relevant to the scope of our work in the Report to ensure consistency with our findings

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.

For the carbon and packaging intensity KPIs, we reviewed the accuracy of the calculations based on the final, assured GHG emissions and packaging data for 2023/24 and the audited revenue figure for 2023/24 provided by the Group; we have not separately audited the revenue figure used in the calculation of these KPIs.

For the Scope 3 GHG emissions from categories 1 and 11 and the in-use carbon intensity for RS PRO products, our work consisted of reviewing the calculations of the GHG emissions and the carbon intensity based on purchase and sales transactions extracted from the Group's financial systems and applying the methodology developed by the Group; we have not separately audited the purchase and sales transactions underlying these GHG emissions and carbon intensity.

Our observations

We have provided the Group with a separate Management Report with our detailed observations. Without affecting our assurance conclusion, we make the following observation:

- As disclosed on page 47 of the Report and in the ESG basis of reporting 2023/24, the Group accounts for product transportation (Scope 3 Category 4) GHG emissions from inbound, outbound and inter-site deliveries where these are controlled by RS Group

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 the IESBA Code relating to assurance engagements.

ERM CVS 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

22 May 2024

ERMCVS
Informed Assured

ERM Certification and Verification Services Limited
www.ermcvs.com
Email: post@ermcvs.com