



Moving forward responsibly

HSS Hire Group plc
Corporate Responsibility Report 2016

HSS contributes to a more sustainable world

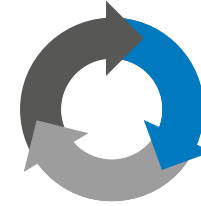
The European Rental Association (ERA), the trade association that represents more than 5,000 equipment rental companies across Europe, suggests that – to address modern levels of waste generation – we need to move from a traditional ‘take-make-waste’ society to one that is more in balance with our environment and its resources, contributing to what the EU calls a ‘circular economy’.

Sustainability is at the very heart of our industry. We purchase robust equipment that is hired, used, returned, tested and hired out over and over again by multiple customers – which is inherently more sustainable than the demands placed on raw materials and the emissions caused from manufacturing and transporting additional equipment for individual ownership. By providing well maintained and safe equipment with ready availability, rental also offers cost and efficiency benefits to users who can enjoy greater commercial flexibility within their own business activities. Hire is, therefore, both environmentally and commercially sound.

Our business benefits from operating in one of the most mature hire markets in the world – the role of hire as part of a more sustainable supply chain is well understood by UK customers – and by continuing to make our service offering increasingly cost effective and easy to use, we are helping hire to become an ever more attractive option and contributing to a more sustainable world.

Hire is cost, service and eco-efficient

Three major benefits to equipment rental



1

Financial pressures and market fluctuations demand commercial flexibility so the option to borrow equipment that is always well maintained and readily available offers cost and efficiency benefits that make hire more sustainable and more affordable than purchasing.

2

Resources are scarce and energy costs are high so it makes sense to make more use of what we have rather than to make more. Cutting down on the consumption of natural resources, reducing waste and minimising emissions from the operation and transportation of goods improves sustainability and efficiency.

3

Recruiting colleagues from across the community, educating and training them, developing their skills and talents leads to an effective and motivated workforce; ready and able to satisfy the most exacting customer requirements as well as contributing to up-skilling and supporting society.

Welcome to our Corporate Responsibility report for the year



As a large national company, we are aware that we have responsibilities to our customers, our colleagues and our local communities as well as to the wider economy and the environment. At HSS, we build on the sustainable nature of our business model with an equally responsible approach to how we conduct our business activities, both inside and outside of our organisation.

Our primary responsibility is, always, safety – of our colleagues, our customers and of the equipment we hire – and making sure that HSS is a safe place for people to work and to hire from.

We are also focused on ensuring that we operate with transparency and integrity and on delivering a sound economic performance whilst reducing our impact on the environment, supporting our colleagues and our customers and playing a positive role in our local communities.

In 2016, we introduced the concept of 'Simply HSS' to help us simplify and improve processes, to remove any barriers to communicating and working together effectively, to make life more simple for ourselves and our customers and to help us focus on and become brilliant at what we do every day. This concept extends to our CSR approach and I am pleased to report that, under the ongoing governance of our CR Steering Committee, we have made good progress against our long-term commitments. This report details those activities and achievements.

As always, I would like to thank all our colleagues for the part they play in ensuring we operate as a responsible, caring company.

John Gill
Chief Executive

Key achievements

RIDDOR

0.4

2015: 0.48

42

NPS score

2015: 36

59%

Promotions awarded

internally

2015: 41%

526

Machines
refurbished

97%

Colleagues care
about working at HSS

36

carbon emissions

per m²

2015: 43m²

Our business at a glance

Key performance highlights

Revenue	Adjusted EBITDA	Adjusted EBITA	Operating (loss) / profit	Reported EPS (basic and diluted)	Adjusted EPS (diluted)	Core utilisation (LTM)	Specialist utilisation (LTM)
£342.4m +9.6%	£68.6m (3.4%)	£20.5m +1.0%	(£2.7m) £6.8m	(11.18p) (1.32p)	2.94p (0.26p)	50% +2pp	75% (1pp)

The HSS Hire Group provides tools, specialist equipment and hire related services in the UK and Ireland. With a nationwide network of trading locations and distribution centres, we have a strong national presence and a well established brand. HSS serves a diverse range of customers from large blue-chip organisations and tradespeople, predominately in the fit out, operate and maintain sectors as well as individual DIY consumers.

Rental



Our Rental segment comprises rental income earned from HSS owned tools and equipment and directly related revenue e.g. resale, transport and other ancillary revenues. Through our core HSS brand and specialist brands of ABird, All Seasons Hire, Apex and UK Platforms we can offer customers access to a broad range of 23 owned equipment categories which can be delivered or picked up nationwide from our national network of Customer Distribution Centres (CDCs) and local branches.

Services



Our Services segment directly complements our Rental offering and comprises income from the group's third party supplied rehire business (HSS OneCall), HSS Training and TecServ. In addition to trading directly with customers, together with our Rental offering, these businesses allow us to provide a true one stop shop tool and equipment hire and related services offering to our customers across the UK.



Our business at a glance

Continued

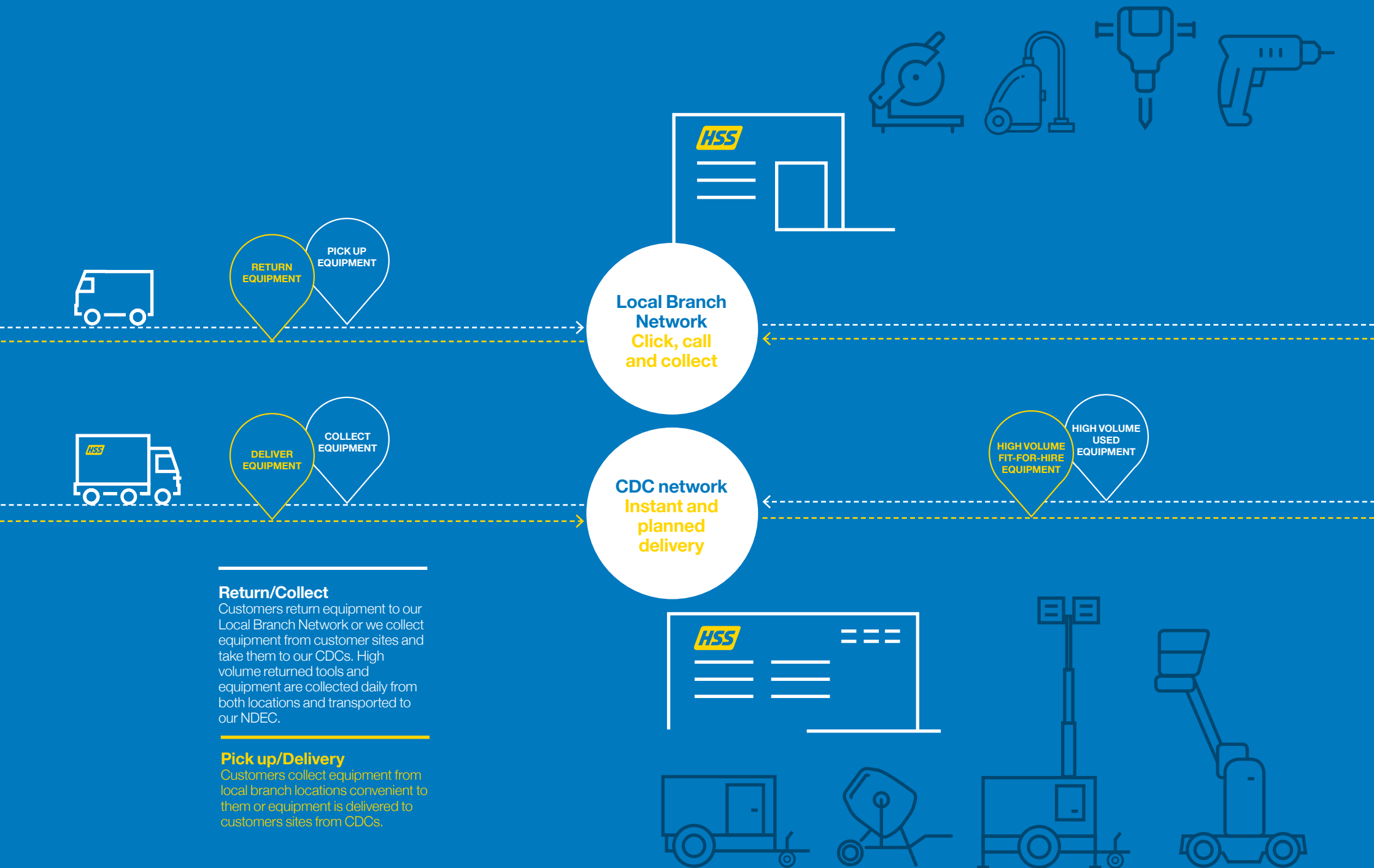
Our operational model begins and ends with the customer

It is designed to underpin our commitment to 'deliver the kit you need anytime, anywhere' which is our customer promise. Kit is located 'close to the customer' ready for collection or delivery and replenished via a sophisticated retail-like network which drives capital efficiency. As all our equipment is tested, and repaired where necessary, prior to every hire, we have industrialised engineering of our high volume lines in our National Distribution and Engineering Centre to drive quality and operational efficiency with larger lines being maintained regionally. It all adds up to the capacity for instant, rapid response or planned delivery of the equipment our customers need, when they need it.

Orders received & picking

Customers place orders online, on phone or in person for same or next day delivery/pickup. Orders are picked from local inventory in Local Branches or CDCs, with flexibility to satisfy same day orders. Overnight fulfilment deliveries from NDEC return ready to hire equipment to our Local Branch and CDC network and address specific next day orders.







NDEC Industrialised engineering



Test & run

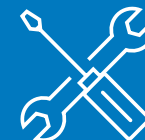
All products go through our test & run processes to ensure each item is serviced, safe and fit for hire. This can range from visual inspection through to mechanical and electrical testing, on all equipment. High volume products undertake this process at our NDEC. Any equipment failing test and run is then assessed for repair.

Network replenishment/ storage

Fit-for-hire equipment is moved back into the local branch and CDC network to maintain flexibility to address same day orders alongside next day orders. Slower moving goods, e.g. seasonal goods such as air conditioners, will be stored at the NDEC until such time demand patterns change.

Repair

Where equipment fails test & run we assess whether it is economic to repair or not. Equipment is then repaired on-site, unless it is covered by manufacturer warranty. To minimise waste, equipment identified as beyond repair is audited, before being sold as non-working or recycled.



Our business at a glance

Continued

Economic performance and sharing wealth

A responsible company generates and shares wealth in order to perform for its stakeholders – delivering a financial return for shareholders as well as ensuing continuity of supply and support for its customers and secure employment and development for its colleagues.

HSS generates wealth by investing in equipment and providing it for hire, which in turn enables those customers to generate their own wealth.

In 2016, revenue grew by almost 10% to £342.4m and we are pleased to report progress well above the ERA's forecast of 2.8% for the UK marketplace.

This economic value was shared amongst the various stakeholders in our business including our suppliers and their own supply chains, our colleagues and investors, the government and our local communities as well as a retained element to help fund future investment and growth – as detailed in the pie chart.

Our governance

We believe that proper governance is an important part of operating responsibly and as such, it forms the backbone of our culture. We operate with integrity and transparency to ensure the highest levels of environmental and social governance; managing risks, driving efficient use of capital and maintaining good corporate practice.

We have a strong management team with a breadth of capability, experience and commercial insight and we have robust governance structures in place with audit committees, systems, policies and controls, all supported by expert external guidance, auditing and monitoring

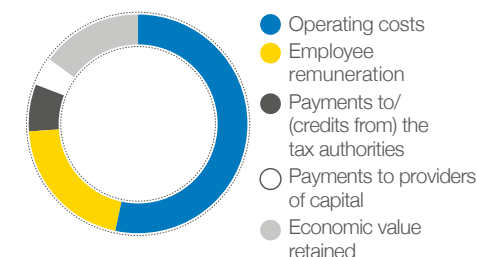
We work to – and are audited against – a number of external accreditations, including the new British ISO standards for health and safety and the environment. We are Safe-Hire accredited and members of the British Safety Council and Considerate Constructors Scheme. We hold Investors in People status as well as FORS Gold Accreditation for our commercial vehicle fleet.

Our corporate governance, including our principal risks and uncertainties, is fully detailed in our Annual Report and Accounts and available at www.hsshiregroup.com.

Our financial results are published in line with our financial reporting requirements and also available at www.hsshiregroup.com.



Economic value £342.4m



Our accreditations



Supporting our customers



We recognise
that we are
an integral part
of their supply
chain.

Being a responsible company includes recognising that we are an integral part of our customers' supply chains and taking a responsible approach to the way we work with them and the service we deliver to them. We have a wide range of customers from large blue-chip organisations to local tradespeople and individual DIY customers and we are committed to supporting them by providing a customer experience that focuses on the things they've told us matter most.

Safety

Safety is our priority and we work hard to ensure the safety of our customers and the equipment we hire to them as well as supporting their own progress towards "Zero Harm" and "Target Zero" goals. We drive safer product design throughout our supply chain – such as the unique anti-entrapment system Activ'Shield on our UK Platform diesel booms – and we ensure that every single bit of kit is robustly maintained and tested through strictly controlled processes before every hire so it's always safe to use. Our dedicated training division, HSS Training, offers over 260 industry recognised technical and safety courses that cover equipment operation and safe working practices

Value

To make sure our customers receive value from their hire, we work with them to drive down 'the true cost of hire' – providing reliable equipment and an excellent service as well as helping them to understand, manage and control their costs. We continue to invest in our fully transactional e-commerce platform and Remote Fleet Management systems, which help customers to better manage hire volumes and durations as well as saving them time. In 2016, we further underpinned our commitment to value with a simplified pricing structure and the introduction of our new 'everyday low price trade essentials' range.

Availability

Making sure our customers have ready availability of the kit they need, when and where they need it is key to our service offering, enabling us to guarantee that they can order by 7pm and get by noon the next day. We have a multi-channel offer that includes online and call centre ordering for delivery or collection as well as a strategically positioned branch network, stocked with the most popular kit ready to take away.

In 2016, we invested heavily in new kit throughout the year and opened 12 new branches in locations in which we were underrepresented to ensure optimum availability. We also made significant investment to our distribution and engineering models – working with specialist partners to centralise activity around our NDEC – and revised our network to ensure efficiency and effectiveness of our operations for our customers benefit.



Supporting our customers

Continued

75%
customers
scoring HSS
4 or 5/5 Group
satisfaction
score average

Support

Supporting our customers is about making life easier for them. We offer a range of hire-related services to help our customers and in 2016, we extended this to include a Managed Service Provider offer that enables us to manage the complex supply chains of some of our larger customers. We also support our customers by ensuring that – from recruiting the right people to providing them with ongoing training and development – our colleagues are better equipped with the skills and knowledge they need to provide an excellent hire service.

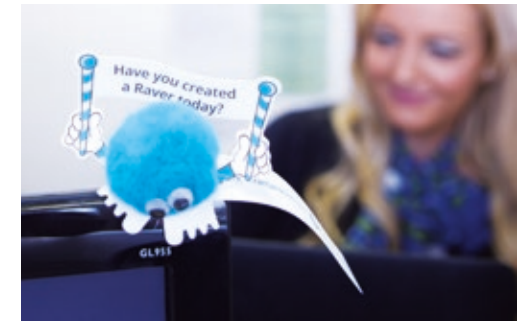
The HSS Customer Experience

We strive to keep improving our customer experience across these core areas so we ask our customers what they think of us, listen to what they say, act on their feedback and measure how we're doing.

We use the 'Rant and Rave' customer e-survey system to measure customer satisfaction after every hire, every day. We then take a 'fix, measure and learn' approach to the feedback to address any service issues and to proactively inform product and procurement considerations. In 2016, we received over 5,500 customer insights, with 75% customers scoring us 4 or 5/5 and an average score of 4.01/5. We also made some revisions to our Rant and Rave reporting to ensure that our customer experience scores are better aligned with our NPS score.

We use leading research company TNS to survey our customers using their recognised Net Promoter Score approach, "would you recommend HSS to a friend or colleague?". We are proud to have achieved NPS scores that improve year on year and that are consistently above the TNS industry benchmark. In 2016, our NPS score increased to 42 (2015: 36), putting us in the top 20% of all companies surveyed by TNS. We were particularly highly scored on the branch experience and the knowledge and helpfulness of our staff.

As a result of our Customer Delight programme, we were very proud to be awarded Best Large Contact Centre 2016 at the UK Customer Experience Awards.

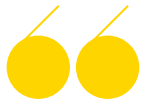


42
NPS Score
(2015: 36)

4.01/5
Group satisfaction
score average



Reducing environmental impact through the product lifecycle



We validate all
suppliers against
robust criteria
to ensure they
share our
commitments

We recognise that there are environmental and social impacts at every stage of the product life cycles of all the equipment in our fleet so we are committed to a responsible approach in the way that we purchase and dispose of this equipment as well as to extending the life of kit and reducing product waste.

Sustainable sourcing

In order to reduce energy and fuel consumption and to increase the life of our products, we work with leading equipment suppliers in order to source and provide a broad range of tools and equipment that are durable, sustainable and environmentally responsible.

We validate all suppliers against robust criteria to ensure they share our commitments and adhere to our health and safety, quality and environmental requirements. In 2016, we had self-audit documentation in place for 68% of the suppliers of our core kit.

New products are strictly evaluated to ensure they are safe and durable and we work with the manufacturers to introduce products that have improved health and safety benefits or reduced environmental impact, such as our energy harvest units, LED lighting systems, bi-energy booms and hybrid lighting towers.

We also make sure we offer only a carefully considered product range and will discontinue products that are not widely demanded or where a more durable alternative is available. In 2016, we strategically consolidated our range by 13%, helping to reduce unnecessary distribution movements (and therefore fuel consumption) whilst continuing to ensure optimum product availability for a simplified customer offer.



68%

Self-audit
documentation in place
for core kit suppliers

200

Consolidated product
range by 200 products

Reducing environmental impact through the product lifecycle

Continued



526

**machines refurbished
through centre**

Extending the product life

As well as ensuring sustainable sourcing, refurbishing equipment and extending its useful life can also contribute to a reduction in the demand on manufacturing and the raw materials used in producing new machines.

Opened in 2015, our purpose built refurbishment centre (see page 10) offers an innovative and industry leading approach to equipment refurbishment. In itself, it has been designed by engineering specialists to ensure a commitment to environmentally friendly operations but it has also provided the capacity for us to significantly increase our previous refurbishment capability.

Major mechanical, electrical and hydraulic components are refurbished or replaced to manufacturer approved standards to extend the life of larger assets such as boom lifts, scissor lifts and generators by up to 5 years. In 2016, we almost doubled our refurbishment activity from a previous annual average of 315 units to 526 machines with a replacement value of just over £5m.

Product disposal

Ultimately, every bit of kit has an 'end of life' and we manage this process carefully to a framework of governance and accountability. Equipment that is no longer suitable for our fleet – due to technical advances, suitability for hire or visual appearance – is sold to trackable markets where it can still be of use. Where this is not viable, kit is scrapped responsibly and recycled for parts where possible. Our long-term goal is to reduce product waste through sustainable sourcing and extending product life and we measure this through stock write-off. In 2016, our stock write-off was 14% reflecting an expected increase against 2015 due to the strategic consolidation of our welding category and across our product range in general.



14%

Stock write off
(2015: 9.8%)



**Reducing environmental impact
through the product lifecycle**

Continued

The main items that we refurbish are boom lifts, scissor lifts and larger generators. As a minimum we aim to extend the useful life of every machine by at least five years.

Working closely with our supplier partners and equipment manufacturers, the major mechanical, electrical and hydraulic components on equipment can be fully overhauled, refurbished or replaced to manufacturer approved specifications, at a lower cost than buying a brand-new machine. In addition to increasing our capital efficiency, this means that there is less wastage of raw materials in machines.

Operated on manufacturing and production principles with particular consideration for the environment, the refurbishment centre is consistent with our declared values of equipment safety, quality and sustainability through engineering excellence.

**Our Refurb Centre
extending the life
of our kit**

Opened in late 2015, our purpose-built 36,000 sq. ft. refurbishment centre in Manchester provides an innovative and industry leading approach to equipment refurbishment and has significantly increased our capacity to extend the life of machines and drive an efficient use of capital.



1

Goods in

Equipment collected or delivered from the network is unloaded and undergoes a basic function test to confirm no major equipment issues.

2

**Strip down and
assessment**

Engineers strip and assess the equipment removing stickers and parts whilst inspecting the electrical and mechanical components to confirm the work required to complete refurbishment. Units are then moved to a specialist external partner for media blast (e.g. shot) and painting.

3

Overhead lifting

Overhead cranes have been installed to enable the safe movement of heavy equipment or components e.g. large generator sets or the top section of boom lifts within the refurbishment area.

4

**Power generation
refurbishment**

This is a designated area for the refurbishment of power generation equipment and as such includes dedicated facilities for engine build and external extraction equipment.

5

Scissor lift refurbishment

This area is specifically for the refurbishment of our scissor lift products with major mechanical and electrical components being refurbished or replaced. Equipment includes hydraulic lifting and trestles for safe and comfortable working.

6

Boom lift refurbishment

The engineering team complete refurbishment and final assembly of our Booms range in a dedicated area which includes hydraulic hose preparation and component cleaning equipment.

7

Product staging

Equipment that comes back from being painted is stored with the associated parts and then fed into the refurbishment production against a weekly production schedule.

8

Final inspection

Final inspection of equipment, including operational testing, takes place here. All refurbishment work undertaken is recorded against each piece of equipment's asset record for future reference.

9

Goods out

Once final inspection is passed, equipment is transported back to a customer depot and immediately available for customer hire.

10

Communications cell

This is a colleague engagement and team communications area for operational performance review and planning to support effective operations.

11

Production planning

Daily management of all workshop activity to include weekly production schedule and product movement.

12

Visitor gallery

Location which gives visitors, such as suppliers or colleagues, a bird's eye view of the entire centre allowing us to explain the refurbishment process and the many purpose-designed features in the facility.

Reducing environmental impact by managing operations

We also work responsibly to limit any negative environmental impact that arises from our day to day business operations. We work to – and are accredited against – recognised environmental standards and work hard to regulate our use of natural resources and to reduce polluting emissions.

Distribution

Optimising our branch and distribution network is one of our strategic priorities – organising our equipment to be where it's needed to ensure that we have equipment available to meet customer requirements. However, we also recognise that the CO₂ emissions from our transport activities are probably the largest single impact we have on the environment and so we are committed to developing efficiencies and effectiveness throughout our network in order to minimise transport movements and drive vehicle and fuel efficiency whilst still ensuring our customers can get the kit they need.

We have a strategically located branch network, a retail like approach to logistics and a centralised engineering function at our NDEC and, in 2016, we separated branch fulfilment from customer deliveries to further increase operational efficiency. We also closed underperforming branches whilst opening new ones in areas in which we were underrepresented.

In addition, our service fleet conforms to EU4 and EU5 regulations and our drivers are all trained to ensure smarter driving and maximum fuel efficiency, achieving over 78% green band driving in 2016. We have been awarded FORS gold standard for our commercial fleet.

Since 2010, improvements to our distribution network and our systemised transport management have reduced the miles driven year on year. In 2016, we encountered some challenges as a result of our network changes and, as expected – although less than the projected 15% – saw a slight increase of 4% miles driven per job. Our miles per job decreased marginally to 38,782. We are however, now set up to ensure the best possible availability for our customers and expect to see a resulting reduction in mileage per job and per branch going forward.



13.4
miles per job
(2015: 12.8)

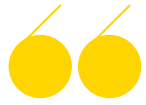
38,782
miles per branch
(2015: 38,804)



78.3%
Green band driving

Reducing environmental impact by managing operations

Continued



HSS is fully
compliant with
both ESOS and
CRC reporting.

36
per m² carbon emissions
(2015: 43)

69kWh/m²
electricity usage
(2015: 78kWh/m²)

Our built environment

We drive energy efficiency within our built environment too, monitoring and reducing energy consumption where possible. Smart meters help us to identify and target areas of high usage, supported by energy efficient lighting and heating in all new locations including movement detection and daylight sensors where appropriate. In 2016, the electricity usage for the Group was 69kWh/m² – a reduction of almost 12% YoY. Within our local branches, our electricity usage was 64kWh/m² which was almost on par with the previous year.

We are also committed to minimising the generation of waste with a robust approach to effective sourcing, recycling and reusing. Where waste does occur, we dispose of it responsibly. We continue to recycle a high proportion of our commercial waste – paper, card, metal and plastic for example – and, during 2016, completed our 5th year of sending no hazardous waste to landfill.

Minimising emissions

We work hard to minimise the emissions that we produce – this includes minimising unnecessary manufacturing emissions by extending equipment life through our refurbishment centre and reducing transport emissions by optimising our distribution network as well as contracting our energy supplier to ensure our electricity comes from renewable sources.

HSS is fully compliant with both ESOS and CRC reporting. In 2016 we commenced reporting to level 3 Carbon Disclosure Protocols and continue to be committed to attaining ISO 50001 accreditation by 2018, including full International Performance Measurement and Verification Protocol compliance.

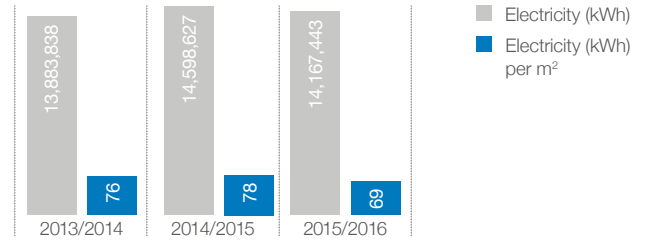
Greenhouse Gas Emissions

The Group reports on all of the emission sources required under the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in 2013. We use GHG Protocol Corporate Accounting and Reporting Standard data gathered to fulfil the reporting requirements under the CRC Energy efficiency scheme and DEFRA conversion factors to calculate all building and transport emissions within the three reporting scopes.

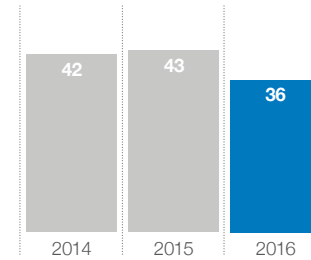
Unless otherwise stated all data is provided for the period 1st April 2015 to 31st March 2016. This reporting period does not cover the same period covered by the financial statements, but has been adopted to allow the majority of data used to be actual recorded data rather than estimated consumption.

The total emissions produced by the Group during this period was 28,116TCO₂ (2015: 21,972).

Electricity usage

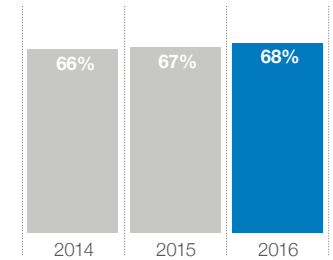


Carbon emissions per m² (kg CO₂ per m²)



Calculated using recorded data within the Group's Carbon Reduction Commitment (CRC) annual reporting database for 1 April to 31 March for each period.

Commercial waste diverted from landfill



Calculated using data recorded by the Group's supplier of non-hazardous waste collection services.

Reducing environmental impact by managing operations

Continued

- **Scope 1:** All direct greenhouse gas emissions from sources owned or controlled by the Company;
- **Scope 2:** Indirect greenhouse gas emissions from the consumption of purchased electricity, heat or steam; and
- **Scope 3:** Other indirect emissions. Here we report business travel.
- **The DEFRA Carbon Factor** is also provided for each emission category to evidence the rates used to calculate the associated Greenhouse Gas Emissions.

	2016			2015		
	Consumption	Conversion Factor	Emissions (TCO ₂)	Consumption	Conversion Factor	Emissions (TCO ₂)
Scope 1 Emissions						
Fuel Combustion	2,515,448 kWh	0.18407	480	931,100 kWh	0.184557	181
Company Vehicles	4,956,014 Litres	2.5839	12,829	5,243,586 Litres	2.5839	13,549
Leeds Bunkered Diesel	209,000 Litres	2.5839	540	196,822 Litres	2.6024	509
Fugitive Emissions	1,797 Litres	0.21468	0.4	7,727 Litres	2.6024	20
Scope 2 Emissions						
Purchased Electricity	14,127,033 kWh	0.49636	7,012	14,917,614 kWh	0.49023	7,313
Scope 3 Emissions						
Business Travel*	24,355,118 Miles	0.293416	7,794	3,045,916 Miles	0.289469	909
Total Greenhouse Gas Emissions			28,116			21,972

ESOS

The UK Government established ESOS (the Energy Savings Opportunity Scheme) to implement Article 8 (4 to 6) of the EU Energy Efficiency Directive (2012/27/EU). The ESOS Regulations 2014 give effect to the scheme and the Environment Agency is the UK scheme administrator. ESOS is a mandatory energy assessment scheme for organisations in the UK that meet the qualification criteria. The Group was required to carry out an ESOS assessment in 2016, undertaken by our energy and environmental consultants Maloney Associates. It included a full review of the energy use throughout our portfolio and transport fleet.

In March 2016, the Group was selected by the Environmental Agency for an external audit of ESOS compliance and it was confirmed that we had conducted the review and produced reports to an exceptionally high standard.

The methodologies used to calculate the information in the Greenhouse Gas Emissions table are set out in the table.

Emission Category	Methodology
Fuel Combustions (Gas data for HSS building portfolio)	Based on CRC statements provided by gas suppliers for the period 1st April 2015 to 31st March 2016.
Company Vehicle Emissions	Collated using data from fuel card provider and direct purchase records for cars and commercial vehicles in litres converted according to Defra guidelines.
Leeds Bunkered Fuel	Collated with the use of internal purchase order records converted according to Defra Guidelines.
Fugitive Emissions	Collated with the use of internal purchase order records converted according to Defra Guidelines.
Purchased Electricity (for HSS building portfolio)	Based on CRC statements provided by electricity suppliers for the period 1st April 2015 to 31st March 2016.
Business Travel	Collated from expensed mileage claims and converted according to Defra Guidelines.

* The business mileage reporting approach was improved during the year resulting in the capture of more business mileage than reported in 2015. Due to the way the data is collected it is not possible to restate the 2015 mileage.

Colleagues

97%

said they have the
appropriate safety
equipment and PPE
to do their job safely

Central to the delivery of our business plan – and ultimately to our success – is our people. It's the people that really make HSS so we want to make sure that they are happy at work and have the support they need to flourish in order to be able to deliver the best possible service to our customers. We put their safety first, provide for and protect their wellbeing and invest in their training and development to ensure that they are both appropriately skilled and motivated.

Safety

Safety is our primary responsibility – for our colleagues, we believe we have a moral as well as a legal obligation to keep them safe at work by providing a safe workplace as well as the appropriate knowledge and equipment. Safety is inherent at all levels throughout our business, supported by a team of HSEQ experts.

We have a long standing Serious about Safety campaign that is focused on reducing accidents and injuries. We also actively encourage near miss reporting to help us identify opportunities for further improvement. Since introducing new PPE in 2014, we have seen a consistent reduction in related accidents and injuries and we continue to review and improve this range. In 2016, we were pleased to see our RIDDOR (reportable injuries under the Reporting of Injuries, Diseases, and Dangerous Occurrences Regulations) frequency reduced by 17% to 0.4 (0.48 in 2015).

We work to – and are audited against – recognised safety standards. In 2016, our HSEQ experts began work with a multi-disciplined team to ensure compliance with the new ISO standards and introduced a new HSEQ Communication Forum as well as 'safety and wellbeing' roadshows.

In our colleague engagement survey, 90% of colleagues agreed that safety is at the forefront of what we do and 97% said they have the appropriate safety equipment and PPE to do their job safely.



0.4
RIDDOR
(2015: 0.48)

90%
agreed that safety
is at the forefront
of everything we do



Colleagues

Continued

86%

say they are treated
with respect and
fairness

78%

say they are able to
strike the right work/
life balance

Employment and wellbeing

As well as being safe at work, we want our colleagues to feel respected, valued, involved and to enjoy being part of the team as well as being protected from other pressures that may arise at work.

Our terms and conditions of employment are fair and transparent and we have policies in place to cover all aspects of employment, which are reviewed annually to ensure they remain legally compliant and supportive of our colleagues. We work with Towers Watson to ensure our remuneration packages are regularly benchmarked against the market and in 2016 we subscribed to the National Living Wage.

We have a culture and policies that do not tolerate bullying or harassment of any kind and we are committed to a code of conduct where respect for individuals is regarded as integral to the behaviour of all. If colleagues do have any concerns, we have an established and well publicised whistle blowing policy in place.

We also believe that it's important to care for our colleagues and their families with more than just a salary so we provide a benefits package to attract, retain and motivate including a health cash plan that covers reimbursement for a number of everyday health care costs including opticians, prescriptions and alternative therapies as well as life assurance as standard to all colleagues. In 2016, we extended this to include cycle to work and car leasing schemes, as well as the option for colleagues to buy additional holidays.

We believe that promoting equal opportunities and diversity is integral to the long term success of our business and we strive to be representative of the communities in which we operate. We take a fair and equal approach to recruitment with policies and procedures that are free from bias and we encourage applications from all backgrounds.

Diversity

Our diversity mix – both female and ethnic – has continued to improve. From engineers and branch staff to the appointment of a new female management team member, we are pleased to see women represented at all levels and across all areas of our business. As at 31 December 2016, 512 (17%) of all of our employees were female, an improvement of 13% from the level of 15% reported in 2015 but we recognise that we would like to develop this further still. At the Board level, one Non-Executive Director was female representing 20% of the Board and at the senior management level (excluding Board members) 11 were female (14%). In both Board and senior manager positions (excluding the Board) we have improved from 2015 when we had ratios of 14% and 13% ratio respectively. We continue to achieve our aim of increasing the ethnic mix of the colleagues in our business, proportionate to our local communities, doubling ethnicity from 5% to 10% in 2016.



17%
women
(2015: 15%)

10%
ethnic mix
(2015: 5%)

86%
happy with
their benefits
package

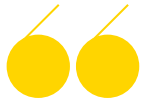


Colleagues

Continued

92%

proud to work for HSS



In 2016, we delivered over 100 management courses and trained almost 700 managers at our Training Academy

Investing in our colleagues

We are committed to helping our colleagues meet their full potential, providing them with the skills and support they need to succeed in their roles – which in turn helps us to provide a better service to our customers. Our dedicated Learning and Development team delivers a comprehensive curriculum of courses, workshops, e-learning and mentoring to cover safety, technical, customer service and behavioural skills development.

In 2016, we delivered over 100 management courses and trained almost 700 managers at our Training Academy and continued the work to turn the academy into a 'virtual model', creating 26 regional Branches of Excellence locations to offer a more practical and sustainable platform for induction training and ongoing learning and development.

We also launched a bespoke management stretch programme where colleagues at all levels are invited to complete structured career progression training and we introduced a new partnership with the Chartered Management Institute. We offer a range of management qualifications with the Institute of Leadership and Management (ILM) and continue to work with Cranfield University School of Management to offer senior leadership development. As a result of these programmes, we are delighted to report that 59% of managerial appointments were internal candidates, an increase of almost 44% from the year before.

In 2016, 17% of our management team sat and achieved ILM qualifications – against a target of 15% – and we provided an average of 4.1 training days per colleague, almost level with the previous year. We continued to invest in our online training platforms, providing over 2,500 formal e-learning hours and over 20,000 hits on our HSS World Learning Lab. Whilst we did not quite achieve the numbers we anticipated, we also continue to run a successful apprenticeship programme across our engineering network, accounting for approximately 1% of our colleague population.

Colleague engagement

As with our customers, we want to know what our colleagues think of us – what we do well and what we could do better. In 2016, we extended our colleague engagement survey to all areas of the business, comprehensively addressing the key areas of safety, job satisfaction, work/life balance and pay & benefits. We hoped to achieve 75% participation by 2018 and were pleased to achieve a 70% response rate.

We were delighted to see that the results were very positive with an overall score of 67%, which was 14% higher than the national average. The survey revealed that the vast majority of colleagues are motivated about their role in the company and proud to represent the group. The survey did also help us to identify some areas for attention and improvement, on which we are now taking action.

59%
of managerial
appointments were
from internal candidates
(2015: 41%)

4.1
training days per
colleague
(2015: 4.3)

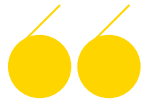


83%
believe they have the
training they need to do
their job effectively

81%
believe there are long
term opportunities for
career progression



Communities



People,
equipment and
resources for
volunteering
projects

As a local business with a national presence, we're aware of the role we play in our local communities and take a proactive approach to engaging with and becoming part of the local communities in which we operate.

Our values and the way we work help to ensure that we are good neighbours, mindful of our noise and activity levels. We also contribute to our local communities by providing employment.

Our long running Heroes of Hire programme rewards colleagues that have been positively active within their local communities but also provides a platform for us to share our skills, expertise and resources within those communities. In 2016, we were proud to have provided volunteers, equipment and other resources to support building refurbishment projects for Drive Forward and Dementia Research charities.

We continue to offer a 50% discounts to all charities as well as the armed and emergency services and we provided free hire to a number of charity, community and school projects as well as several DIY SOS builds. We also raised money for appointed charities with dress down days and charity events – including a £5000 donation to Cancer Research as part of our Onsite Sun Safety campaign.

We are proud to be long-term partners with the Aprire women's cycling team and with Cardiff Blues Rugby, who worked with us to offer training sessions to local schoolchildren.

In 2016, our community activity was extended to include an emphasis on training and support for employment skills. We worked with 'Making the Leap' to host a number of mock interview sessions providing valuable practice and tips and gave over 1000 hours of work experience. We also joined the London Benchmarking Group to more formally record and report our community and charitable activity.



50%
charity discount

1000
hours work experience



Our commitments

Our Commitments

We are pleased to report our progress against our long-term targets

Focus area	2018 Target	Measured by	Current position
HSEQ	Consistent YoY reduction in RIDDOR frequency ratio	Weekly accident reporting for Exec Team	0.4 (2015: 0.48)* (2014: 0.50)
People	5.0 training days per colleague per year	CITB Grant and internally audited training days	4.1 days (2015: 4.3 days)
	A workforce that is 75% promoted from within and 33% women	% internal promotions Female % of workforce	59% (2015: 41%) 17% (2015: 15%)
Product lifecycle	Reduce our product wastage year on year through responsible sourcing and extending the products useful life	Stock write off by value as a % of total fleet value	14% (2015: 9.8%)
Carbon reduction**	Reduce energy consumption in Local Branches by 5% per annum when compared to the overall floor area occupied	External measurement by Maloney Associates	64kWh per m² (2015: 63kWh per m ²)
	Reduce energy consumption across the group by 5% per annum when compared to the overall floor area occupied	External measurement by Maloney Associates	69kWh per m² (2015: 78kWh per m ²)
	YoY reduction in miles per job and miles per branch	Measured using internal IT systems	13.4 miles per job (2015: 12.8 miles per job) 38,782 miles per branch (2015: 38,804 miles per branch)
Community	300 job seekers benefitting from the Heroes of Hire commitment to building a future for local communities	Number of colleague volunteering events per year	2 volunteering events
		Number of HSS Training events, up-skilling local communities	14 mock interview sessions and work experience placements

* Due to the introduction of an enhanced accident reporting system in 2016, historical figures have been restated to be comparable.

** Due to the strategic optimisation of our branch network in 2016, it is now more appropriate to measure the energy consumption of the Group as a whole, rather than just Local Branches. We have reported both this year but going forward will measure ourselves against Group targets.



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