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Corporate Responsibility

HSS Hire Group plc
Summary 2018



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Corporate Social Responsibility

Sustainability is integral to our business

At HSS Hire Group we prioritise our corporate social responsibility agenda across all key areas of our business.



NPS score

44

(FY17: 44)



Our full Corporate Responsibility Report is published at www.hsshiregroup.com/corporate-responsibility and the following pages summarise our activities and achievements.

Our core objective is to ensure we are operating in a responsible, sustainable manner, whilst ensuring a positive impact for our colleagues, customers, communities and the environment. We aim to 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 people – our colleagues, our customers and the communities we operate in. Safety and colleague engagement are at the forefront of our business strategy, with this being on the agenda for all our Board, Executive Management Team (EMT) and trading meetings. Throughout 2018 we made positive progress, with plans in place to expand these commitments in 2019. Similarly, our focus on our customers has expanded further still this year to ensure we both listen and proactively seek feedback across a number of channels to drive positive change across our operations and wider business.

We continued to make progress towards our environmental objectives in 2018 as well, reducing our total greenhouse gas emissions by 33%. This progress was possible thanks to a variety of initiatives across a number of areas, demonstrating our commitment to keeping the impact of our actions on the environment to a minimum.



Corporate Social Responsibility continued

1

Economic performance and governance

A responsible company generates and shares wealth in order to perform for its stakeholders – delivering a financial return for shareholders as well as ensuring continuity of supply and support for customers, and secure employment and development for colleagues. As this report details, HSS generated total revenue of £352.5m which was shared amongst the various stakeholders in our business including our colleagues and investors, our suppliers and their own supply chains, our local communities and the government as well as a retained element to help fund future investment and growth.

We operate with integrity across all Group businesses, to ensure the highest levels of environmental and social governance. We have robust management structures in place, and these are regularly reviewed and assessed to ensure compliance against our own standards and those we are audited against. As well as retaining our BSI accreditation for Health and Safety, throughout 2018 we successfully completed our reaccreditation to the British ISO standards for Quality (9001:2015) and Environment (140001:2015).

2

Listening to our customers

We understand that we play an important part in the supply chain and day-to-day operations of our customers, so ensuring we have mechanisms in place to collect and act upon their feedback is essential to driving positive improvement across our business. This year we utilised two key channels, online and traditional activity such as interviews, to gather feedback from our customer base.

For a number of years we have partnered with TNS to conduct thorough, impartial NPS (Net Promoter Score) surveys. In our most recent wave of research we maintained our score of 44, significantly higher than the industry benchmark of 36. NPS results also give us valuable insight into the areas customers would want to see us improve, and these feed into our strategic priorities for the coming year.

In the second half of 2018 we also became more proactive in utilising Trust Pilot to gather customer feedback, emailing our customers on completion of their hires to ask them to review their experience. Negative or neutral reviews are responded to by our online team, who seek to resolve any issues raised and feed back into the relevant business area or location to make sustainable improvements. Already we have seen our score increase to 4 stars, with a healthy trust score of 8.1 out of 10. For 2019, we are introducing reporting tools which will allow better analysis of Trust Pilot data so that we can analyse this feedback more effectively and action it more quickly. Not only does this benefit us as a business internally, it also creates a public forum for prospective customers to find out from existing HSS customers what to expect when they choose us.

Customer feedback is shared across our Group businesses to help drive focus and positive change, ensuring a service level which meets the expectations of our customers.

3

Engaging our colleagues

Our colleagues are at the heart of our business. They are what set HSS apart, and they are vital to ensuring we offer the best service possible to our customers. In turn, we are committed to ensuring high levels of colleague engagement and that our colleagues are safe at work, get the training, development and recognition they need and feel valued by our business.

The safety of our colleagues is at the forefront of everything we do and is always the first item on the agenda for Board, EMT and trading meetings. This year we reduced our RIDDOR rates by 13%, down from 0.39 RIDDORs per thousand hours worked to 0.34. We keep safety top of the agenda by implementing monthly toolbox talks highlighting seasonal and product safety guidelines, we conduct regular health and safety forums where colleagues can raise any concerns without their manager present, and we have had an increased focus on near miss reporting to prevent accidents before they happen. Where our colleagues are involved in accidents we are committed to supporting their recovery and return to work through comprehensive rehabilitation and support services, as well as offering phased returns to work and amended duties where necessary.

At HSS Hire Group we know that a diverse workforce is a better workforce. When you bring people together with different backgrounds, experience and ideas, they collaborate and drive each other to do better. Whilst our sector is traditionally male dominated, we are committed to creating an inclusive culture and a great place to work, where all colleagues are treated fairly. To achieve this we know that we have to work hard to showcase the best our business has to offer so we can attract and retain colleagues from more diverse backgrounds. We also recognise that effecting lasting change will take time. In terms of gender diversity, the 397 women we have as colleagues in 2018 represented a slight decline in percentage terms from 2017's 17.5% to 15.8% this year. Cost reduction activity in early 2018 led to headcount reductions in a number of our central functions where women are better represented. It is encouraging, however, that we gained traction in some of our more male-dominated roles such as our Service Technician population, where the number of women increased by 4%. Women in our senior management cohort account for 26.9% (2017: 23.3%) of the total. The percentage of women in senior management roles has gone up; however, this is due to the number of senior manager roles reducing from 2017 to 2018. In both

2017 and 2018 the number of female senior managers was seven. Our gender pay gap statistics for 2018 highlight that last year's 8.2% median pay gap closed, with women's median pay 2.9% higher than men's. We remain committed to rewarding our colleagues fairly regardless of gender or any factor which does not relate to experience and skill set or performance.

We believe that colleagues should be treated with respect and dignity at work and commit to ensuring non-discrimination and freedom from harassment. We also have an independent support helpline where colleagues can speak anonymously to professional support staff outside HSS about any issues they may be facing at work or at home. 2018 saw a real focus on raising awareness and support for mental health and wellbeing, with a number of our managers and HR team completing training to become certified Mental Health First Aiders and improve support to colleagues struggling with their mental health.

Another key aspect of our engagement agenda is our commitment to open and honest communication with colleagues across our Group business. We run regular webinar calls hosted by our CEO Steve Ashmore and the EMT to ensure colleagues are kept up to date on key projects, announcements and financial results. We also ran a series of regional roadshows at the end of 2018 to reflect on the year, and look forward to 2019. These activities ensure colleagues understand the strategy and aims of our business, and the key part they play in its delivery.

Our engagement activities also extend to actively encouraging our colleagues to get involved and feed back their ideas and opinions across a wide range of activity throughout the year. One of the key ways we do this is with our colleague engagement survey. Every colleague across the business is invited to take part, answering questions around how they feel about our business, their job role, their manager, and anything else they would like to comment on. The top-level results are shared with everyone, but the detail is fed directly into the various business unit owners so they can take ownership and work with their teams to address any issues. This year our engagement score was 71.6%, significantly higher than the national average of 59.8%. We also run campaigns throughout the year through our 'Your Say' campaign, which encourages colleagues to submit their feedback on a regular basis. These are reviewed and actioned by our senior management team.



Rewarding and recognising colleagues for their hard work is something we feel strongly about, and it feeds through to recognition activities throughout the year as well as our benefits package offered to colleagues at all levels. This year we ran peer-to-peer recognition campaigns, as well as rolling out new incentive programmes to ensure we engage our teams and drive the right behaviours. These initiatives demonstrate our commitment to rewarding colleagues across all divisions of our business.

RIDDOR

0.34

(2017: 0.39)

Engagement index

71.6%

(2017: 67%)

Female colleagues

15%

(FY17: 17.5%)

Gender pay gap*

-2.9%

(2017: 8%)

*(more) or less than male colleagues

4

Creating a sustainable supply chain

Hire is intrinsically a sustainable and environmentally conscious business model, however we are committed to ensuring that our supply chain and the products we add to our fleet build on this.

Working closely with our suppliers, we always look to source new and innovative product lines which offer optimum functionality and with a reduced environmental impact. For example, over recent years, we have replaced much of our incandescent lighting with LED alternatives and for the first time ever in 2018 we saw more LED products on hire than their traditional counterparts. Smart technology solutions such as the Remote Fleet Management on our ABird generators helps customers better manage performance of their kit, ensuring fuel efficiency and no unnecessary usage. Our energy harvesting systems also help customers with larger power set-ups manage their power more effectively, utilising any over production during down time to avoid unnecessary diesel usage and additional CO₂ emissions.

We extend the useable life of our equipment as much as possible through test and run procedures which our branch colleagues complete after every hire, through to more thorough maintenance solutions carried out by our operations teams during the product lifecycle. This ensures good quality and safety for our customers, and that the equipment keeps working for longer, reducing the need for sourcing and hence production of new equipment.

Corporate Social Responsibility

continued



Building on our environmental credentials

At HSS, we work across all our Group divisions to ensure we work as responsibly as possible, as well as ensuring we are driving down our environmental impact where we can. Across our branch and operational network, we are accredited to industry recognised environmental standards ISO and OHSAS. This year the 9001 and 14001 accreditations for Quality and Environment were assessed against the new 2015 standards, and we successfully secured the new accreditations.

In 2018, we made significant changes to our operating model, moving our test and run and maintenance capabilities back into our regional hubs. This allowed us to upskill 200 of our colleagues and helped us to reduce the number of lorries on the road, shortening the miles travelled per contract.

As a business, we are actively exploring ways to reduce our paper consumption across our network. All of our ordering processes for stationery, signage, foodstuffs and workwear are now completed through one online portal. This removes the requirement for order forms and consolidates invoices. It also allows us to combine and reduce the number of deliveries. During 2018 HSS Training moved the registration and attendance recording processes for their IPAF and PASMA courses onto a digital platform (via tablet) resulting in a paperless process. This has allowed us to reduce our paper consumption by 58% for these two courses alone and we expect to make further reductions in 2019.

One of the key initiatives we rolled out this year across our vehicle fleet is a more conscientious approach to the management of tyres on our company vehicles. Poorly maintained tyres increase fuel usage and shorten the life span of the tyre, leading to additional demands on natural resources for replacements. We have introduced

monthly inspections and preventative maintenance to ensure we are extending the useful life of our tyres as much as we can.

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:

- all direct greenhouse gas emissions from sources owned or controlled by the Company;
- indirect greenhouse gas emissions from the consumption of purchased electricity, heat or steam; and
- other indirect emissions; here we report business travel.

	2018			2017			
	Consumption	Blended conversion factor*	Emissions (TCO ₂)	Consumption	Blended conversion factor*	Emissions (TCO ₂)	
Scope 1 emissions							
Fuel combustion	1,363,483 kWh	0.2	268.0	934,187 kWh	0.2	176.0	
Company vehicles	4,302,377 litres	2.6	11,186.9	4,557,734 litres	4.1	18,687.0	
Leeds bunkered diesel	117,884 litres	2.6	306.5	160,159 litres	0.2	39.4	
Fugitive emissions	52,695 litres	1.5	79.5	22,380 litres	1.5	33.8	
Scope 2 emissions							
Purchased electricity	9,999,331 kWh	0.4	3,840.0	14,480,788 kWh	0.5	6,540.0	
Scope 3 emissions							
Business travel	7,701,548 miles	0.3	2,260.9	7,903,725 miles	0.3	2,378.0	
Total greenhouse gas emissions			17,941.8				27,854.2

*A blended conversion factor is used where there is more than one source of data inputs. Reporting processes were streamlined in 2018 allowing a consistent data source to be used for company vehicles leading to a reduction in the blended conversion rate; 2017 data has not been restated for this change

The methodologies used to calculate the information in the greenhouse gas emissions table are set out below.

Emission category	Methodology
Fuel combustions (gas data for HSS building portfolio)	Based on CRC statements provided by gas suppliers.
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 diesel 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.
Business travel	Collated from expensed mileage claims and converted according to Defra guidelines.

Unless otherwise stated all data is provided for the period 1 April 2017 to 31 March 2018. 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 recorded data rather than estimated consumption.

The total emissions produced by the Group during this period were 17,941 TCO₂ (2017: 27,854 TCO₂). The reduction from 2017 was a result of the sale of the Reintec and TecServ businesses which saw 5% (40 vehicles) of our fleet leave the business, coupled with changes to our branch network that resulted in a reduction in utility usage. Our Carbon Reduction Commitment (CRC) annual submission has recently undergone a successful audit by the Environment Agency.

Waste Management

Responsible waste management is key to our environmental commitments, and we work alongside our partners at Biffa to ensure we are recovering, sorting and recycling waste across our network. Biffa help us monitor and report on waste management across all our locations, and these are reviewed monthly by our Management team to ensure compliance. Throughout 2018, we managed to divert 84.5% of our waste from landfill; a slight improvement on the 84% recorded in 2017.

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.

Group electricity usage

49 kWh/m²

(2017: 65 kWh/m²)

Carbon emissions per m²

20kg

(2017: 30kg)

Commercial waste diverted from landfill

84.5%

(2017: 84%)

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Demonstrating strong business ethics

The HSS Hire Group Code of Ethics outlines our commitment to operating in an ethical and responsible manner, with honesty, integrity, openness and with respect for human rights. Our support for these fundamental principles is reflected in our policies and actions towards our colleagues, customers, suppliers and the communities we operate in. This Code and the policies underpinning it are regularly reviewed by senior management in light of changing business and regulatory requirements.

In May 2018, the General Data Protection Regulation (GDPR) came into force, putting in place stricter controls for businesses handling large volumes of personal data for customers and colleagues. Maintaining strong data security has always been a key commitment at HSS and, this year, we introduced a series of new initiatives to ensure this was front of mind across all areas of our business. Led by our Data Governance Team, we have implemented wipe pads and shredders across our branch network to ensure customer data is disposed of securely upon completion of contracts. We rolled out e-learning courses across all areas to ensure colleagues understand the importance of data security at all stages of the hire process, and we actively encourage colleagues to submit ideas to help us improve. We ensure that data security processes and improvements are fed through our internal communications channels on a regular basis to keep these commitments live.



7

Supporting our communities

At HSS our extensive branch and operational network allows us to play a part in hundreds of communities across the UK and Ireland, and we are committed, as much as possible, to ensuring we have a positive impact.

Our head office in Manchester holds charity and awareness events throughout the year to support local and national charities. This year we partnered with Forever Manchester, a local organisation which helps local charitable and community projects across Greater Manchester. Colleagues took part in the Manchester 10K, Tough Mudder and various fundraising days to raise essential funds. Forever Manchester recognised our efforts in December, nominating HSS for a colleague engagement award.

Across our branch network we offer a 35% discount to registered charities, although we often waive hire fees entirely to support local charitable projects. Our colleagues also give up their time to volunteer for community projects. During the summer our central London team joined forces with Canary Wharf Contractors (CWC) for a 'Give and Gain' day at St Matthias Community Centre in Poplar. The group helped to tidy up the gardens and clear out some unruly plants and trees. Activities like these help us to make a positive impact within the communities we operate in, but also help forge even stronger relationships with our customers like CWC.

Throughout 2018 we expanded our commitment to upskilling more of our colleagues through our apprenticeship programme. Our traditional apprenticeship opportunities across operations are continuing to progress well; however this year we also utilised the apprenticeship levy to offer skills training to colleagues in other departments and disciplines such as our OneCall division, and head office departments such as Procurement. Colleagues within these departments learn new skills whilst in full-time employment. We are proud to have made positive progress against our corporate social responsibility commitments in 2018, and we have key action plans in place to ensure this momentum continues throughout 2019.



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