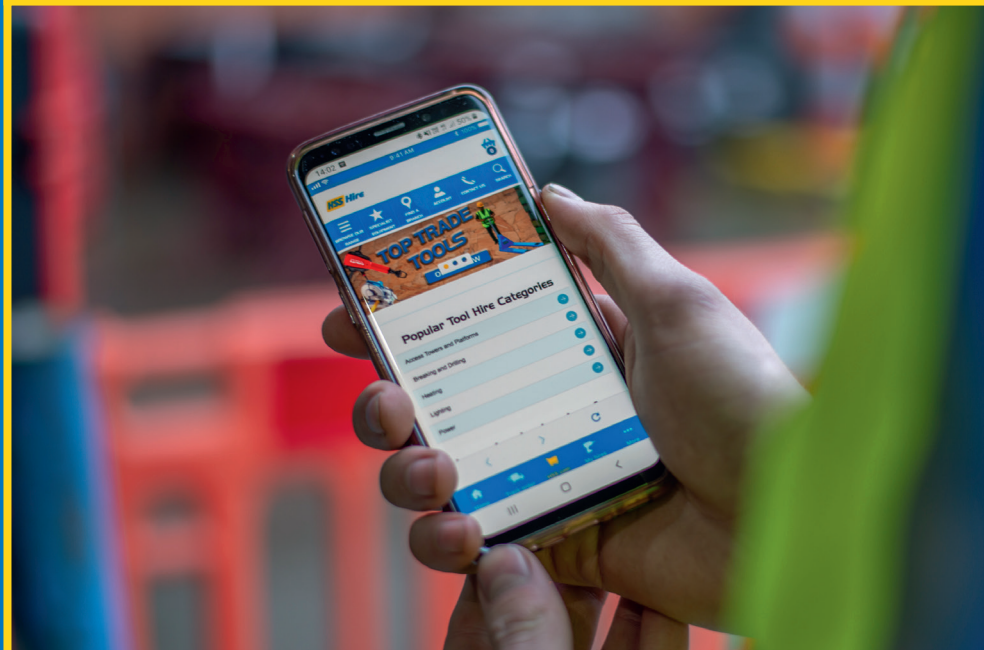




Accelerating our strategy

HSS Hire Group plc
**Corporate Responsibility
Summary 2020**



Download the HSS Hire app today



Environmental, Social and Governance

Ensuring we have a positive impact

2020 was a year of challenges undoubtedly, but also one of opportunities. Like the majority of businesses we had to adapt fast, implementing changes in our operations to prioritise the health, safety and wellbeing of our colleagues, whilst striving to keep our customers working. Our colleagues supported this process every step of the way, and have proven extremely resilient and ready to embrace the changes. We made every effort to continue our progress on key environmental, social and governance (ESG) issues, and as a result of the acceleration of our digital strategy, I am pleased that we have continued to move forward across our Group.

Our colleagues are at the heart of our business, and this year amidst rapidly changing priorities and targets, engaging, developing and protecting them has remained a key focus. From March, when we started to see restrictions come into force, we had a split of colleagues; some were on furlough, some working remotely, and some working on site and in our distribution centres. Our priority was to keep everyone safe, to ensure all colleagues were kept updated as our business adapted, and to keep everyone engaged and supported. We implemented a range of activities which this report will outline in more detail, but I am incredibly proud of our colleagues and what they achieved during a challenging year.

One of the key operational benefits we have seen this year has been the acceleration of our digital agenda. The lockdown period gave us more opportunity to present our digital tools to our customers, and encourage them to order this way. We designed and implemented a new Click-and-Collect model, which not only prioritised safety for customers and colleagues, but also meant we could reduce the number of deliveries and drivers on the road. Accelerating these plans brought forward some planned changes to our branch network, and whilst we regret this had an impact on some colleagues, it will help our business as we strive to become a digitally-led and more sustainable hire provider.

2020 has been an unprecedented year which forced us all to adapt; however, I believe we have made some key progress. As we further embed some of the changes we have made throughout 2020, we expect to continue driving this agenda forward over the coming years.

Steve Ashmore
Chief Executive Officer



Learning and development

8,446

e-learning modules completed

Health and safety performance

RIDDOR events
per 100,000 hours worked

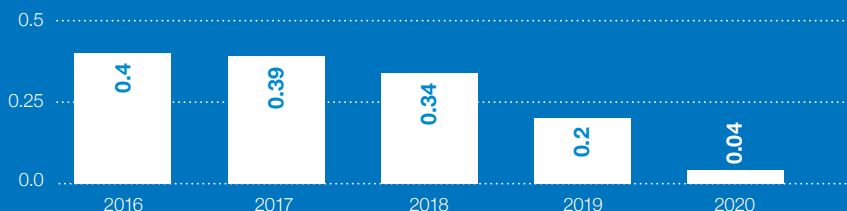
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2019

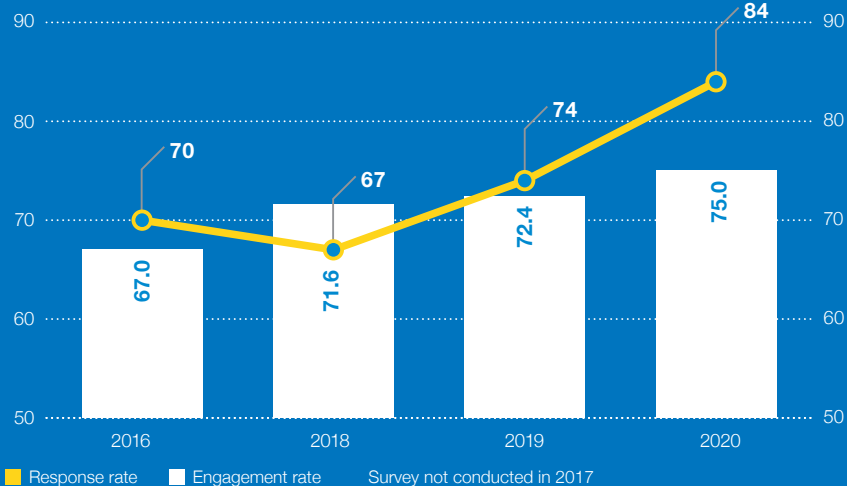
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2020

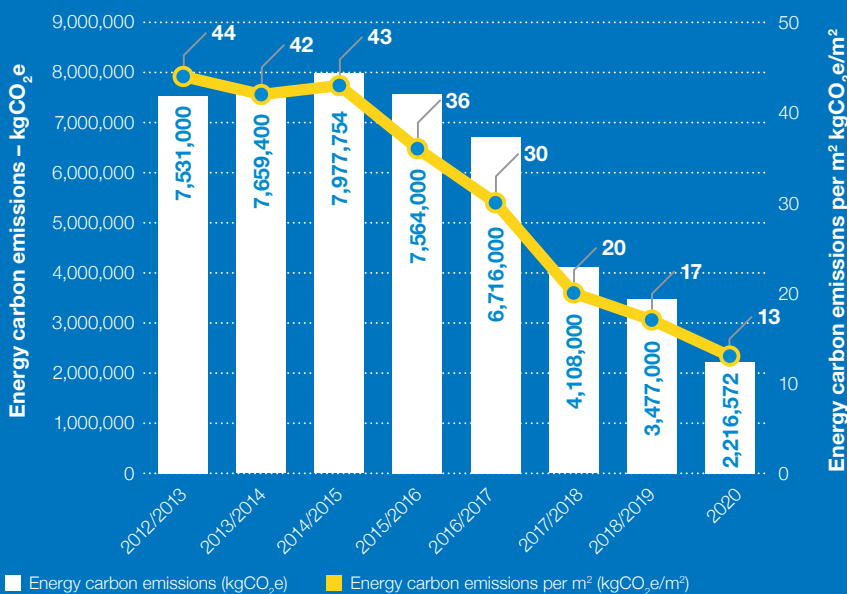
RIDDORs



Colleague engagement (%)



Year on year energy carbon emissions comparison



Product lifecycle

The sustainable nature of hire

- Procurement processes select robust kit, built to last.
- High maintenance standards extend useable life.
- Responsible disposal ensures nothing is wasted.

Floor sander

539

In our fleet

13,256

Customers hire one per
year on average

23

Hires for each sander per year



Harvested for spare
parts and recycling



Auctioned to
second hand market

Environmental, Social and Governance continued

Living our values

MAKE IT SAFE

Safety comes first, always!

Think safe, work safe, home safe.

MAKE IT HAPPEN

No job is too big or too small, we do what it takes to get things done.

We do our best for our customers and our business.

MAKE IT BETTER

We're excited about what's next.

We're focused on making things better, brighter and fit for our future.

MAKE IT TOGETHER

We're like a family and we've all got each other's backs.

We celebrate success, work well as a team, and have fun along the way.

Our colleagues

As our priorities shifted throughout 2020, one thing which remained core to our approach was our commitment to supporting, engaging and protecting our colleagues. They are at the heart of everything we do, and are responsible for delivering our market-leading service to our customers.

From March onwards it was clear we needed to adapt our approach to communication and support to fit the current climate and challenges. We focused on two areas:

- Business updates – led by the CEO, and designed to ensure all colleague groups were kept updated and informed.
- Wellbeing support – split into three core pillars: physical, mental and financial wellbeing.

We accelerated our communication and engagement strategy, delivering daily updates to colleagues both working and furloughed. With support from our benefits providers, external knowledge experts, and our internal HR team, we delivered wellbeing calls, webinars, newsletters, blogs, and much more.

Another key area where we continued to make good progress, despite the challenges of COVID-19, was in our health and safety agenda. Feedback from our colleagues told us that our incident reporting process was too complex, so our HSEQ and IT teams developed and implemented a new, easy to use, web-based portal to simplify this process. This portal has been a key driver in the improving health and safety performance across our Group business in 2020, and demonstrates our colleagues' commitment to live our values and 'Make it Safe'.

As we adapted our approach to communication and incident reporting, our Learning and Development team utilised new digital ways of working to continue delivering training courses throughout lockdowns and local restrictions. A number of courses previously delivered in person were adapted to e-learning modules, and we rolled out a number of video modules for the first time ever, allowing us to reach colleagues in new ways and still deliver over 8,400 training sessions.

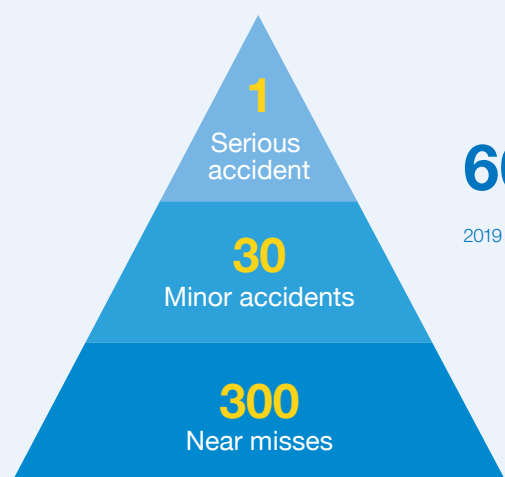
Throughout 2020 we retained our commitment to supporting our colleagues in everything they do. When we rolled out our annual colleague engagement survey in November, we were really pleased to see an increase in the completion rate and our engagement score. Despite challenging working conditions and some key changes implemented in our network, the overwhelming majority of our colleagues are strongly engaged with our business, and see a long-term future with HSS. One of the key requests was for us to continue expanding our health and wellbeing support, and this will be a key workstream for all business areas throughout 2021.

Reward

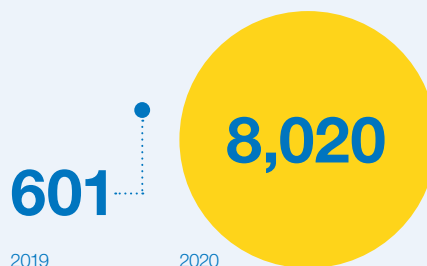
At HSS we are committed to ensuring that we reward our colleagues in a way which is fair and representative of their performance, regardless of gender. The hire industry is typically male dominated. Whilst this is reflected in our current workforce makeup (with 85% male colleagues, and 15% females), we believe that ongoing changes we are making to our working practices, such as more flexible, remote working opportunities, will help us to attract more women to our business and industry moving forward.

We make every effort to reduce any potential for bias through our recruitment processes, ensuring that job descriptions and interview questions are worded in a neutral manner, and

Heinrich pyramid



HSS safety observations



Why are more safety observations good news?

The Heinrich pyramid is a theory of industrial accident prevention which demonstrates the relationship between near misses and accidents.

It tells us that increasing the number of near misses and safety observations we record and action will reduce the number of accidents and injuries that occur.

During the year we have introduced a new portal for safety observations and as a result we have captured more than ten times as many in FY20 than FY19.

Energy and emissions

Activity	Fuel use	Annual energy (kWh)	Annual carbon emissions (tCO ₂ e)
Building energy – gas (kWh)	448,050	448,050	82
Building energy – electricity (kWh)	8,429,201	8,429,201	2,134
Transport – commercial vehicles & Leeds bunkered fuel tank (litres)	3,339,108	35,327,762	8,501
Transport – company cars (miles)	4,183,279	4,448,374	1,134
Transport – grey fleet (expensed mileage)	174,307	193,926	48
Process – forklift gas (propane – litres)	45,072	320,459	70
Total	16,619,017	49,167,771	11,970

Figures stated are for the UK. Year on year comparison figures are demonstrated on page 41.

ensuring that artwork and photography depicts the broad range of roles and colleagues across our Group.

In 2020, our median gender pay gap remained largely the same as 2019, at -1.01%. We are committed to ensuring that colleagues are rewarded fairly based on role and contribution. For 2021, we have put a number of initiatives in place such as establishing our first HSS Women's Networking Group, to explore issues facing women in the workplace, and how we can better support female colleagues at HSS.

Sustainability in products and services

Hire is intrinsically a sustainable business model, ensuring equipment is reused multiple times, by multiple customers, and maintained to a high standard to extend its useable life. Our vigorous procurement selection process ensures we only invest in equipment which is robust enough to last. For example, our popular floor sander model is selected for its robust body, which means parts inside can easily be repaired or replaced as wear and tear dictates, whilst reusing the main component of the product itself. This allows us to extend the useable life of the product to just over six years on average, during which time it will go out on hire around 23 times per year.

When our products do reach the end of their useable life, we endeavour to dispose of them in a responsible manner. This year we entered into a new recycling scheme to responsibly recycle our plastic barriers. Working in partnership with BCS Group, we joined its closed loop recycling programme which has so far helped us to divert 150 barriers, or 1.55 tonnes of plastic, from landfill.

The impact of COVID-19 has allowed us to explore and implement more sustainable service offerings within our HSS Training

business. Working with CITB, we were able to create eight virtual courses which are traditionally held face to face, to ensure we removed unnecessary travel, whilst helping our customers remain compliant. Working with the course accreditation bodies we will continue to expand our e-learning offering.

Responsible waste management

Through our ongoing partnership with Biffa we have continued to make good progress in disposing of our waste in a responsible manner. This year Biffa disposed of 937.5 tonnes of waste on our behalf, diverting 90% from landfill, an increase on the 85% diverted in 2019. We also partner with Slicker for disposal of our hazardous waste, ensuring materials such as waste oils are recycled, reused or converted to energy.

Energy and emissions

Across the HSS Group network we have a robust approach to monitoring and analysing our energy and emissions usage, to identify where we can make improvements. Working in partnership with Maloney Associates, we have implemented more thorough monitoring standards, and despite having to delay some of the planned audits of our sites due to the COVID-19 pandemic, we are starting to identify some areas to make improvements thanks to this enhanced performance data. Step change improvements such as moving our electricity to a 100% green and renewable provider, and changing our lighting to LED alternatives, are allowing us to gradually reduce the environmental impacts of our physical locations.

As part of the Streamlined Energy and Carbon Reporting (SECR) framework the total UK energy use for HSS totals **49,167,771 kWh** for the period 1 January to 31 December 2020. This includes our built environment, transport,

Giving back

In line with our values we are committed to giving back to the communities we work in, ensuring we have a positive impact and add value where we can. Throughout 2020 we have been able to raise a significant amount of money for good causes. Through our procurement partnership with Commercial, we were able to contribute £756,079 in social value through their Commercial Foundation, which helps disadvantaged young people learn new skills and boost their employment opportunities.

A large percentage of our colleagues are enrolled in our Pennies from Heaven scheme, which donates the loose change from salaries to Cancer Research, The British Heart Foundation, and UCL Dementia Research Institute. This year we have raised £7,131.33 throughout the year. Our colleagues also organise and take part in a large number of localised fund raising projects alongside our customers, and have helped to raise funds for the likes of Andy's Man Club and the Bobby Moore Fund.

and process fuel energy. Total emissions expressed as percentage of Revenue is a Group KPI (page 28).

The COVID-19 pandemic has had a significant impact on these figures, as the majority of our branch network, excluding our larger depots, was closed throughout the lockdown periods. We did go on to permanently close 134 of these smaller locations, expanding instead our builders merchant partnerships, which see us sharing physical locations and their associated energy usage with these businesses.

We utilise the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard to fulfil the reporting requirements around energy and emissions. This includes DEFRA conversion factors to calculate Greenhouse Gas (GHG) emission disclosures. The extent of the GHG reporting boundary comprises of all building, transport and process emissions within the three reporting scopes.

This year we rolled out a number of trials to attempt to find ways to improve emissions across our transport fleet. We have changed our company car policy to encourage colleagues to take more hybrid and electric cars, and we have introduced a number of diesel hybrid trucks to our commercial fleet. We will continue to monitor the performance of these vehicles and explore the feasibility of introducing more environmentally friendly vehicles to our fleet.

Engaging with our Stakeholders and Section 172

Summary of key engagement activities during FY20:



Shareholders and investors

Our shareholders monitor and safeguard the governance of HSS and regular dialogue is crucial to ensure they have a good understanding of our strategy and our objectives.



Nature of engagement

Conclusions drawn from engagement

Investor meetings and shareholder interactions

Liaising with investors and maintaining stakeholder confidence has been key during FY20 and the challenges presented by the COVID-19 pandemic. The Executive Directors have been in regular dialogue with our major shareholders, culminating in our capital raise and move to AIM, announced on 26 October 2020 and completed on 14 January 2021. This project required a shareholder meeting in addition to our AGM held in June 2020, which was held virtually, with an audio link for investors and the ability to submit questions to the Board. Our capital raise also provided the opportunity for the Executive Directors to meet new, prospective investors, talk to them about HSS and gather their feedback, resulting in an excellent take-up under the Placing and Open Offer.

Strong support for the Group's progress and strategy, particularly around digital, evidenced by certain existing shareholders increasing their investment in HSS and some new investors coming on board.

The Board is keen to maintain this momentum in FY21 and onwards.

Remuneration

The Remuneration Committee Chairman consulted with major shareholders on amendments to the Remuneration Policy and related LTIP Rules in order to grant restricted stock awards during FY20.

Continued support for the proposals (strong support of resolutions at the AGM) and the direction of the business, acknowledging the difficult circumstances presented by the COVID-19 pandemic.

Ad-hoc shareholder interactions

The Chairman and Executive Directors have each attended meetings and calls with major shareholders to provide general updates and maintain regular communication. The level of interactions with both existing and new shareholders increased during the capital raise.

Very positive comments around business management, strategy and performance.

Existing and new shareholders evidenced their support by investing in the capital raise.

AGM

All shareholders, along with other stakeholders, including the Company's auditors, sponsor/broker and lawyers are usually invited to attend the AGM in person.

In FY20 this was not permitted under Government Guidelines. Whilst many companies held their AGMs entirely behind closed doors, the Board considered it important to involve stakeholders in the meeting to the extent possible by permitting stakeholders to listen to the business of the meeting via a conference call facility and submit any questions to the Board.

All resolutions put to shareholders were passed with a very high percentage of votes for, showing strong support for the Company and the Board.

Trading updates

We keep our shareholders fully informed of the performance of the business on a regular basis, through the publication of trading updates and voice-over presentations which are available on the HSS corporate website.

As part of our interim results announced 8 October 2020 we presented our new digitally-led operating model including the restructuring of the Group's branch network with the permanent closure of 134 locations and reduction in colleagues.

The outputs largely mirror those in Ad-hoc shareholder interactions.

Corporate website

Presentations, information and financial data are available. As part of the capital raise a specific micro-site was created providing a repository for all of the relevant documents for shareholders and investors. The site has also been refreshed to comply with AIM Rule 26.



Colleagues

Our colleagues are our primary asset and it is their hard work and commitment that ensures our success as a business. Regular engagement ensures HSS's culture and values are understood throughout the Company as we work together to achieve our purpose.



Nature of engagement

Health, safety and wellbeing

The health and safety of colleagues, as well as that of customers and visitors to our sites and offices, is a fundamental priority.

The following activities have been taking place across the Group to engage with colleagues on health and safety matters:

- Various discussion groups at a sales and operational level
- The continuation of our Health and Safety Forum involving members of the senior leadership, operations, sales, and health and safety teams
- Our colleague engagement survey included questions on health and safety, including COVID-19 safety in the workplace for colleagues and customers
- Trialling new pieces of kit to assist branch colleagues with moving heavier kit safely and seeking their feedback on such kit

Conclusions drawn from engagement

Awareness and ownership of health and safety at all levels of the business has improved.

Colleagues appreciate involvement in health and safety initiatives.

Significant reduction in RIDDORs and colleague safety observations hugely increased. The Board considers this as good evidence that colleagues are engaged with the importance of their own health and safety, as well as that of their colleagues and the wider public, and this is in the forefront of their minds as they undertake their daily tasks.

Workforce forum

A forum is to be introduced which will be chaired by the Group HR Director and involve colleagues at varying levels who will be encouraged to share views on the Company, its business and culture, and agree what should form the priorities.

The Group HR Director shall share those priorities with the Board who shall consider as appropriate.

This initiative was postponed in FY20 due to COVID-19, but will be revisited when appropriate.

Internal communications

We continue to ensure that colleagues are kept informed of developments, important issues and Company performance in order to drive engagement and ownership. These are cascaded throughout the business through a variety of channels, including the Group's intranet, emails and newsletters. This has been more important than ever in FY20 with many colleagues working from home rather than being together in physical locations; communication and checking on wellbeing have been key and will continue to be. Our CEO shared a daily blog with colleagues during the early stages of the COVID-19 pandemic, reduced to weekly as new ways of working and changes to the business became embedded.

We also invite a broad cross-section of colleagues to listen in on web-based results presentations from the Executive Directors around the time of our usual market releases.

FY20 was the third year of our 'Colleague Roadshows' which involved the Executive Directors presenting via a webcast to all colleagues across the respective regions.

We followed a specific in-depth communication programme to engage colleagues around the new digitally-led operating model and the impact this had their roles. This included a formal consultation process for the colleagues directly impacted by the permanent closure of 134 branches.

We engaged with colleagues to explain the capital raise announced on 26 October 2020, including providing support for those who were existing shareholders to ensure clarity as to the Open Offer process.

Strong communication around the business by the senior management team and being approachable to colleagues has again improved engagement.

Insight and feedback on the impact of the branch closures and redundancies; whilst unfortunate, colleagues understand the strategy and those impacted at least appreciated that the process was well communicated and undertaken in a professional and respectful manner.

Colleague engagement survey

During FY20 we undertook our annual colleague engagement survey. A response rate of 84% showed an improvement on FY19 (74%), with some notable improvements on scores within particular categories of the survey.

The Board and senior management have discussed the findings and noted good improvements on scores in three key areas: emotional engagement, motivational engagement and rational engagement.

The Board considered levels of positivity in the light of new COVID-19-related working practices, noting a generally very positive response to home-working flexibility, but noting equally as importantly that it did not suit all colleagues. Lower levels of positivity from colleagues who had been subject to furlough were, understandably, reported.

Colleagues were asked to comment on how comfortable they felt raising health and safety concerns in the workplace; the response was positive, but nevertheless the Board noted this as an action to improve further.

Systems improvements

We continue to invest in, develop and roll out new digital tools and systems, as more particularly detailed in the Strategic Report.

Engaging via these digital channels has made HSS easier to work for, making for a better hire experience for customers. It also helps our sales and driver colleagues to work more efficiently, meaning a more contented workforce.

Engaging with our Stakeholders and Section 172 continued

Summary of key engagement activities during FY20: continued



Customers

Without our customers, there is no business. We engage with them to ensure we deliver the best possible service and their insights and feedback are a crucial element in identifying future opportunities.



Nature of engagement

Customer satisfaction

Details of our NPS, which is significantly ahead of the industry benchmark, are included on page 14. In addition, our branch sales colleagues and sales colleagues out in the field are engaging with customers on a daily basis and obtaining feedback.

We ensured that appropriate communication materials were available and utilised to explain to customers the changes in our operating model announced in October 2020.

Conclusions drawn from engagement

The key message we keep hearing from customers is that we must remain easy to work with. Our digital projects, including the app, are greatly assisting with this.

Since introducing the new digitally-led operating model, the Group's performance has continued to improve with over 20% now transacted through digital channels. Combined with a strong NPS score from the customer survey conducted after these changes, this reinforces that customers are willing to operate in the new model.



Suppliers

Without suppliers, we cannot serve our customers. We engage with them to build strong working relationships, identify risks in our supply chain, and ensure HSS's values are shared.



Nature of engagement

Systems improvements

- Embedding of the 'Brenda' system (see page 22)
- Clearer onboarding processes for suppliers
- Launch of HSS Pro POS making Brenda inventory directly available to our branch and remote sales teams

Conclusions drawn from engagement

All of these steps have allowed us to engage with our suppliers more simply and clearly, meaning fewer issues to resolve and quicker transactions (including payment).

Suppliers are also clear on the terms on which they contract with HSS and that HSS expects high business and ethical standards, including around anti-modern slavery, anti-facilitation of tax evasion, anti-bribery etc.



Lenders, analysts and broker

Our lenders provide part of the funding we need to deliver the Group's strategy. Analysts are a source of information for existing and potential investors while our sponsor and broker plays a key role in our engagement and compliance with financial markets.



Nature of engagement

Lenders

Our Executive Directors continue to meet with the Group's key lenders at least quarterly to update on business performance and strategic progress. We pro-actively briefed the Group's lenders on the operating model restructuring, capital raise and move to AIM during the year.

Conclusions drawn from engagement

The Group's lenders continue to be very supportive of the business, particularly evidenced throughout the COVID-19 pandemic.

Analysts

Our Chief Financial Officer has regular telephone conferences and meetings with the analyst community including covering the strategic projects announced during the year, namely the capital raise and new digitally-led operating model.

Good levels of engagement with the analyst community continue to be observed.

Sponsor & broker

The Company's sponsor and broker was regularly involved with day-to-day business and strategic activity during FY20, including via the Executive Directors, investor relations team and legal team.

Our sponsor was heavily involved in both the capital raise and move to AIM. They were also pro-actively engaged in advance of the new operating model changes, providing input to the investor communication material.

Good levels of engagement and dialogue have been maintained, particularly throughout the capital raise project.

Going forward, the Board hopes that the Company's broker will be able to assist with greater engagement with potential investors.

The Capital Raise successfully raised net proceeds of £50.8m.



Local communities and the environment

HSS strives to be a good corporate citizen and strong local relationships support this aim.



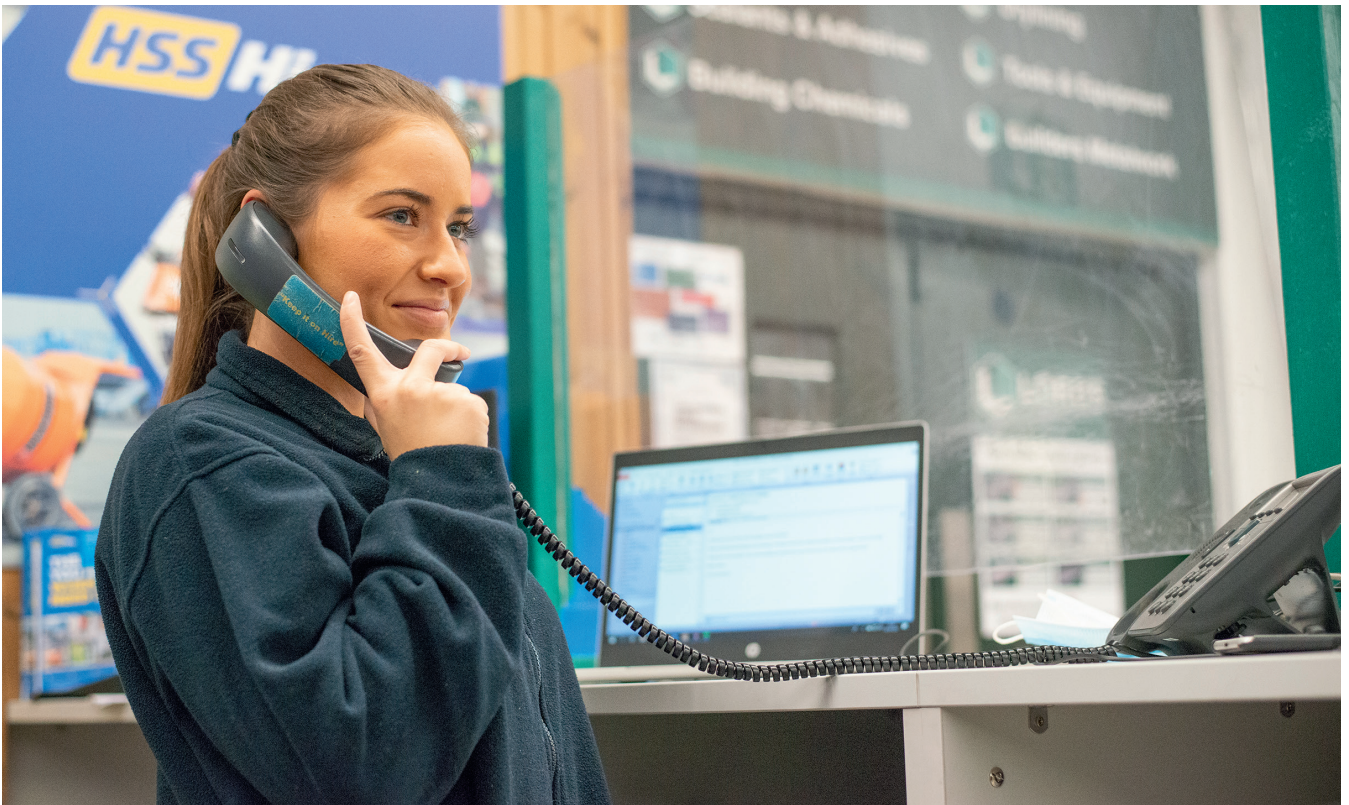
Communities

Whilst some activities have taken place during FY20 in this area (summarised on page 43), many activities have simply not been possible during FY20 due to lockdowns and restrictions around physical meetings.

Environment

A summary of the Company's activities on environmental and corporate social responsibility is included on page 40. The Board regularly discusses environmental issues relating to the business divisions of the Group, including diesel engine emissions (Stage V emissions standards).

Feedback from all of the activities noted above has been shared with the full Board, either via the Chairman, the Executive Directors or the Committee chairmen. Such feedback has proved valuable in informing and supporting the Board's decisions around business direction and strategy, as well as actions to work on and consider in the year ahead for the Committee meetings of the Board.





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