

# CORPORATE RESPONSIBILITY REVIEW 2013

HSS Hire Group



# HIRING IS THE SUSTAINABLE CHOICE



## CONTENTS

4-5

Welcome Message

6-7

Performance & Operation

8-9

Our Customers

10-13

Reducing Environmental Impact

- Product life cycle
- Management of our business

14-17

Our Colleagues

- Support
- Development

18

Serving Our Communities

19

Our CR Commitments

### DISCLAIMER

The information and opinions contained in this Corporate Responsibility Review are provided as at the date of this Corporate Responsibility Review and are subject to change without notice. It is not the intention of this Corporate Responsibility Review to provide, and you may not rely on this Corporate Responsibility Review as providing, a complete or comprehensive analysis of the financial or trading position or prospects of the HSS Group. The HSS Group nor any of its affiliates, advisors or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this Corporate Responsibility Review or its contents, or any action taken by you or any of your officers, employees, agents or associates on the basis of the information contained in this Corporate Responsibility Review.

The information contained in this Corporate Responsibility Review does not constitute investment, legal, accounting, regulatory, taxation or other advice and the information does not take into account your investment objectives or legal, accounting, regulatory, taxation or financial situation or particular needs. You are solely responsible for forming your own opinions and conclusions on such matters and the market and for making your own independent assessment of the information. Investors and prospective investors in the securities of any issuer within the HSS Group are required to make their own independent investigation and appraisal of the business and financial condition of such issuer and the nature of the securities. Any decision to purchase securities of the HSS Group or any issuer within the HSS Group should be made solely on the basis of your own evaluation of the merits, risks and suitability of such investment based on the information you have, including publicly available information about the HSS Group and its affiliates, without relying on the HSS Group or any other person or on this Corporate Responsibility Review.

This Corporate Responsibility Review contains, and any related document may contain, financial information regarding the businesses and assets of the HSS Group. Such financial information may not have been audited, reviewed or verified by any independent accounting firm. The inclusion of such financial information in this Corporate Responsibility Review or any related document should not be regarded as a representation or warranty by the HSS Group or any issuer within the HSS Group or any of their respective affiliates, advisors or representatives or any other person as to the accuracy or completeness of such information's portrayal of the financial condition or results of operations by the HSS Group or any issuer within the HSS Group and should not be relied upon when making an investment decision.

Certain statements in this Corporate Responsibility Review are forward-looking. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions which could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. Forward-looking statements contained in this Corporate Responsibility Review regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. The HSS Group nor any issuer within the HSS Group undertakes any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on forward-looking statements, which speak only as of the date of this Corporate Responsibility Review.





Jerome and Atlas, Fitters

# WELCOME TO HSS HIRE GROUP

## Corporate Responsibility Review 2013

The very nature of our business is fundamentally one of sustainability. We purchase robust equipment that is hired, used, returned, tested and hired out over and over again. This helps to reduce the consumption of natural resources, reduce the emissions produced in additional manufacturing and transportation processes and minimise waste. It also offers cost benefits to customers who can enjoy greater commercial flexibility in their own business activities.

At HSS we seek to build on the sustainable nature of our business model with an equally responsible approach to the way that we conduct all of our business activities. As a large and growing national organisation, we are aware that we have responsibilities to our customers, our colleagues and our local communities as well as to the economy and the environment and we work hard to ensure only a positive contribution in these areas.

Our first responsibility is always to safety and we focus in every area of our operation on ensuring that HSS is a safe place for colleagues to work and for customers to hire from.

After that, Corporate Responsibility means looking to how we behave within our organisation - from how we

support our colleagues with working environments and career structures that contribute to their wider well-being to reducing the impact of our operations on the environment.

We also recognise that we need to consider the world outside our network and are mindful of delivering an economic performance that creates and shares wealth as well as ensuring that we support our customers and our local communities.

Of course a great deal of being a responsible company stems from being a good business that is well run - and I'm particularly proud of the transparency and integrity with which HSS operates.

We take our role in - and our impact on - the world in which we operate very seriously and we think it's important that we share our progress and our future commitments. This review outlines our Corporate Responsibilities.

Chris Davies,  
Chief Executive Officer





# AT A GLANCE



UK + IRELAND



## HSS HIRE:

# ECONOMIC PERFORMANCE & OPERATIONAL GOVERNANCE

The HSS Hire Group provides tools, equipment and related services in the UK and Ireland. As part of the wider hire industry, which continues to grow, we help to deliver environmental benefits through the promotion of sustainable equipment use as well as economic and societal benefits associated with commercial growth. We also operate with integrity and governance.

### 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 ensuring continuity of supply for customers and secure employment for colleagues. HSS generates wealth by investing in equipment and providing it for hire to a wide customer base, which in turn uses this equipment to generate wealth of its own.

In 2013, we delivered a strong financial performance to benefit our stakeholders. Revenue grew by 24% from £182m to £226m; adjusted EBITDA by 36% from £40m to £55m and return on assets (based on EBITA before exceptional items) grew from 20% to 27%.

The economic value that we generated was shared amongst the various stakeholders in our business, including suppliers and their own supply chains, our colleagues and investors, the government and our local communities. An element was retained to fund future investment.

During 2013, we successfully completed our inaugural bond issue and secured a Revolving Credit Facility, helping us to improve our capital structure and provide ample liquidity to meet future investment needs, making us well positioned to continue this strong growth performance.

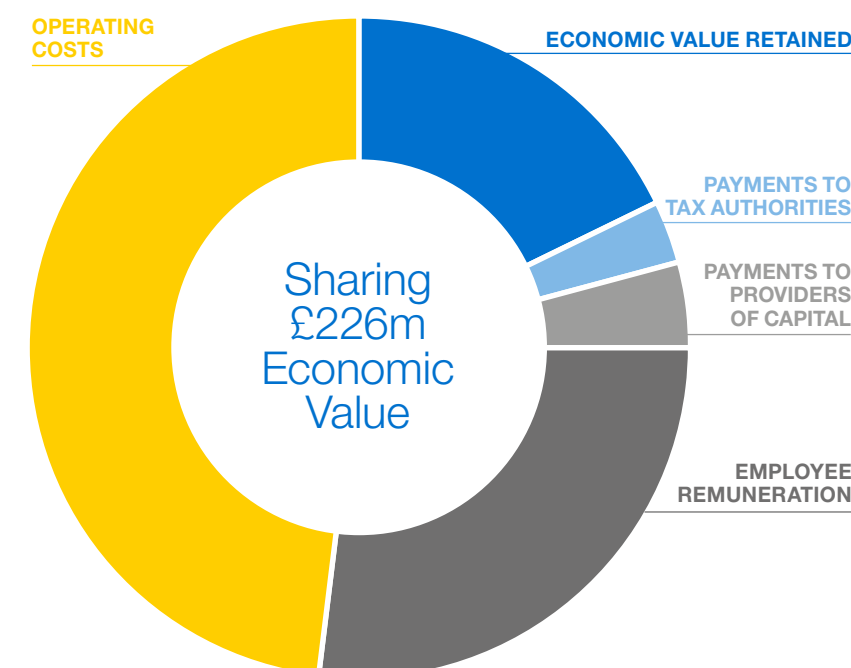
**Our management and its governance**  
HSS is owned by its investors, Exponent, and its management team. Together they contribute a breadth of capability, experience and commercial insight from across a range of market sectors and share a commitment to transparent

operations that are conducted with integrity and the highest levels of environmental and social governance.

We manage risk through extensive internal controls, supported by expert guidance, auditing and monitoring. Our Board has an established agenda designed to challenge and review activities across all Business Units and functional responsibilities and we operate a live risk register. Our business plans and budgets are regularly audited by outside organisations to ensure prudent financial planning and control and our financial results are published online quarterly at [www.hsshiregroup.com](http://www.hsshiregroup.com).

We have – and are audited to ensure compliance with – a number of external accreditations that demonstrate a commitment to our environmental and Health and Safety responsibilities including ISO9000 (since 1994), ISO14001 (since 2009) and OHSAS18001 (since 2011). We are also Safe-Hire accredited and hold Investors in People status.

We believe that our business operates to rigorous standards of governance and – whether someone is investing their money with us, using our services or committing their time as a colleague – we consider ourselves to be a trustworthy organisation.





## OUR CUSTOMERS

Corporate responsibility extends to how a company treats its customers and the service it delivers to them. We serve a diverse range of customers from large blue-chips to small local trades and individual customers and we are dedicated to helping them all work safely, efficiently and cost-effectively. We focus on the things that we know matter most to them, working hard to deliver a customer promise that covers Safety, Value, Availability and Support.

### Safety

We consider the safety of our customers – and of the equipment we hire to them – to be a fundamental responsibility. All of our kit is maintained and tested to robust and strictly controlled safety standards and we work with the manufacturers to develop enhanced safety features including reduced dust, noise and vibrations. We also offer a wide range of Health and Safety training courses that cover equipment operation and safe working practices.

### Value

As a transparent organisation, we believe in giving our customers access to the information they need to manage and control their costs. We help them assess how much they really need to hire, we're upfront about any related charges and we offer them the ability to offhire immediately. Our online LiveHire system was the first in the industry to provide this control and also supports paperless working.

### Availability

We support our customers' ability to work and generate wealth by ensuring they have ready availability to the equipment they need. With strategically located distribution centres that help to consolidate and reduce transport activity as well as local branches that are always well stocked with our most popular items, our network is designed to provide hire whilst minimising emissions. Throughout 2013 we further improved our ability to do this with the opening of a number of new local branches and the continued development of our distribution network.

### Support

Whether it's our range of hire related services that help to make their lives a little easier or our commitment to recruiting and training the very best people who can offer friendly, knowledgeable advice; we're here to give our customers the support they need.

In 2013 we introduced remote fleet management technology to our ABird generators and we commenced the installation of anti-entrapment features on our UK Platforms boom lifts, helping our customers to better manage their energy usage and ensure operator safety.

"We're committed to reducing our impact on the environment and strive to operate a paperless business. HSS has been brilliant in helping us to all but remove the need for any printed documentation - using its online systems, we've consolidated thousands of invoices into just a handful."

James Wood, Senior Procurement Specialist, Mitie

We opened the HSS Academy to help new and existing colleagues grow their skills in order to better support our customers and we introduced our "Customer Delight" programme which seeks to ensure the highest levels of customer service and that empowers our colleagues to respond immediately and proactively to any issues. We measure customer satisfaction against external benchmarks on a quarterly basis and use the information to drive continued improvements in our service.

The impact of what our customers do is also felt in their local communities and environments so we support them in their own commitments in these areas too – from working to the requirements of the Considerate Contractors Scheme to consolidating deliveries in order to reduce their carbon footprint or helping with their local community initiative.

"Our HSS Onsite facility has helped us reduce the number of deliveries to and from site which not only reduces our environmental impact but also helps to remove traffic movements in an already very busy area and adds to our commitment as considerate contractors."

Damien Gannon,  
Canary Wharf Contractors





## REDUCING OUR ENVIRONMENTAL IMPACT THROUGH THE PRODUCT LIFE CYCLE

We recognise that there is an environmental impact at every stage of the product life cycle so we apply a responsible approach to the way we purchase, maintain and dispose of the equipment within our fleet.

As part of the procurement process, we validate all of our suppliers against robust Health and Safety and environmental criteria to ensure we only work with those that share our commitments in these areas. All new products are strictly evaluated for safety and efficiency and we work actively with manufacturers to offer products that can help to offer a reduced environmental impact – such as sensor-operated eco-lights; bi-energy booms that can also be powered electrically - and therefore without emissions - for indoor use; and our "Smart" generators that support the efficient management of fuel.

We also work with our suppliers to develop further environmental enhancements including "Ready to Rent" where new equipment is delivered with minimal packaging.

As a matter of course, we service every piece of equipment returned to us by our customers to ensure it is ready to operate safely and efficiently on each subsequent hire. This means that a lot of our activity centres around equipment maintenance. In 2013, we partnered with logistics experts, Unipart, to improve our spare parts supply chain. Our suppliers now make one delivery into a central hub and we distribute the parts around the network on existing transport movements. As a result, despite greater levels of activity, we have seen an impressive reduction in distribution miles travelled and the corresponding CO2 emissions. We are particularly proud of our

refurbishment centre in Manchester. This dedicated facility with its team of expert technical engineers and mechanics enables us to extend the useful life of a range of larger equipment items including powered access and generators. In 2013 we refurbished over 600 machines to certified manufacturers standards, helping to ensure they operate to the latest specifications for maximum efficiency, as well as reducing our contribution to the environmental impact that would be caused by the manufacture and transportation of additional units. In 2014 we will be expanding both the capacity and capability of this facility.

We also recognise that every piece of equipment has an "end of life". Managing this process is something we take seriously so we work to a framework of governance and accountability that covers all assets and we commit to the end of life policies of our suppliers. Trained personnel assess any equipment that we no longer require in our fleet in order to determine whether it is in working order and fit for use elsewhere or whether it can be recycled to provide useful spare parts or if it is fit only for scrap disposal. As part of our commitment to reviewing

and, where possible, enhancing, our end of life equipment policy, we are working with our suppliers to track and better understand the environmental impact of equipment which has become redundant.

We apply a responsible approach to the way we purchase, maintain and dispose of our fleet.

7.6 million distribution  
miles/8028 tonnes CO2



4.8 million  
distribution  
miles/2226  
tonnes CO2



Paul, Fitter



## REDUCING OUR ENVIRONMENTAL IMPACT THROUGH HOW WE MANAGE OUR BUSINESS

We work responsibly to limit any negative environmental impact that arises from our day to day business operations, committing people and resources to help us reduce polluting releases and regulate our use of natural resources. We are accredited and work to ISO14001 standards.

The CO2 emissions from our transport activity are probably the largest single impact we have on the environment and we have been committed to reducing them by becoming increasingly vehicle and fuel efficient.

Changes to our network – now centred around just 35 main distribution centres as well as a central hub for spare parts – mean we are completing more jobs per journey and making fewer journeys in total which has enabled us to reduce our vehicle fleet without impacting service. In addition, our vehicle telematics system promotes efficient and constructive routing and our PRISM stock management system consolidates movements to ensure kit is only ever transferred in a controlled manner.

Our drivers are all trained in best practice driving to maximise fuel efficiency and our entire service fleet conforms to EU4 and EU5 regulations, using the cleanest diesel technology currently available with fuel-saver and start-stop features. Our commercial fleet is designed with lightweight aluminium frames to help reduce MPG consumption whilst optimising payloads.

We also drive energy efficiency within our built environment, monitoring and reducing energy consumption wherever possible. Smart meters help us to target areas of high usage and are supported by energy-efficient light bulbs, light sensors and automatic timers in many locations. New lighting in our Heathrow distribution centre has saved over 71 tonnes per year of CO2 since we installed it and overall, despite an increase in business activity, we have reduced our t/CO2e by 7% since 2011. We are part of the CRC Energy Efficiency Scheme and all of our energy is supplied by Opus – so the electricity that we do use comes from renewable sources.

We are committed to fitting energy efficient technology in all new branches in 2014 and will join the Carbon Disclosure Project so that our performance reporting is made public and to the highest standards.

Wherever possible, we minimise the generation of waste. When waste does occur, we make sure we dispose of it responsibly and have worked with waste disposal experts to introduce robust recycling facilities as well as consolidating and improving our recycling plan. As a result, our recycling levels have improved from around 30% to over 75% in the last two years. We also recycle our hazardous waste, regularly achieving recycling rates of around 98%.

We have seen a reduction of over 8% in miles driven and, consequently, in CO2 emissions over the last two years.







Paul, Hire Controller  
Lisa, Administrator

## OUR COLLEAGUES AND HOW WE SUPPORT THEM

The HSS Group depends on its people and so we want our colleagues to enjoy their work and have the skills and support they need to flourish. We put their safety first, we ensure Dignity at Work and we provide for their wellbeing.

### Safety at work

Our safety culture is our highest priority and we endeavour to provide a workplace that is safe and without risk to those that work with us. Supported by a team of HSEQ experts and local "Safety Champions", we work to robust and recognised standards including OHSAS18001. We drive an "ownership" approach to safety, focused on a programme of compliance, control, cooperation and communication to ensure that these standards are understood, met and measured throughout the business. This approach realised a 12% reduction in all accidents in 2013, despite an 8% increase in our colleague numbers.

We also encourage reporting of every "near-miss" and this information is continually reviewed to help us identify ways to become even safer. As a result of "near-miss" reports in 2013, we introduced bump caps and consequently saw a 24% reduction in head injuries.

### Employment and wellbeing

We have a culture and processes in place that serve to ensure Dignity at Work and will not tolerate bullying or harassment in any form. We're committed to a code of conduct where respect for individuals is regarded as integral to the behaviour of all and have a well-publicised Whistleblowing Policy which seeks to encourage and protect colleagues who report any issues in the workplace.

Our terms and conditions of employment are transparent and we ensure that our remuneration is regularly benchmarked and aligned against the market with the assistance of employment experts, Towers Watson. We insist on a fair and equal approach to recruitment to ensure that the best candidate gets the job and this commitment to equality and diversity runs throughout our business.

During 2013, we identified that women and some ethnic groups were underrepresented at HSS so we reviewed and revised our recruitment processes to help address this. As a result we increased the number of women working in operational roles by 20% and saw an 18% increase in workers from the underrepresented ethnic groups. We are committed to continuing with proactive recruitment policies designed to help ensure our colleagues reflect the communities in which they serve.

We offer a range of benefits including life assurance for all colleagues, a contributory pension and childcare vouchers. Our Healthshield scheme provides reimbursement for a range of everyday healthcare needs including costs from opticians, dentists and prescriptions to physiotherapy, massages and alternative therapies. In addition, we provide a confidential helpline staffed by nurses and counsellors.

To give our colleagues a feeling of belonging at HSS, we celebrate long service and – through our Heroes of Hire programme - recognise and reward exceptional efforts in line with our company values. Our annual "Big Sunday" event provides an opportunity

for colleagues and their families to spend time together outside of work and various internal communications channels provide important sources of information in a transparent, friendly way that encourages feedback. Our general management approach and open culture mean we are very much a listening company although in 2014 we are committed to more formally measuring employee engagement. We are Investors in People accredited.

We saw a  
12% reduction  
in accidents,  
despite an 8%  
increase in  
our colleague  
numbers.





Pedro, Sales Consultant

## OUR COLLEAGUES AND THEIR DEVELOPMENT

HSS is passionate about helping colleagues reach their full potential, believing that well-trained people not only benefit personally but also benefit our customers, their communities and any future employers. HSS invests in colleagues throughout their careers, providing continuous Learning and Development at all levels from apprenticeship level onwards.

### Apprenticeships

We believe apprenticeships are a hugely important training option for young people – providing the opportunity to work while gaining a valuable qualification and building confidence. We have a successful and growing apprenticeship programme that offers both general and more specific opportunities. Our three-year Plant Maintenance City & Guilds apprenticeship provides supported technical training for young engineers before they take up permanent roles in the business and in 2013, we introduced a multi-discipline NVQ apprenticeship that accommodates a broad set of different skills and flexes to identify and develop individuals' strengths. We currently have 90 apprentices on this scheme.

**"HSS is supporting me to gain qualifications to build my knowledge. It's a brilliant career path to go down – your options are wide open!"**

Chelsea Hewitt,  
HSS apprentice now working in the  
OneCall team

### HSS Training Academy

Launched in April 2013 and based in Reading, the HSS Training Academy is a purpose-built training facility. It is a national centre of excellence for our business and, we believe, represents an industry-first for the UK equipment rental market. The HSS Training Academy delivers a wide range of career-engaging training as well as both personal and professional development for colleagues.

New colleagues joining HSS receive a total of five weeks residential training at the Academy supported by another two weeks of practical training in the branch they will eventually work in. During 2013, existing colleagues attended a two-week residential refresher course to develop and refine customer service skills and product knowledge.

Opening the Academy underlines our commitment to investing in skills and enabling outstanding customer service. It is an investment of which we are especially proud and over the next 12 months we will open an Operational Training Academy to provide ongoing training benefits to our operational colleagues.

### Ongoing development

We are committed to developing career pathways for all our people and have a dedicated Learning and Development team to identify and fulfil colleagues' individual training requirements. The team delivers a comprehensive curriculum of courses, workshops, e-learning and mentoring to satisfy safety, technical and behavioural skill development.

To develop senior managers we work in partnership with the Cranfield School of Management to assess the needs of our leaders and future leaders and provide courses appropriate to individual development.

We are pleased to confirm that, as a consequence of our investment in training and development, 52% of management vacancies were filled internally over the last 12 months. We aim to build on our achievements in colleague development and fulfil more of our management vacancies internally going forward.

**"I am so impressed by the investment HSS has made in me. You don't get a lot of companies like that nowadays – a lot of companies just care about the numbers but with HSS it's more like they actually care about their people."**

Gilli Cotton,  
HSS Product Manager





## SERVING OUR COMMUNITIES

HSS colleagues never forget that they are a part of the communities in which we operate and that they need to play an active part in looking outside as well as into the business. We take a proactive approach to engaging with our local communities and are proud to support local charitable initiatives.

Our values and the way we work help to ensure that we are good neighbours and we contribute to our local communities by providing employment for local people. We also have a well-established programme that offers discounted hire to registered charities.

However, we believe that it is individual local effort that matters much more and our "Heroes of Hire" programme is our most overt step in this direction. This is about lending

a real and practical helping hand in our local communities - providing time, skills and equipment to support local volunteering projects.

Our people are all encouraged to give at least one paid working day per year to making a positive difference within their local communities and in 2013 colleagues at every level helped to tackle a range of local social issues. We also worked with several of our customers to support their own volunteering efforts. Highlights have included refurbishing the parents' room at a hospital in Ashford, decorating communal recreation space for a London homelessness charity, and working on a community garden and allotments for a housing association in Wales. Importantly, these community projects have all

been selected by the local branches.

During 2014 we will be formalising the work we do in the community and for charities, not to make it over-structured but so we can monitor it and celebrate the contribution our colleagues make. We will do this in association with the London Benchmarking Group.

*"We are continually grateful for the support to our Employment Strategy – it has meant so much to everyone involved and we look forward to our continued partnership."*

Debbie Akehurst,  
Head of Corporate Responsibility  
London, Land Securities

## OUR CR COMMITMENTS

We are proud of the way we operate our business and of our Corporate Responsibility achievements and the progress we have made to date but we also strive to continually improve. We have challenged ourselves to achieve the following objectives and look forward to sharing our progress this time next year.

### We commit to:

#### Sustainable Equipment

- **Increase** the amount of equipment that we process through our refurbishment centre in order to extend its useful life
- **Introduce** a robust product life cycle plan for quality assurance of equipment at the point of disposal

#### Energy Efficiency

- **Fit** smart energy efficient technology in all new branches as well as LED lighting in all new openings and relocations
- **Join** the Carbon Disclosure Project so that we can be held publicly accountable

#### Community Involvement

- **Continue to respond** to local community requests through our "Heroes of Hire" programme
- **Join** the London Benchmarking Group to formalise the measurement of our volunteering activities

#### Health and Safety

- **Continue to reduce** our accident rates further through the roll-out of a behavioural safety programme

#### Colleagues

- **Reflect** the communities in which we operate with the colleagues working in our local branches
- **Increase** the scope of our training by introducing an operational training academy
- **Introduce** a formal measure of colleague engagement
- **Continue to support** career development and internal promotion

#### Logistics

- **Continue to reduce** fuel consumption throughout our commercial vehicle fleet - and as a result our CO2 emissions - to make our logistics operation even more environmentally sound



## HSS Hire Group

Registered office: 25 Willow Lane,  
Mitcham, Surrey CR4 4TS  
[www.hsshiregroup.com](http://www.hsshiregroup.com)  
©HSS Hire Group 2014