

# TECH-EMPOWERED ESG

Enabling customers to make better decisions

IMPACT REPORT 2023-24

HSS Hire Group plc



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ABOUT HSS

ABOUT THIS REPORT

This is our third Environmental, Social, and Governance (ESG) report. As with its predecessors, it takes a materiality-based approach to our ESG strategy and disclosure. It outlines the progress we have made in 2023 to drive positive environmental, social and governance impact throughout our business while at the same time providing exceptional service to our clients, providing them with access to a wide range of equipment at convenient locations throughout the UK.

REPORTING YEAR

This report focuses primarily on our 2023-24 financial year and includes data, performance highlights, and progress, unless otherwise noted. It also includes key targets set for 2024-25, including near, long-term and Net Zero.

SCOPE

HSS Group operations covers all HSS locations in the United Kingdom and the Republic of Ireland.

HSS Hire Group PLC forms the following active trading groups in 2023:

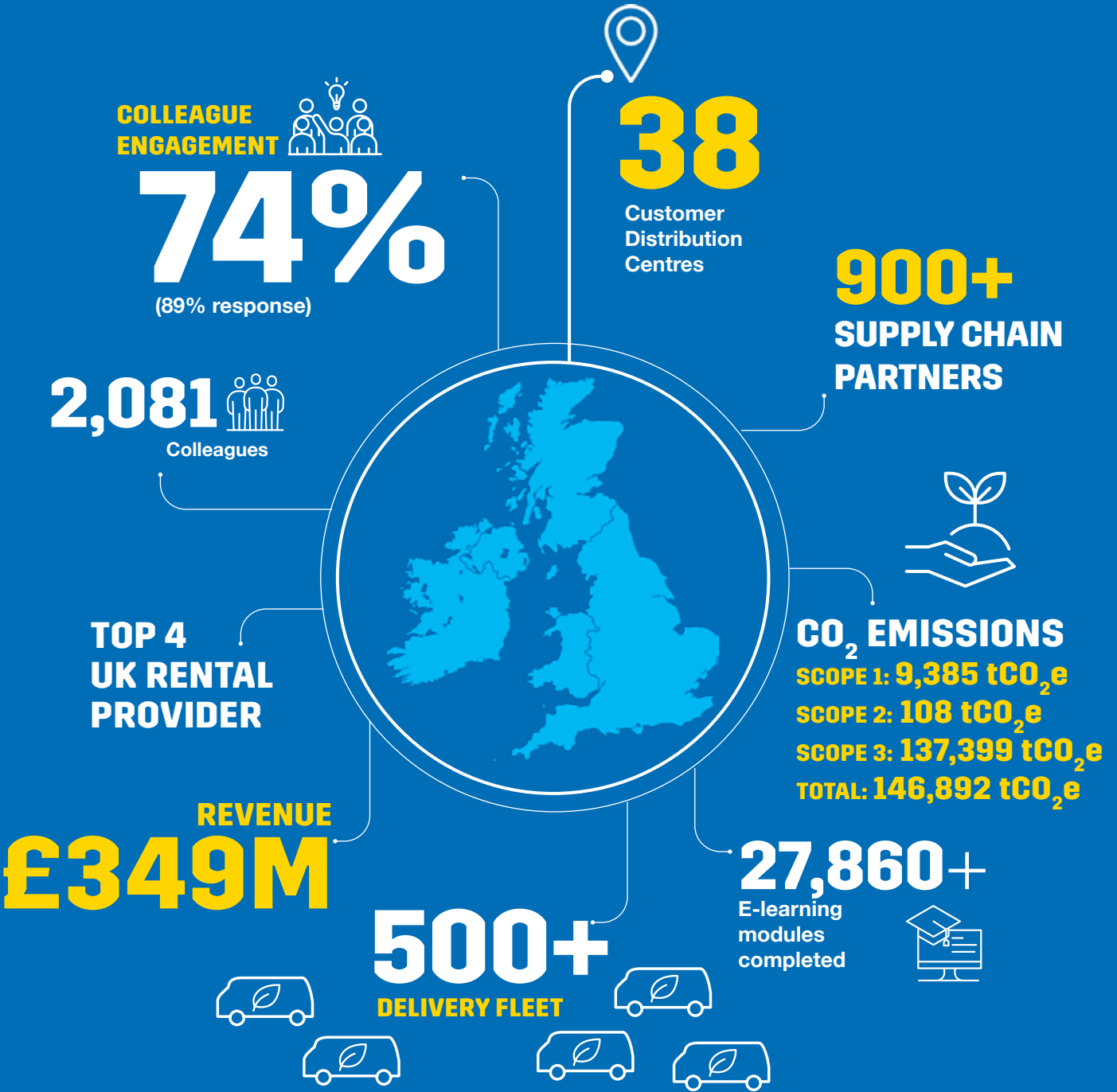
- HSS ProService Limited
- HSS Hire Service Group Limited
- HSS Hire Ireland Limited
- HSS Training Limited
- Abird Limited (divested March 2024)
- Apex Generators Limited Scotland (divested March 2024)

ALIGNMENT TO REPORTING FRAMEWORKS

The report is aligned to reporting frameworks and standards such as the:

- UN Sustainable Development Goals (UNSDGs)
- Carbon Disclosure Project (CDP)
- Sustainability Accounting Standards Board (SASB)
- Climate-related Financial Disclosures (CFD)
- Global Reporting Initiative (GRI)

HSS Hire Group is a market leader in equipment hire & sales in the UK and Ireland. We offer a one-stop shop for all equipment hire requirements through a combination of complementary Rental and Services businesses, the latter being a capital-light, fast-growing, low-carbon, technology-led Marketplace business.





# MESSAGE FROM OUR CEO

## HSS HIRE ESG HIGHLIGHTS

### Clear ESG Strategy

- Sector-leading ESG ambition
- In-line with our stakeholders' expectations
- Robust management framework
- Ambitious but realistic targets
- Practical, tangible and measurable initiatives

### Ambitious Targets

- Net Zero by 2040
- Three strategic priorities to deliver Net Zero:
  1. Drastically reduce our operational greenhouse gas emissions
  2. Provide customers with access to sustainable products
  3. Proactive engagement with our supply chain
- 40% of company cars and vans electric by 2025
- Targeting zero RIDDOR environment
- Further strengthen our strong governance framework
- Yet more enhancements to our colleague well-being agenda

Find more details on our long list of targets in the Environment, Social and Governance sections of this report. In particular, the key milestones to Net Zero by 2040 are set out on pages 26 and 27.



HSS has a strong desire to operate responsibly and sustainably and with the best interests of our stakeholders and the planet in mind. We strive to build sustainability into everything we do.

We have made significant progress with ESG over many years, leading the way with colleague engagement, welfare, health & safety and year-on-year reductions in carbon emissions dating back to 2015. In 2021, we took stock of our progress, engaging a specialist ESG consultancy, Sustainable Advantage, who reviewed our ESG performance and helped us develop an ambitious ESG strategy for our business. During 2022, we continued to work with Sustainable Advantage, carrying out a materiality assessment, establishing our Net Zero plan, publishing our first ESG impact report and submitting our targets to the Science Based Targets Initiative (SBTi).

The materiality assessment confirmed the concerns held by all our stakeholders about climate change, and as a result we have made great strides understanding how our business generates carbon emissions, not only within our own operations, but also within our upstream and downstream value chain. We have calculated our baseline carbon emissions, created a carbon reduction strategy and set a Net Zero date, all in alignment with strong growth aspirations. In May 2023, we had these targets approved by the SBTi as being in line with the ambition to limit global warming to +1.5°C. We are the first in our sector to achieve this approval.

In 2022 we received the Silver award from EcoVadis, classifying us in the 91% percentile in our industry. In September 2023, we gained the Gold award, placing us in the top 5% of organisations assessed globally, the first in our industry to achieve this level.

We have recently launched another industry-first carbon footprint dashboard for our customers on HSS ProService Marketplace. We have also transitioned the final element of our electricity supply to 100% renewable, and have continued to roll out more electric vehicles. Following the deployment of route optimisation technology across our logistics, we have seen a 14% ongoing reduction in mileage, the equivalent of driving around the equator 21 times, and saving 195 metric tonnes of carbon annually. Lastly, further progress has been made with reduced serious accident rates and industry-leading colleague engagement in 2023.

Our business model, which is based on maximising equipment utilisation across our industry, using technology to match demand with supply in the most efficient way possible, has strong circular economy credentials. Hiring rather than purchasing ensures that equipment is used to its maximum capacity and hence protects finite manufacturing resources and limits carbon emissions. Our new ProService model has taken this to a new level, minimising transport distance using our network of rehire suppliers and giving suppliers the opportunity to enhance their utilisation.

I look forward to seeing the positive impact our ESG strategy continues to have on all our stakeholders and ultimately the contribution we deliver in the fight to curb climate change.

**STEVE ASHMORE,**  
CHIEF EXECUTIVE OFFICER

## OUR VISION, VALUES AND PURPOSE

### OUR VISION

To become the market leading, technology-led brand for equipment services.

### OUR VALUES

#### MAKE IT SAFE

Safety comes first. Always! It's at the heart of everything we do, which means that if we can't do it safely, we don't do it at all. We take our work seriously and we never leave anything to chance. We do things the right way - every time. Think safe, work safe, home safe.

#### MAKE IT HAPPEN

We're passionate, can-do people who deliver great results, safely. We're relentless. We own it. We roll our sleeves up and get on with it. We always find a way. No job is too big or too small, we always do what it takes to get things done. We do our best for our customers and our business.

#### MAKE IT BETTER

We're not just ambitious and hard working; we're also excited about what's next. We love to win, we're change ready and want to make a difference. We're focused on making things better, brighter and fit for the future. We know that change can be hard, and we need to be resilient to keep making things better.

#### MAKE IT TOGETHER

We have blue and yellow blood running through our veins. We're like a family and we've all got each other's backs. We pull together, trust and respect each other. We celebrate success, work well as a team and have fun along the way.

### OUR PURPOSE

Our purpose is to provide our customers with the equipment, training and services they need, employing technology to do this quickly, efficiently and sustainably.

The guiding principles of how our colleagues operate are set by our corporate values, all of which are underpinned by an ethos of sustainability.



# HOW WE DELIVER VALUE

Over the last five years our business has gone through a deep transformation, and we have established ourselves as a digital leader in the hire market.

At the heart of our strategy is our operating model which underwent significant change in 2020 and 2021, making us a far more efficient, profitable, resilient and sustainable business. Our two divisions – HSS ProService and HSS Operations – work together to provide customers and suppliers with the equipment and services required to complete their projects.

## HSS PROSERVICE:

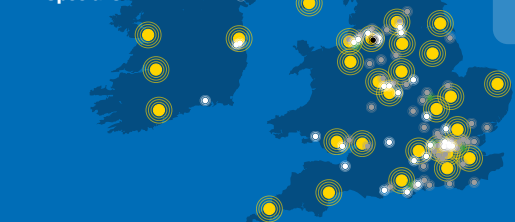
HSS ProService is our customer-facing sales acquisition division, offering customers a one-stop shop for hire, equipment sales, accessories, parts, fuel, waste management, training, materials, and other building services. Built on 'Brenda', the technology platform on which all our digital applications will sit, HSS ProService can source – either from our own fleet or through our extensive supplier network – the equipment our customers need the moment a request is made.

## HSS OPERATIONS:

HSS Operations leverages our well established national distribution and engineering network to satisfy enquiries we receive through our HSS ProService team. Focused on customer service, utilisation, and fulfilment levels, HSS Operations makes sure our customers get the equipment they need when and where they need it in the quickest, most efficient way possible.

Key

- Head office
- Branch
- Customer Distribution Centre (CDC)
- Builders merchants
- Specialist



### HSS PROSERVICE:

- **Data for suppliers** – Access to data insight allows suppliers to fulfil requirements local to them rather than further afield, minimising costs, carbon footprint and reducing response times without sacrificing product utilisation.
- **Maximise product utilisation** – ProService Marketplace provides access to a significantly wider set of customers, providing suppliers with greater certainty of demand and allowing them to operate at higher levels of utilisation and minimise excess capital purchases.
- **Insight for customers** – Customers will be able to make better choices based on equipment ESG performance through the HSS customer website, App and ProService technology platforms.
- **National network** – We source equipment from the nearest supplier, thereby reducing the distance equipment travels between depot and the customer - thus lowering carbon emissions.

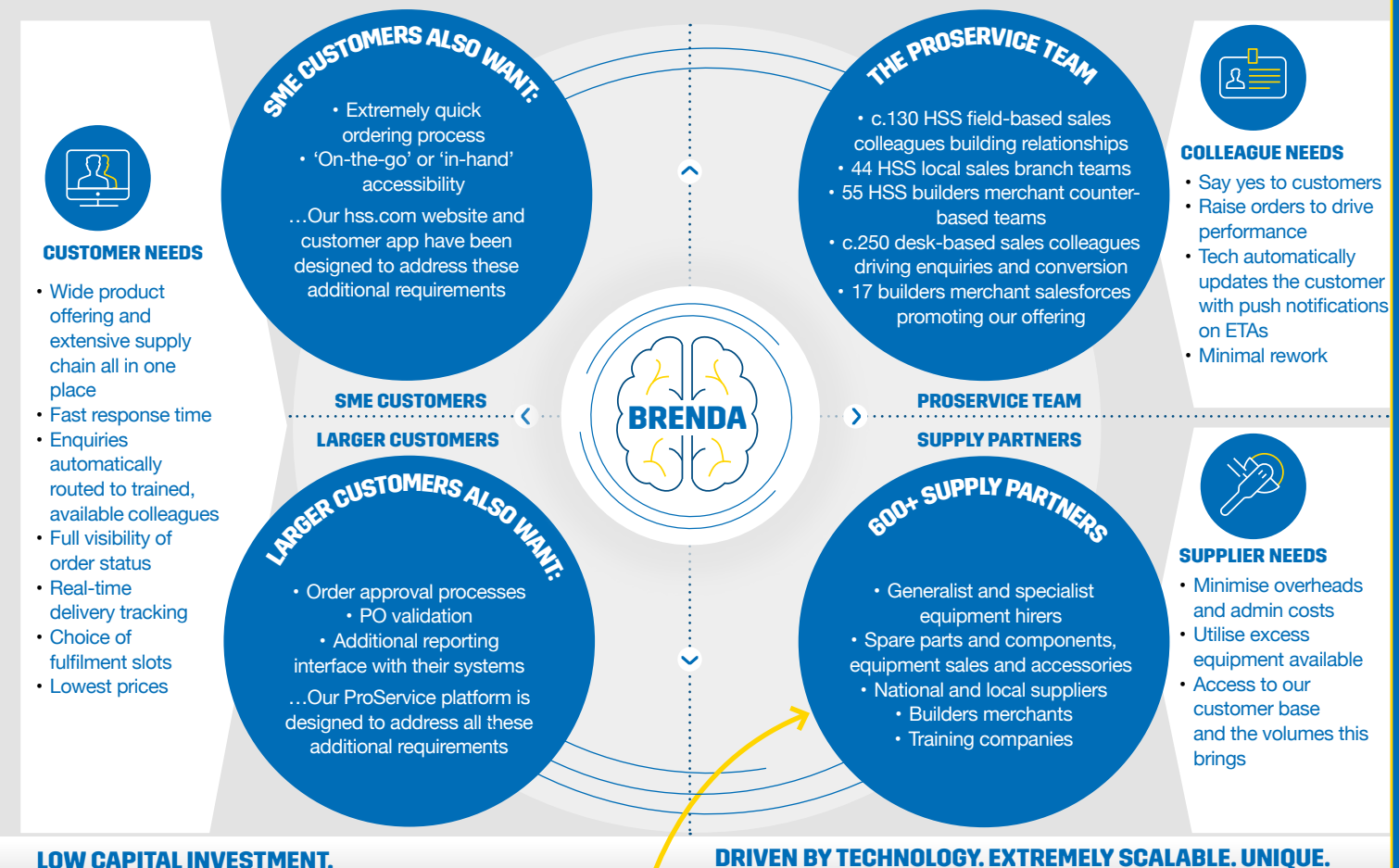


### HSS OPERATIONS:

- **The carbon benefit of hiring rather than purchasing** – Hired equipment generally achieves much higher utilisation as it is deployed across many customers, rather than being purchased by a single customer and used infrequently. This reduces the overall quantity of equipment in circulation and the associated carbon footprint of manufacturing equipment.
- **Efficient delivery routes** – We recently introduced Satalia route optimisation software which minimises our fleet's carbon footprint due to shorter distances travelled and the resulting lower fuel consumption.
- **Electric vehicles** – Since 2019, we have gradually introduced electric and hybrid vehicles into our fleet to lower diesel fuel consumption and thus carbon emissions.
- **Product maintenance** – Hire equipment in our stock is consistently tested and maintained to extend the equipment's life span, lowering emissions.
- **End-of-Life** – When our equipment reaches its end-of-life, it's either recycled, spare-parts are re-harvested or it's auctioned off and sold to another party, extending its useful life.

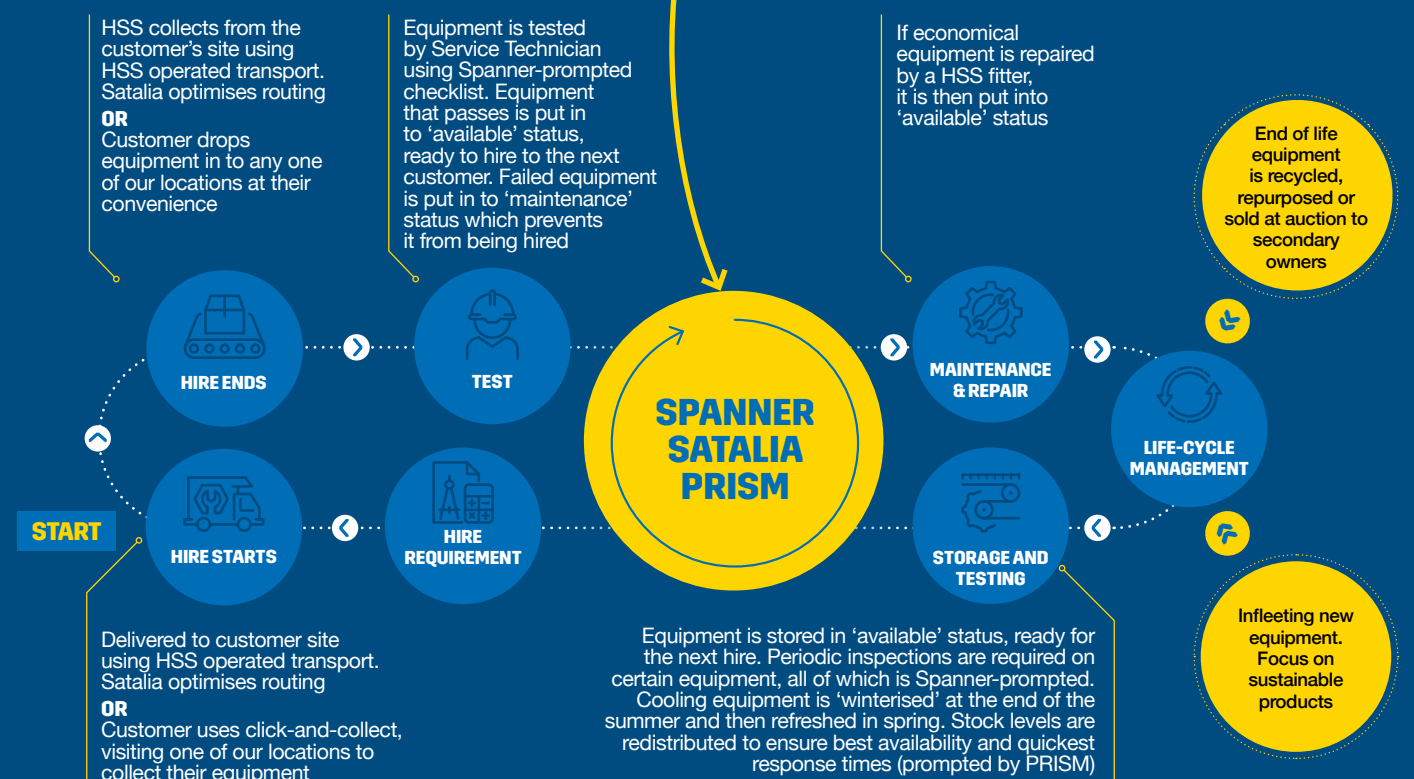
## ACQUISITION MODEL HSS PROSERVICE

A single platform offering a wide range of solutions to the building services market, addressing converging customer and supplier requirements.



## FULFILMENT MODEL HSS OPERATIONS

The longest established tool hirer in the UK, fulfilling equipment requirements for a broad range of customers and end-user markets.



**CIRCULAR ECONOMY BUSINESS, WITH LEADING CUSTOMER SATISFACTION AND RETURNS ON CAPITAL.**

# OUR BUSINESS MODEL IS INHERENTLY SUSTAINABLE

As the longest established tool hirer in the UK, we've been delivering sustainability benefits to our customers and the planet long before the concept of the circular economy was popularised in the 90s. The hire model is inherently sustainable because there is a significant difference in terms of environmental impact between our customers buying equipment versus hiring equipment from HSS.

## RENTING TO NET ZERO

Leading organisations around the world are standing together with a common aim of halting global warming, and this means limiting carbon emissions. Our hire business model plays a pivotal role and in 2021 we announced our bold ambition to become a Net Zero business by 2040. Here is how our business avoids and minimises carbon emissions:

### PRODUCTION PHASE: AVOIDING AND MINIMISING PRODUCTION AND CARBON EMISSIONS

**\* Procurement of equipment (CapEx)** – In our hire model, emissions from production are minimised as equipment is purchased once and re-used multiple times by multiple users.

**\* Supply chain selection ESG governance** – We carefully select our suppliers for both CapEx procurement and re-hire, requiring solid ESG credentials such as whether the equipment is made from recycled materials to ensure we further minimise emissions at production phase.

### USAGE PHASE: MAXIMISING UTILISATION

**\* Builder merchant locations** – Our unique agile builder merchant network allows us to have an expanded physical network without the carbon footprint, effectively operating in the same space as our partners without adding additional heating or lighting consumption. This

model allowed us to close 16 branches in 2023, eliminating the carbon footprint associated with them.

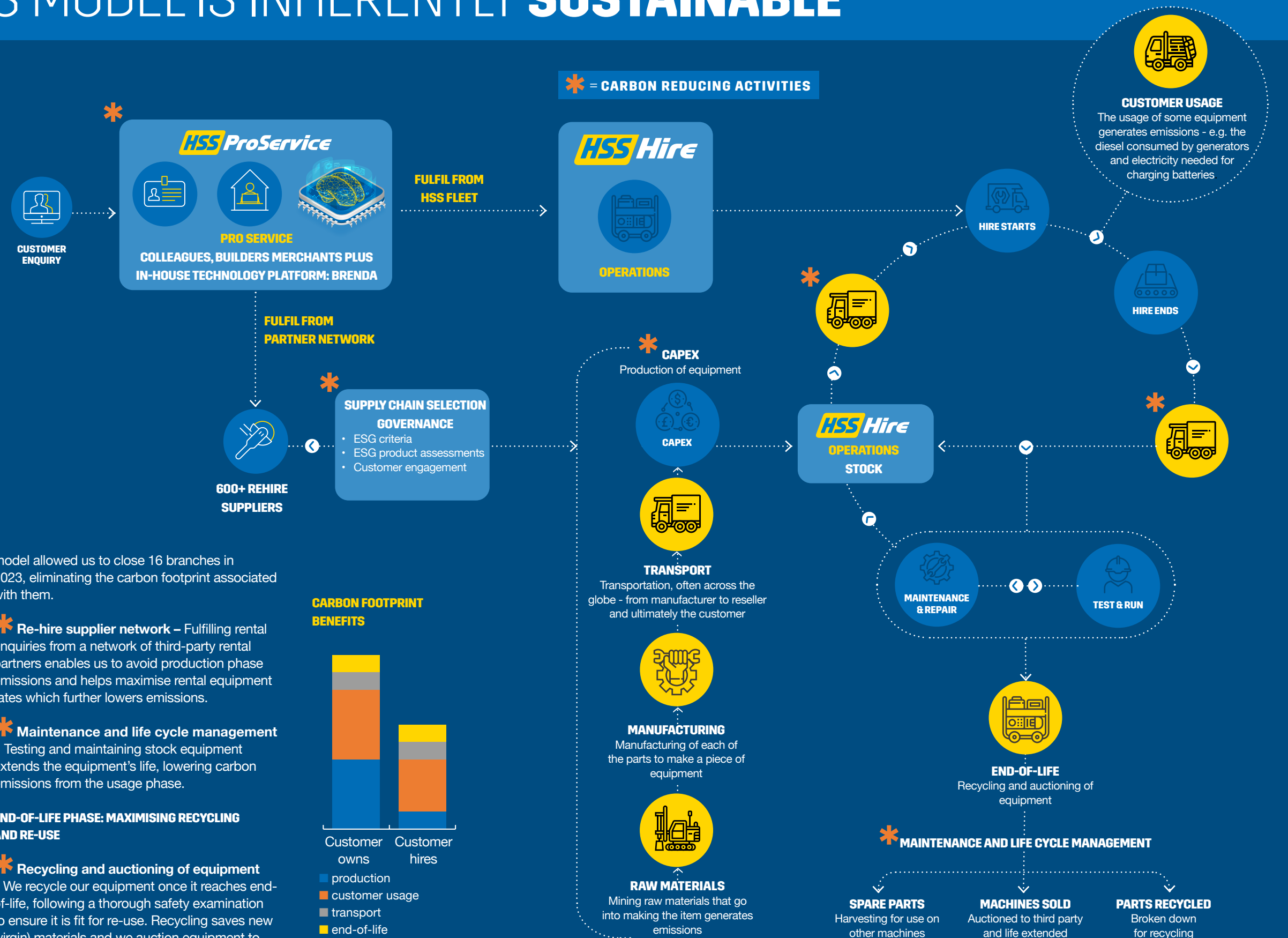
**\* Re-hire supplier network** – Fulfilling rental enquiries from a network of third-party rental partners enables us to avoid production phase emissions and helps maximise rental equipment rates which further lowers emissions.

**\* Maintenance and life cycle management** – Testing and maintaining stock equipment extends the equipment's life, lowering carbon emissions from the usage phase.

### END-OF-LIFE PHASE: MAXIMISING RECYCLING AND RE-USE

**\* Recycling and auctioning of equipment** – We recycle our equipment once it reaches end-of-life, following a thorough safety examination to ensure it is fit for re-use. Recycling saves new (virgin) materials and we auction equipment to third parties to be re-used, lowering emissions.

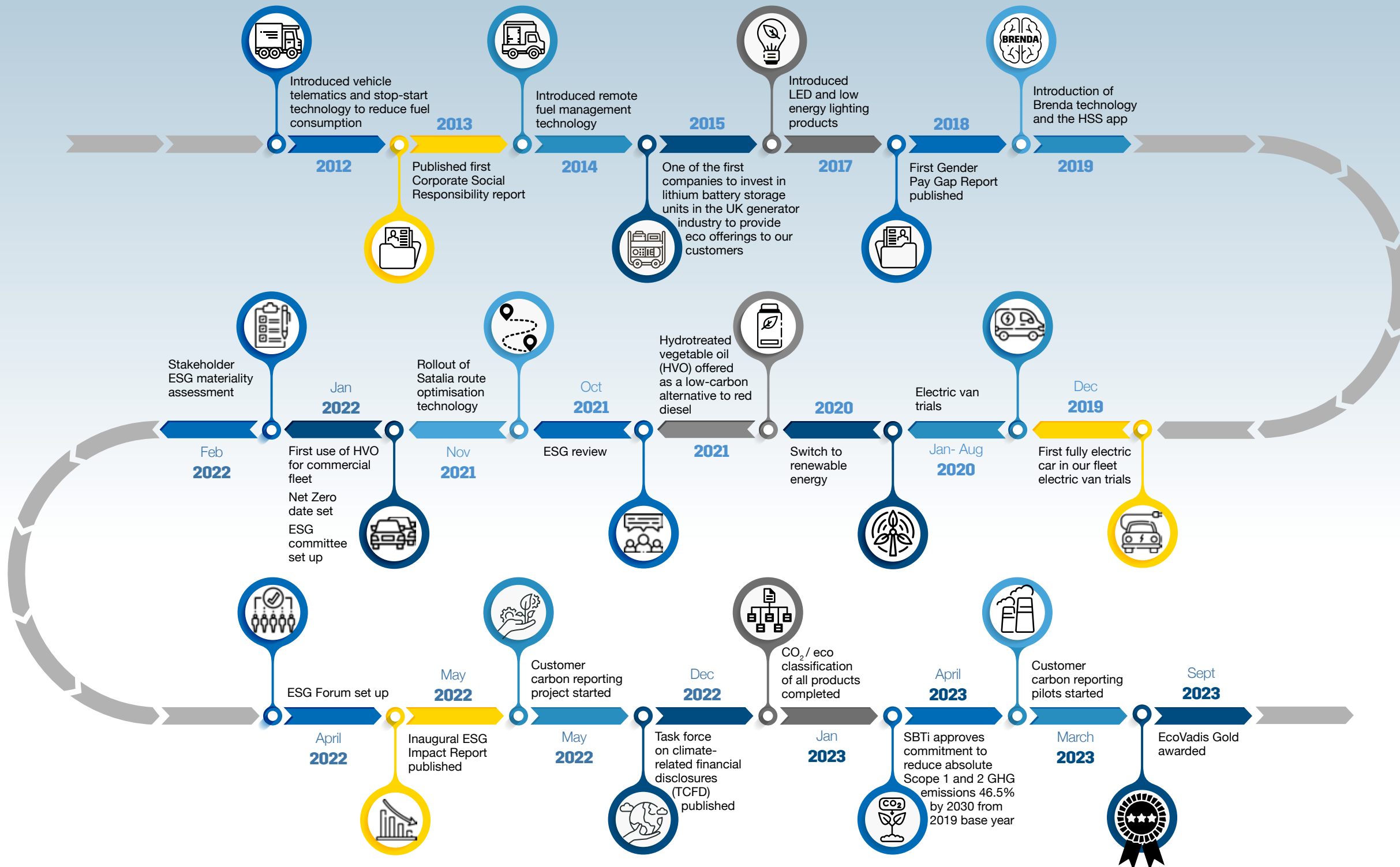
### CARBON FOOTPRINT BENEFITS





# OUR SUSTAINABILITY JOURNEY

At HSS, we have always strived to operate in a responsible and sustainable way.



**OUR SUSTAINABILITY JOURNEY**  
IS EVIDENCED THROUGH THE  
AWARDS AND ACCREDITATIONS  
WE HAVE RECEIVED OVER  
THE YEARS:



# ALIGNMENT TO THE UN GLOBAL SDGs (SUSTAINABLE DEVELOPMENT GOALS)

We believe businesses have an important role to play in creating peace and prosperity for people and planet alike, now and into the future. In today's internationally challenging world, this mission is more important than ever. For this reason, HSS supports the United Nation's Sustainable Development Goals (SDGs) which aim to unite governments, businesses, and non-governmental organisations (NGOs) to end poverty worldwide and protect our precious planet. Initiatives across HSS help advance a number of the SDGs set out, and agreed by the 193 Member States of the UN in 2012.

We have identified six core SDGs where we can make a particularly strong contribution notwithstanding the fact that we are committed to supporting all seventeen SDGs.

During 2023, we have continued to assess our core SDGs and how we can best link them to our other business objectives to secure a more sustainable future for all.

Throughout this report please refer to the blue banner side bars to see how we are doing this, as well as the summary of all our core SDGs and initiatives on pages 102-105 for more details.



## Here are our 6 Core SDGs....



**GOAL 3:** Ensure healthy lives and promote well-being for all at all ages

**HSS'S GOAL:** Ensuring good health and well-being of our colleagues through our benefits and support package and health and well-being programme

**HSS'S SUPPORTING INITIATIVES:**

- Our work to promote health and well-being with our colleagues
- Environmental, health and safety practices at HSS, customer sites and supplier sites



**GOAL 7:** Ensure access to affordable, reliable, sustainable and modern energy for all

**HSS'S GOAL:** Operating our business using only clean energy and helping our customers to do the same

**HSS'S SUPPORTING INITIATIVES:**

- Our goal is to procure 100% renewable electricity for all of HSS's sites



**GOAL 8:** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

**HSS'S GOAL:** Promoting a circular economy, and resource-efficiency in production and through our rental model activities

**HSS'S SUPPORTING INITIATIVES:**

- Provision of equipment needed on site to drive economic growth
- Gender pay, and equality and diversity policies and programmes
- Programmes to respect labour and human rights in our supply chain
- Our commitment to a competitive wage



**GOAL 9:** Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation

**HSS'S GOAL:** Building resilient infrastructure and fostering innovation through our market-leading technology

**HSS'S SUPPORTING INITIATIVES:**

- Job creation and economic contribution



**GOAL 12:** Ensure sustainable consumption and production patterns

**HSS'S GOAL:** Focusing on responsible consumption and production partners, working with our supply chain

**HSS'S SUPPORTING INITIATIVES:**

- Advancing zero waste initiatives at our facilities and in our supply chain



**GOAL 13:** Take urgent action to combat climate change and its impacts

**HSS'S GOAL:** Leaving the next generation better by reducing our carbon footprint and reaching Net Zero by 2040



**HSS'S SUPPORTING INITIATIVES:**

- Our ambitious goals and programmes to mitigate climate change, including our commitment to become Net Zero by 2040



# MATERIALITY AND STAKEHOLDER ENGAGEMENT

We engage with our stakeholders on a continual basis throughout each year. Our key stakeholder groups comprise of the following:

STAKEHOLDER GROUP	HOW WE ENGAGE	THEIR REQUIREMENTS	THEIR ESG PRIORITIES
 <b>COLLEAGUES</b> Our talented team of 2,000 colleagues is our primary asset.	We engage with them through many different channels including weekly CEO blogs, our HIYA magazine, regular electronic bulletins, social media groups, HSS World online and our annual engagement survey. All colleagues were recently invited to take part in our materiality assessment to understand their ESG priorities.	Colleagues want to do meaningful work and to receive fair treatment, good rewards, training, a sense of belonging and good career development opportunities. They also want engagement so they can share their views and influence how we operate.	Colleagues' highest priorities are customer satisfaction, health & safety, pay and good governance. Colleagues also place great importance on protecting our planet, with particularly high scores in areas relating to energy, waste and pollution.
 <b>CUSTOMERS</b> Our customers range from individual DIYers and sole traders to SMEs and large corporates.	We engage with our customers through our sales teams, with face-to-face interaction, phone calls, emails and through social media. We also receive indirect feedback through Trust Pilot and other review services. Over 100 customers responded to our recent materiality survey.	Customers want a broad range of equipment and services, all in one place. They want high quality reliable equipment, competitively priced with a quick and easy journey from order to delivery.	Top ESG priorities that emerged from the survey included sustainable products and services, customer satisfaction, and supply chain human rights. From a planet perspective, customers also prioritise energy, waste and pollution.
 <b>SUPPLIERS</b> Our suppliers include both equipment manufacturers and rehire providers.	We engage with them through our procurement and re-hire teams and an easy-to-use supplier portal. We have recently set up a series of supplier road shows to enhance interaction between our suppliers and our colleagues. Over 50 suppliers took part in our recent materiality assessment and sustainability review.	Suppliers want access to the end user – they want to put their products in the hands of our customers. Rehire suppliers in particular want transparency of orders and data insight that helps them drive up utilisation and returns. All suppliers want responsible and sustainable business practices.	Top ESG priorities that emerged from the materiality survey included: health, safety and well-being, sustainable products and services, supply chain ESG and supply chain human rights. In terms of the planet, suppliers prioritise waste reduction and energy efficiency.
 <b>SHAREHOLDERS AND INVESTORS</b> Shareholders range from financial institutions to private investors.	A range of communication channels exist including our annual report, our AGM and subsequent Q&A session and half-yearly results presentations. All Board members took part in our recent materiality assessment and represented the views of our shareholders.	Shareholders are primarily interested in our performance and growth potential, strategy and objectives, capital allocation and governance.	The Board's highest priorities from an ESG perspective included health, safety and well-being, energy consumption, customer satisfaction and ethics in business.
 <b>LOCAL COMMUNITIES AND THE ENVIRONMENT</b> Our local community network extends to much of the UK and Ireland.	We regularly participate with local charitable initiatives such as NSPCC, Childline services in Wales, Lighthouse Club, Andy's Man Club and our onsite team collaborate with Sir Robert McAlpine to support a local foodbank. During the recent ESG review, our advisors brought new insight in to the interests of our local communities.	They want to know how we can support them, providing both local employment and support for local charities. They are also interested in how our operations impact their local environment.	Their requirements for local community support and minimising detrimental operational impacts on their local environment are both ESG priorities.

We proactively engage with our stakeholders on a continual basis throughout the year to ensure we create mutually positive opportunities and outcomes for all parties. We engage with our stakeholders using a number of tools ranging from surveys through to face-to-face sessions. We carried out our annual colleague engagement survey, which had an 89% response rate and 74% engagement. Additionally, a weekly CEO blog keeps the entire team updated on key achievements and improvements. We also conducted a materiality assessment with our key stakeholder groups (Board, customers, colleagues, suppliers and investors) to understand their ESG priorities in relation to HSS.

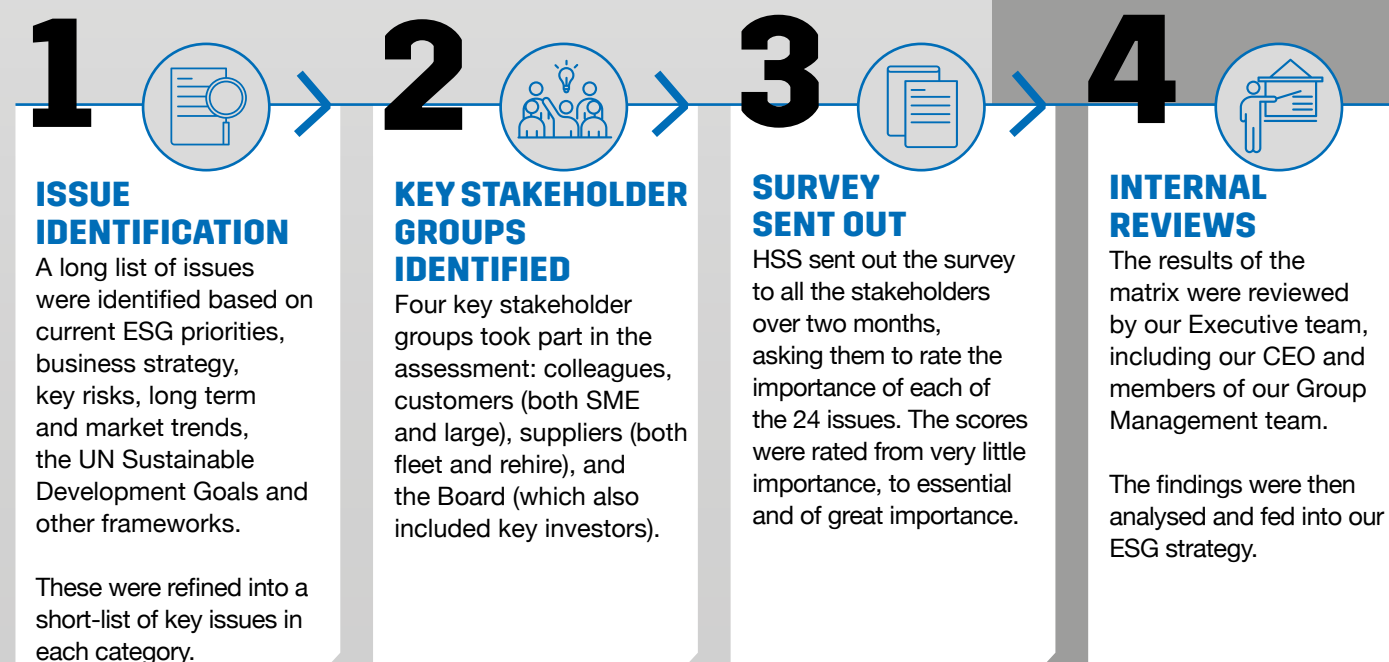
ESG priorities were distilled into four major categories – the Planet; our People, Customers, and Governance. Within each category, six relevant

themes were identified and scored. Our ESG materiality engagement process resulted in over 400 responses. Frequent engagement with our suppliers, both equipment manufacturers and rehire providers, builds strong working relationships, improves customer service, helps us identify risks in our supply chain and ensures HSS's values and approach to responsible business are shared.

These results were fundamental in reshaping our ESG strategy, identifying areas of focus to deliver maximum benefit to our stakeholders and for ESG alignment.

We carried out our annual colleague engagement survey, which had a 89% response rate and 74% engagement

## MATERIALITY METHODOLOGY





# MATERIALITY RESULTS

The results of our materiality assessment have informed our approach to managing ESG risks and opportunities, including the development of our ESG strategy.

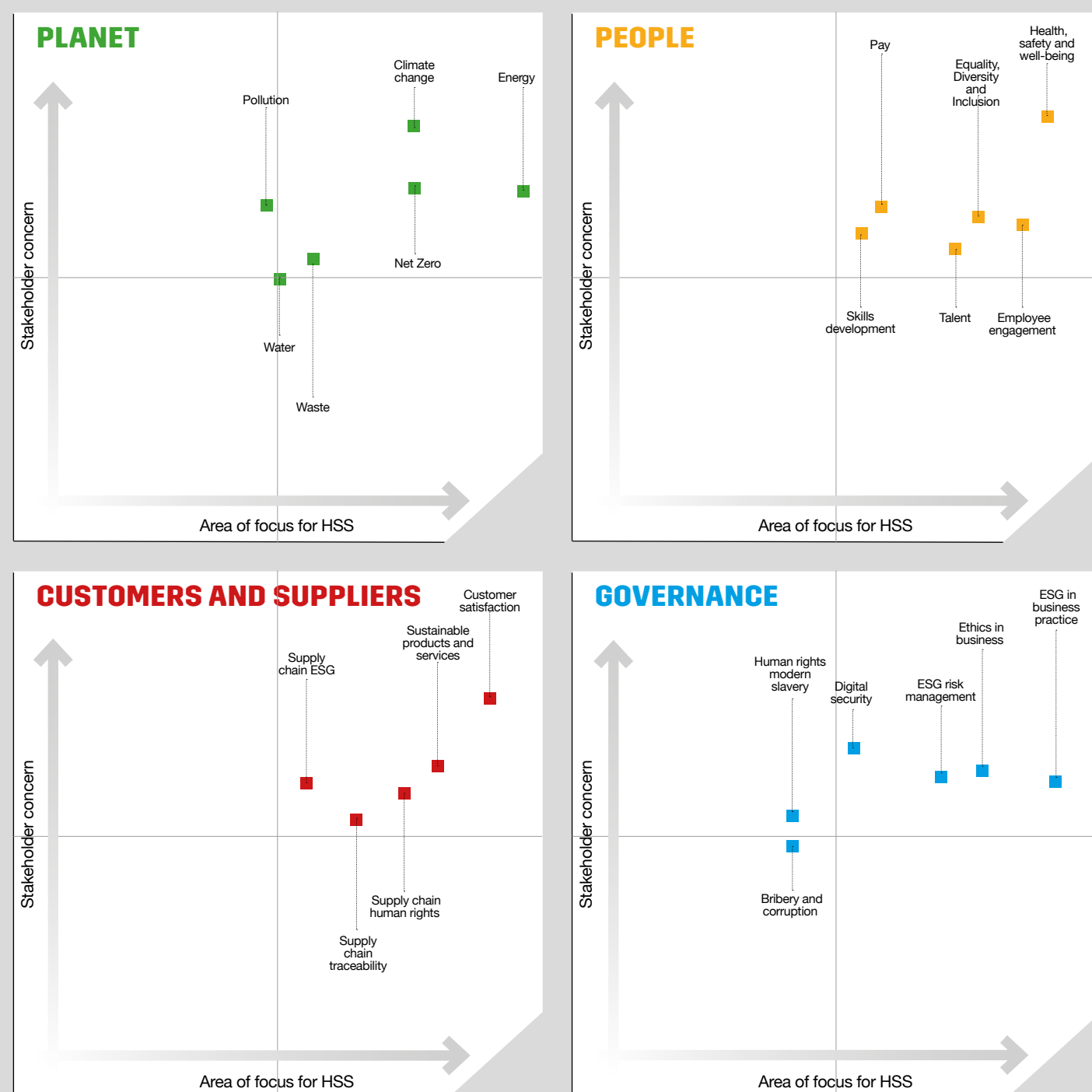
## KEY ESG FOCUS AREAS:

**PLANET:** ENERGY, WASTE

**PEOPLE:** HEALTH, SAFETY AND WELL-BEING

**CUSTOMERS AND SUPPLIERS:** CUSTOMER SATISFACTION

**GOVERNANCE:** ETHICS IN BUSINESS, DIGITAL SECURITY, BRIBERY AND CORRUPTION



## OUR RESPONSIBLE ESG STRATEGY

Our ESG strategy is to deliver sector-leading environmental, social and governance improvements, in line with the expectations of our stakeholders, using a management framework that sets realistic targets that can be achieved by the implementation of practical, tangible and measurable initiatives.

### SECTOR LEADING ESG.

We want to set the example, delivering material improvements that can be readily measured and demonstrated to our stakeholders. We will prioritise the initiatives and innovations that have the highest probability of success and deliver the biggest impact.

### STAKEHOLDER EXPECTATIONS.

We will regularly engage with stakeholders using multiple methods to ensure we understand their preferences, so that we can prioritise our action plan accordingly. We will report on our progress and achievements, and regularly review our targets.

### MANAGEMENT FRAMEWORK.

We have put in place a robust project management framework to ensure delivery of our action plan. Progress is monitored by our ESG Committee and monthly feedback is provided to our Board. Our CEO-led ESG forum ensures ongoing engagement with colleagues, seeking new ideas and innovation.

### REALISTIC TARGETS. PRACTICAL, TANGIBLE AND MEASURABLE INITIATIVES.

We partner with expert independent advisors across several areas of ESG, who ensure that we set realistic targets and prioritise the initiatives that have the most impact. They use their experience across many sectors to

bring best-practice and innovation to our business. They also monitor our progress and ensure we are delivering on our ambitions.

### SCIENCE BASED TARGETS (SBT).

To achieve our ambition to be Net Zero by 2040 we are taking a materiality-based approach to our ESG goals, and in October 2022 we signed up to the UN-backed Science Based Targets initiative (SBTi) to further demonstrate our commitment to accelerate the reduction of our greenhouse gas (GHG) emissions.

We have publicly set near and long-term company-wide emissions reduction targets and have made the decision to align with a 1.5°C rise in global temperatures compared with pre-industrial Net Zero levels through the Business Ambition for 1.5°C campaign.

Our Net Zero by 2040 and 1.5°C temperature alignments are more ambitious than those mandated by the SBTi, demonstrating how seriously we are taking our ESG commitments. We believe these goals are crucial to futureproofing our business, the planet, and the people and communities we work with.



Annual Independent  
ESG Maturity Assessments  
by Specialist Advisor



# OUR NEAR TERM **ESG COMMITMENTS AND TARGETS**

We believe that investing in environmental leadership, social impact, and a culture of governance will drive long-term value for HSS. Our ESG priorities centre on these three elements and we provide more detailed information in the pages that follow.



## ENVIRONMENT

Focused on our 2040 Net Zero and climate change commitments.

### OUR COMMITMENT

We will help tackle climate change by reducing carbon emissions from our business, products and supply chains and by helping our customers reduce their emissions. We commit to becoming a Net Zero business by 2040.

### OUR TARGETS

- Achieve Net Zero by 2040
- Reduce our operational emissions (Scopes 1 and 2) by 35% by 2025
- Submit our carbon reduction targets to the Science-Based Targets initiative (SBTi) for approval in 2022 and achieve approval in 2023
- 40% of company fleet (cars and vans) to be electric by 2025
- 100% electricity procured from renewable sources by 2025
- 95% of waste diverted from landfill by 2025
- 20% of fleet CapEx budget allocated for sustainable products by 2025
- Develop an industry first, tech-enabled integrated suite of CO<sub>2</sub> reporting tools within ProService to accelerate informed customer CO<sub>2</sub> product selection



## SOCIAL

Putting People and local communities at the heart of what we do.

### OUR COMMITMENT

We will continue to lead the way promoting colleague health and safety, well-being and diversity. Also continue to create positive social impact in the local communities we serve.

### OUR TARGETS

- Set up an Equality, Diversity and Inclusion (ED&I) committee and a colleague ambassador group by 2023
- Achieve minimum 90% Equality, ED&I data for colleagues
- Define, develop, and launch an ED&I strategy and plan across the group in 2022
- Continue to target a zero RIDDOR environment
- 25% female colleagues by end of 2025
- Create a community investment policy by 2025
- Define, develop, and launch an ED&I strategy group plan in 2023
- Define, develop, and launch an ED&I strategy and plan across the group in 2022-23



## GOVERNANCE

Holding ourselves accountable.

### OUR COMMITMENT

Recognising that stakeholders are asking for more & more transparency in business. We are committed to operating in an ethical, transparent, safe, secure and far way. Continue to embed ESG into every part of the business so that it becomes a strategic advantage for our business.

### OUR TARGETS

- Set up ESG governance structure via ESG Committee and ESG Forum in 2022
- Develop and disseminate ESG Policies into our BAU
- Create an ESG Strategy and roadmap with goals and targets by YE2022
- Become ISO 27001:2013 certified by 2023
- Track ESG credentials for top 50% of supply chain partners by value
- 100% of all products are ECO classified and labelled by 2023
- Achieve ISO 50001: 2018 accreditation in energy management by 2025



Over the pages which follow you will find our detailed plans and actions. Our progress is summarised in our CFD pages (p80-105) and on p106-107 along with linkage to the United Nations Sustainable Development Goals.





# ENVIRONMENT

## TACKLING CLIMATE CHANGE

### HSS'S COMPREHENSIVE CARBON FOOTPRINT ASSESSMENT

### CARBON REDUCTION PLAN

### TIMELINE TO DELIVER NET ZERO BY 2040

### REDUCING TRANSPORT EMISSIONS

### SATALIA

### REDUCING ENERGY EMISSIONS

### WASTE MANAGEMENT

### SUSTAINABLE PRODUCTS

### ENGAGING WITH OUR SUPPLY CHAIN AND PARTNERS

### TECHNOLOGY-ENABLED DECARBONISATION

### BUILDER MERCHANT LOCATIONS



# TACKLING CLIMATE CHANGE

A key aspect of HSS's ESG strategy is our climate change response.

The 2018 Intergovernmental Panel on Climate Change (IPCC) report showed we need to limit global warming to 1.5 degrees to avoid the worst effects of climate change, requiring significant changes globally. This is echoed by the goals of the Paris Agreement which is the first ever universal, legally binding, global climate change agreement. HSS has committed to industry-leading decarbonisation targets and believes that climate action should be the foundation for a new era of innovative potential, job creation, and sustained economic growth. The impact of the changes we make extends far beyond our colleagues, customers, and suppliers to benefit those who live in the communities where our value chain operates. In 2021 we announced our ambitious goal of being Net Zero by 2040, 10 years ahead of the recommendations put forward by the IPCC and the UK Government's own target date. Since then, we have made significant progress towards our SBTi validated targets which are detailed in this report. We will continue to pursue viable solutions to tackling the climate crisis in an industry leading way.



## OUR NET ZERO PLEDGE

HSS has embarked on its journey to reach Net Zero by 2040 in line with the UK government's Net Zero strategy: Build Back Greener. Reducing our carbon emissions to meet the 2015 Paris Climate Agreement of keeping global warming below 1.5 degrees is vital to preserve our biodiversity and ensure future generations benefit from the same opportunities as previous ones did.



# HSS'S COMPREHENSIVE CARBON FOOTPRINT ASSESSMENT

A detailed overview of our emissions footprint is critical for guiding our decarbonisation efforts. To achieve our goal of Net Zero by 2040, we must understand our carbon footprint today. With the support of independent specialist advisors Sustainable Advantage, we have meticulously modelled emissions from our entire value chain, including both our corporate operations and our hire fleet. This includes emissions from owned and leased vehicles, transportation of our equipment from suppliers and, of course, customers using the equipment provided or facilitated by us.

## 2023 POSITIVE PROGRESS

HSS's gross carbon footprint for 2023 was 146,891 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e). Direct emissions coming from our operations for Scope 1 & 2 emissions were 9,493 tCO<sub>2</sub>e combined. However, like most businesses, emissions created in the value chain under Scope 3 were the majority of our emissions at 137,399 tCO<sub>2</sub>e.

It should also be noted, that from our base year of 2019 we have increased sales by in excess of £39m (+12.6%) which in turn has increased our purchased goods and services.

**Scope 1** - HSS delivers a large volume of rental equipment to clients. We have seen a 24% reduction in our Scope 1 transport emissions from our baseline year of 2019 to 2023. With a fleet of 340 cars and 580 commercial vehicles, this is the result of the following key proactive actions:

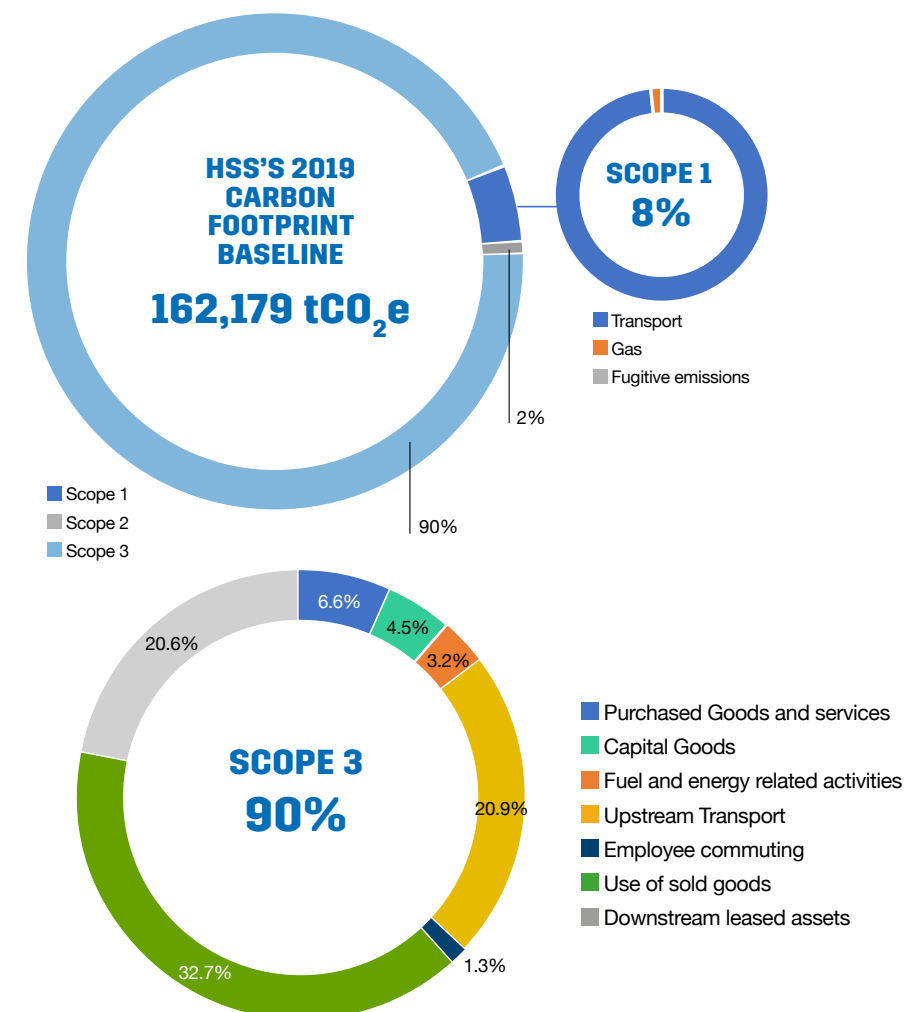
- In 2022/3 we rolled our Satalia Delivery AI to our entire delivery fleet. This has resulted in an annual mileage saving of 14% or 195 metric tons CO<sub>2</sub> in the commercial fleet alone.
- Introducing an EV and hybrid-only car policy has resulted in the 2023 total average CO<sub>2</sub> fleet emissions of 46g/km. We have 95 cars at zero emissions, with a further 179 of the 350 total with less than 100g/km CO<sub>2</sub>.

**Scope 2** - For those locations where we are responsible for the purchase of electricity, these are now 100% renewable in over 99% of our locations. Coupled with the rationalisation of our branch network and our ongoing energy reduction projects this has resulted in our market-based Scope 2 emissions reducing from 2,840 tCO<sub>2</sub>e in our 2019 base year, to 108 tCO<sub>2</sub>e in 2023.

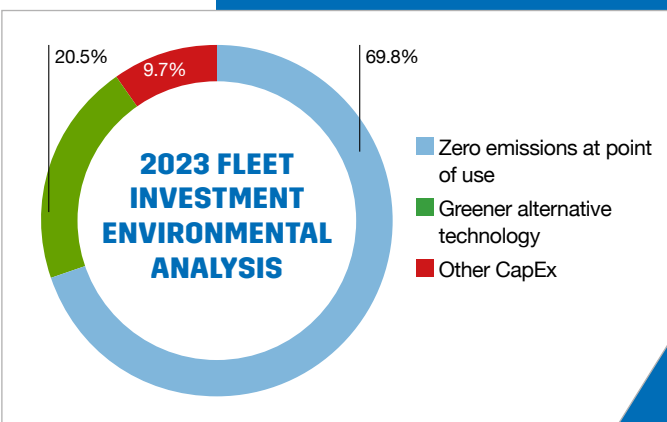
**Scope 3** - Emissions created in our total value chain in 2023 make up 94% or 137,399 tCO<sub>2</sub>e. We continue to work collaboratively with our supply chain partners and customers to reduce that impact. Our move towards greener alternative products has meant that we have reduced our "3.11 use of sold goods" carbon emissions by -32% since 2019. One key initiative to achieving this

## OUR 2019 BASELINE

We have submitted and validated our Scopes 1, Scope 2, and Scope 3 emissions reduction targets to the Science Based Targets initiative SBTi. We have also responded to the SBTi's urgent call for corporate climate action by committing to align with 1.5°C and Net Zero through the Business Ambition for 1.5°C campaign.



is promoting the use of HVO fuel. In 2023 we avoided over 1,575 tCO<sub>2</sub>e through the sale of HVO as an alternative to diesel. Also, all cordless and battery products are recharged in our locations with 100% renewable electricity further reducing our impact. Waste emissions account for a small proportion of our carbon emissions, but it is our ethos to make a difference and improve wherever we can. We are adopting a sustainability mentality with decision we make, knowing it will pay dividends no matter how small. We have reduced carbon emissions from the waste we produce through a number of initiatives. We have in the first instance sought to limit the volume of waste we generate, and recycling programmes at each location have increased our recycling percentage. Any residual waste is sent to waste incineration plants where energy is generated and fed back into the grid.



## WHY IT MATTERS

The world is facing a climate emergency. As a responsible company that values business ethics, we see it as an obligation to leave the planet in a better place for the next generation. Every business has a responsibility to create a meaningful plan to reduce its emissions. We must act now and make significant progress in this critical decade.

## AMBITION

We will demonstrate climate leadership by delivering an ambitious Net Zero roadmap. We recognise that the decisions we make as a company and society during this critical decade will impact our trajectory throughout the 21st century and beyond.



## TARGETS HIGHLIGHTS

### 2025

Move 40% of company fleet to electric

### 2030

Reduce operational (Scope 1 and 2) emissions to 45%

### 2040

Net Zero across our business



# CARBON REDUCTION PLAN – OUR STRATEGIC GOALS FOR 2025

Our overall goal is to be Net Zero by 2040, with reducing our carbon emissions at the absolute centre of our plans.

The following sections will provide more details on each of these goals, including our approach and progress to date.

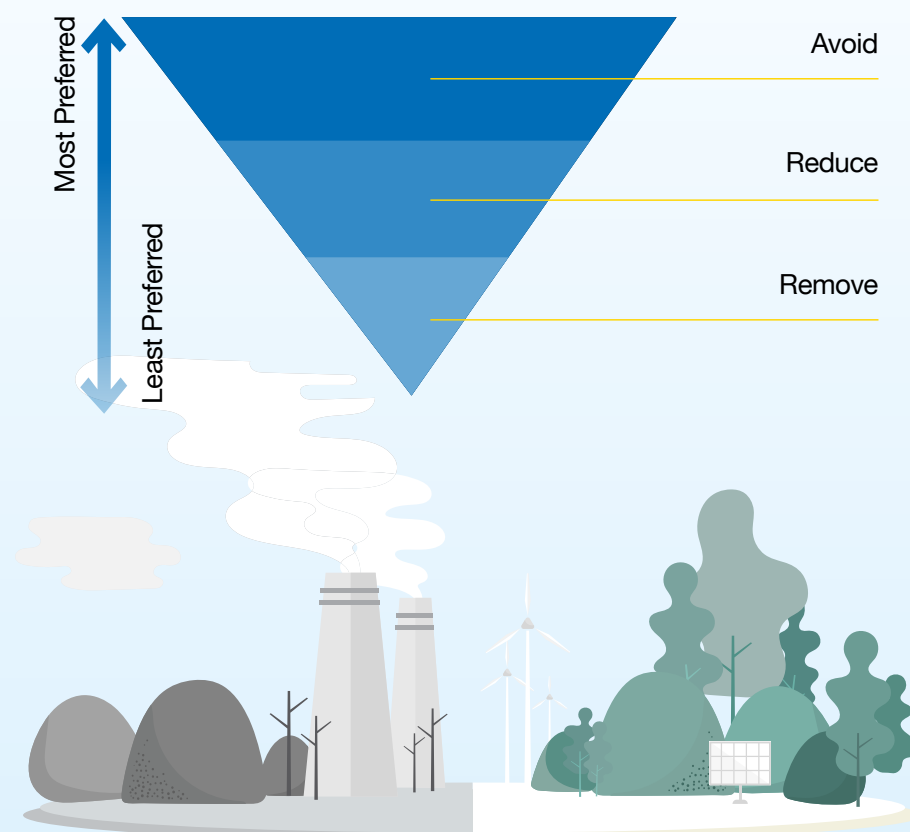
We will still have unavoidable emissions in 2040; emissions from the purchase of equipment, transport equipment, through staff travelling to work and from customers using our equipment. We will need to rely on nature based / carbon removal offsets in 2040 to take the last step to reach Net Zero.

Our carbon goals and approach are shaped and backed by science. Based on the carbon mitigation hierarchy, we will focus on avoiding activities that generate carbon in the first place, reduce our absolute emissions by switching to low-carbon alternatives and in cases where our emissions can't be avoided, we'll then remove the equivalent amount of carbon from the atmosphere.

Our 2025 strategy focuses on reducing our absolute emissions across three interconnected areas: operational emissions, products, and our value chain. Our comprehensive baseline carbon footprint inventory provided the basis from which we have created our plan to reduce our carbon emissions, including our roadmap to Net Zero. For each activity within our value chain, we will choose decarbonisation actions that tie to the source of those emissions.

**HSS**  
**ZERO**  
**2040**

## CARBON MITIGATION



## TO BECOME NET ZERO BY 2040, WE HAVE SET THE FOLLOWING OVERARCHING STRATEGIC PRIORITIES:

**i**

### DRASTICALLY REDUCE OUR OPERATIONAL GREENHOUSE GAS EMISSIONS: SCOPE 1 AND 2

- a. Switching to sustainable low-carbon transport methods – electric vehicles and hydrotreated vegetable oil (HVO) fuels
- b. Switching to renewable energy sources and increasing energy efficiency within our buildings
- c. Aiming for zero waste to landfill and reducing our waste consumption

#### Key

- Scope 1
- Scope 2
- Scope 3

**ii**

### PROVIDE ACCESS TO SUSTAINABLE PRODUCTS: SCOPE 3

- a. Identifying and labelling eco credentials of all our products so that customers can make informed decisions
- b. Sourcing energy efficient, fuel efficient and low-carbon products i.e., battery powered tools, more fuel-efficient tools
- c. Supplying low-carbon fuel to our customers to power generators

**iii**

### ENGAGEMENT WITH OUR SUPPLY CHAIN: SCOPE 3

- a. ESG due diligence integrated into the new supplier selection process, whereby suppliers are selected based on:
  - i. Their ESG credentials as a business, and
  - ii. The ESG credentials of their products (such as their recyclability, their use of responsibly sourced recycled and renewable materials, and efficiency of minimising finite virgin raw materials inputs)
- b. Working with our top existing network of suppliers to help them disclose their ESG credentials, including their carbon footprint and develop plans / targets to reduce them
- c. Using technology to improve marketplace efficiency and thus emissions – our Brenda technology platform is well-placed to bring transparency of information to our customers and help our suppliers optimise delivery locations, lowering emissions



# TIMELINE TO DELIVER NET ZERO BY 2040

## 2025

**Absolute reduction of Scope 1 and Scope 2 emissions by 35%**

## 2025

### Emissions:

- Absolute reduction of Scope 1 and 2 emissions by 35%

### Transport:

- Move 40% of company fleet to electric
- Move 10% of commercial fleet to electric and / or low-carbon alternative fuel
- Install charging points at minimum 12 CDCs

### Generators:

Reduction of Scope 3 emissions in two ways:

- 16% of fuel used for generators is from low-carbon alternative fuels
- 6% of generators on hire are hybrid

### Energy:

- 100% of electricity is procured from renewable energy

### Waste:

- Achieve 95% zero waste to landfill
- Achieve 60% reuse and recycling rate across all sites

### Sustainable products:

- 100% of ECO products are classified and labelled
- 20% of CapEx is allocated to sourcing new innovative and environmentally friendly products

## 2030

### Emissions:

- Absolute reduction of Scope 1 and 2 emissions by 45%

### Transport:

- Move 60% of company fleet to electric
- Move 35% of commercial fleet to electric and / or low-carbon alternative fuel
- Install charging points at minimum 30 CDCs

### Generators:

Reduction of Scope 3 emissions in two ways:

- 26% of fuel used for generators is from low-carbon alternative fuels
- 15% of generators on hire are hybrid

### Energy:

- Reduce energy consumption by 30% per site

### Waste:

- Achieve 70% reuse and recycling rate across all sites
- Reduce general waste consumption by 50%

## 2030

**Absolute reduction of Scope 1 and 2 emissions by 45%**

## 2040

### Emissions:

- Absolute reduction of Scope 1 and 2 emissions by 90%
- Net Zero across our business and value chain

### Transport:

- Move 80% of company fleet to electric
- Move 50% of commercial fleet to electric and / or low-carbon alternative fuel
- Install charging points at all 40 CDCs

### Generators:

Reduction of Scope 3 emissions in two ways:

- 50% of fuel used for generators is from low-carbon alternative fuels
- 46% of generators on hire are hybrid

### Energy:

- Reduce energy consumption by 50% per site

### Waste:

- Achieve 90% reuse and recycling rate across all sites
- Reduce general waste consumption by 90%

### Offsetting:

- Offset the residual 10% emissions using officially accredited carbon offset schemes

## 2040

**Net Zero across our business and value chain**

2021

2022

2023

2023

2023

2024

2025

2030

2040

Net Zero ambition launched



Launch customer carbon reporting pilot projects

Full range of ECO hire products classified and made available to customers

The SBTi approves HSS's near-term science-based emissions reduction target



Increase hybrid and low-carbon generators available for hire

Move 40% of company fleet to electric. 100% of all products are ECO classified and labelled by 2025

Absolute reduction of Scope 1 and 2 emissions by 35%

Aligned with a Science Based Targets 1.5-degree pathway

Absolute reduction of Scope 1 and 2 emissions by 45%

Absolute reduction of Scope 1 and 2 emissions by 90%



# REDUCING TRANSPORT EMISSIONS

We aim to significantly increase our electric and hybrid company fleet to 40% by 2025. In addition, we will pursue the use of low carbon fuels for our commercial fleet.

Our base year emissions from owned and leased transport (Scope 1) totals 6%, whilst Scope 3 emissions from business travel and employee commuting contributes a further 2%. We aim to reduce these emissions in four ways:

1. Switch our fleet to electric vehicles
2. Use low-carbon alternative fuels such as HVO where practical
3. Install telematics software such as Microlise and Satalia to improve driver behaviour, and route efficiency
4. Influence behavioural changes through training and policy amendments

## OUR FLEET

Our fleet is made up of 340 company cars and 580 commercial vehicles.

Company cars allow colleagues to carry out their business, traveling between our sites and visiting customers and suppliers. Vans and trucks deliver and collect hire equipment to and from customer sites, in addition to distributing kit between our sites and operating in support roles.

## PROGRESS IN 2023

We have continued to implement policies and initiatives to reduce the emissions of our transport fleet.

The carbon footprint of our company cars has been further lowered as the switch to electric vehicles has continued to progress. The average CO<sub>2</sub> emissions from our company car fleet is now 46g/km of CO<sub>2</sub> per car, with 179 of the 350 cars emitting less than 100g/km of CO<sub>2</sub> and 95 of these being zero emission. Fewer than 50 cars currently in our fleet now have emissions above 120g/km and the choice of new company cars is now restricted to only low and zero emission cars, with all non-hybrid cars removed.

## INNOVATION 2023

While our company car fleet has seen progress, we still continue to face the challenge of the limited range of the current electric commercial vehicles that are available, such as small vans with a real-world range of 130 miles. Some commercial vehicles on the HSS fleet can cover 150 miles per day, especially when responding to customer requirements. We have converted 6 MG electric estate cars with 200+ miles range to car derived vans to overcome this obstacle. These have been well received and used to replace existing diesel-powered vans, which have been de-fleeted.

In 2023 we have worked closely with our fuel card suppliers. These now have a card that can be used at the majority of electric vehicle (EV) charging points. This will make the use of EVs more convenient to colleagues and improve adoption rates.

To further complement the low emission hybrid mobile fitter vans, introduced in 2022, we are placing orders for zero emission vans. These will be based at locations which have either charging points installed or in close vicinity to public charging where the new fuel cards can be used.

The diesel pickup truck is one of the more polluting vehicles on the fleet so we have been pleased to be able to order two electric pickup trucks, each with a 200+ mile range, helping us to start to reduce the emissions of this type of vehicle.

We are continuing to explore the options regarding larger electric delivery vehicles, including trucks to support our goal of reaching 10% electric vehicles by 2025. The five existing EV dropsides almost completed 30,000 zero emission miles in 2023, averaging 81 miles per vehicle/day.

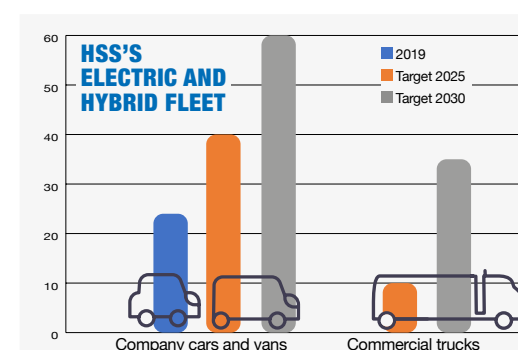
The addition of 15 Ford EV dropsides in late 2023/early 2024 mean we are on track for the 10% target by the end of 2025. We have also agreed to a trial with Mercedes Vans for their next generation of the electric Sprinter van.

We are working closely with Mercedes trucks to finalise the order of our first electric HGV that will be ordered during 2024. The technology in this sector has advanced in the past 12 months and we are investigating adopting them permanently.

Being a FORS Gold accredited fleet operator, all our drivers have completed training on fuel efficiency and low impact emissions driving.

The Microlise telematics system is now fitted on more than 250 vehicles / 50% of the fleet. Providing clear, live information, one example is excessive idling. Sending real-time notifications to the manager that a vehicle has been left idling, through to a monthly group idling report showing our performance and what we have saved in CO<sub>2</sub>, fuel (litres) and cost during the period. All this information is helping us work with our teams to change mindsets and behaviours.

The rollout of fixed charging points to the depot network has made good progress in 2023, and six sites now have chargers installed. A further 10 have been costed, approved and are being planned for 2024.



## WHY IT MATTERS

Transport produces 27% of the UK's total emissions and for HSS our fleet is crucial in helping us serve our nationwide network. We have always strived to be pioneers in adopting the latest technologies and approaches to help us decarbonise our fleet.

## AMBITION

At HSS, we will continue to rapidly decarbonise our fleet and our approach will evolve as new technologies become available on the market.



## TARGETS HIGHLIGHTS

### 2025

- 40% of company fleet to electric
- 10% of commercial fleet to electric and / or low-carbon alternative fuel
- Switch 15% of non-electric trucks to low-carbon alternative fuels
- Install charging points at a minimum 12 CDCs
- Install Microlise carbon emissions tracking telematics on 80% of company fleet and 25% of commercial fleet by year end

### 2030

- 60% of company fleet to electric
- 35% of commercial fleet to electric and / or low carbon alternative fuel
- Install charging points at a minimum 30 CDCs





## STRATEGY IN ACTION

## SATALIA

Our transport teams have always done a great job delivering, collecting and exchanging equipment for our customers, routing almost one million transport jobs every year. Following successful trials in 2021 running from our Customer Distribution Centres (CDCs), in 2022 we rolled out Satalia Delivery to our entire business. Satalia is a tried and tested third-party routing and scheduling system which optimises the efficiency of our transport jobs. This technology integrates seamlessly with our customer and driver apps, and when combined with the idling software also introduced last year means we are seeing proven results in terms of reducing our carbon emissions and an increase in customer satisfaction.

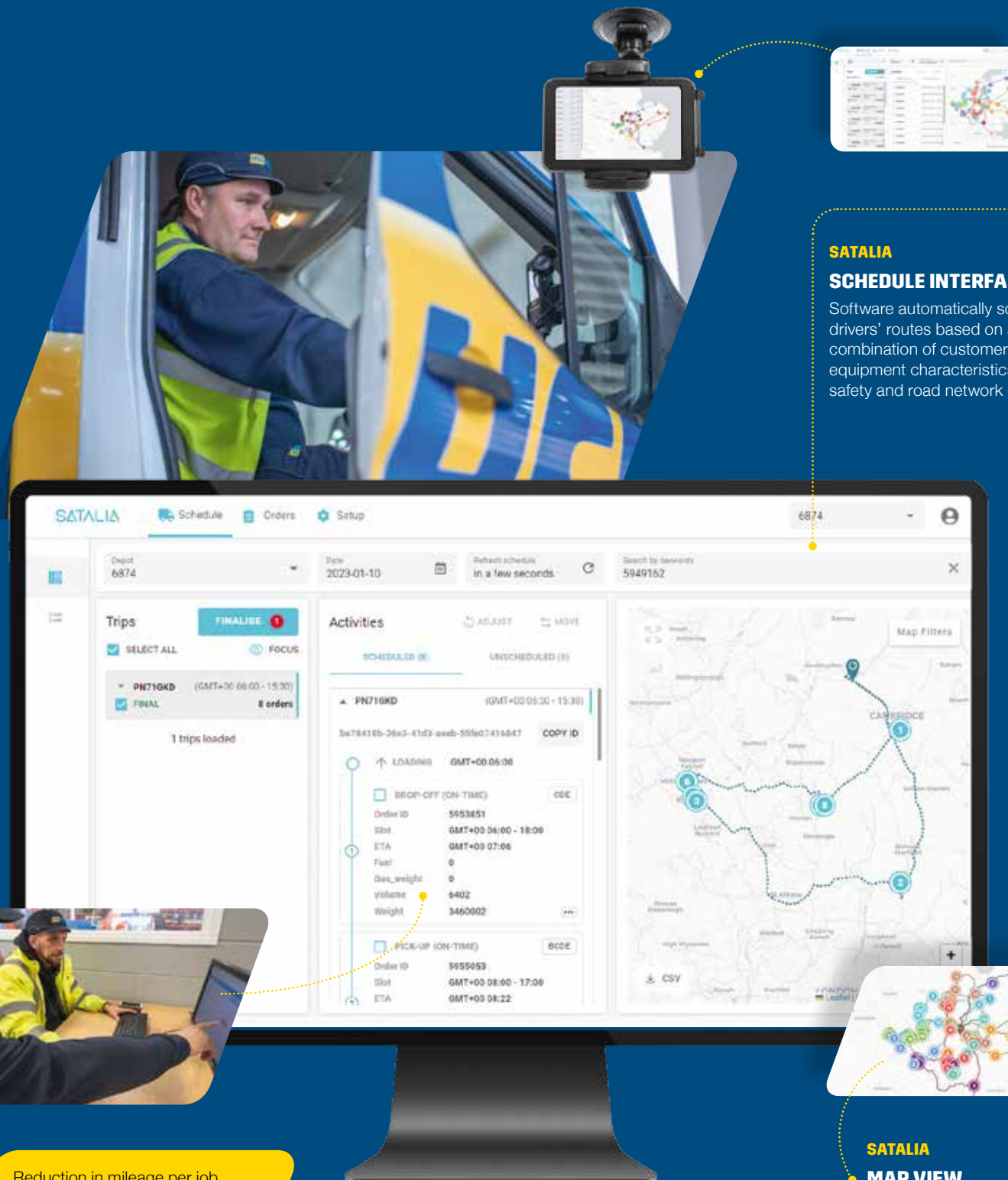
The result is that we reduced our mileage by 14%, saving on average just over 195 metric tonnes of carbon emissions annually. The reduction was 252,103 miles, enough to drive around the world 21 times.

Crucially, we have delivered this whilst improving delivery performance to 98.4%.



Reduction in mileage per job

14%



## SATALIA

## SCHEDULE INTERFACE

Software automatically schedules drivers' routes based on a complex combination of customer requirements, equipment characteristics, health and safety and road network conditions.

## SATALIA

## MAP VIEW

Transport teams have full live visibility of fleet status and performance.



## EV DROP SIDES

As we look to further reduce the emissions of our commercial vehicle fleet, we are continuing to invest in Plug-in Hybrid electric vehicles (PHEVs) and electric vehicles (EV) where practicable.

Whilst the range of electric commercial vehicles is improving, it is still a challenge. We have analysed historical mileages, and thus identified suitable locations where they could be based,

further supported by the Satalia software.

By the end of 2024 we will have deployed 20 EV drop sides, with more on order, supported by more EV charging points which we are installing across the UK at HSS locations.

We have also further rolled out PHEV vans and now have 43. These emit 59% less CO<sub>2</sub> than the diesel vans they replaced.

## CARGO BIKES

Our carbon free delivery cargo bikes in central London, introduced in 2021, have proven to be very popular amongst our customers. These bikes offer a sustainable solution to deal with urban traffic when delivering small tools, and following their success, in collaboration with local government we have also deployed them in Brighton.





# REDUCING ENERGY EMISSIONS

Our energy efficiency and reduction goals extend across our operations, distribution centres, branches and to the products we hire out to customers. We already procure 100% renewable electricity for all our sites in the United Kingdom and Ireland, and have set challenging targets to reduce our carbon emissions further.

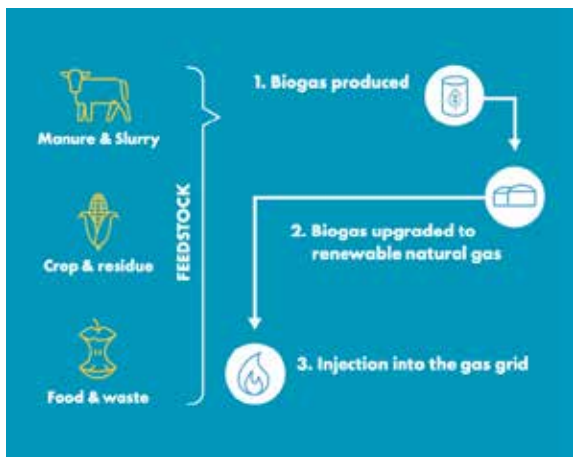
We closely monitor energy use and resultant carbon emissions across all our sites. In 2023, our energy carbon emissions rose slightly, as a result of 3 sites coming into scope with brown energy contracts. We will work to transition these to renewable contracts in Q1 2024.

## TRANSITIONING TO 100 PERCENT RENEWABLE ENERGY

For those locations where we are responsible for the purchase of electricity, these are now 100% renewable in over 99% of our locations. This has resulted in our market-based Scope 2 emissions reducing from 2,840 tCO<sub>2</sub>e to 108 tCO<sub>2</sub>e.

We are also exploring trials in solar panels at a number of locations, however obtaining landlord agreement is slowing the pace.

We use a very small amount of natural gas and are looking to phase this out. As we update our estate in the meantime, we have now switched to Shell renewable, compressed natural gas (RNG). This renewable gas is produced from feedstocks including animal waste, crops and crop residue, and food waste. Since these raw materials would break down naturally over time, using them to replace carbon-intensive fossil fuels means total emissions are being reduced.



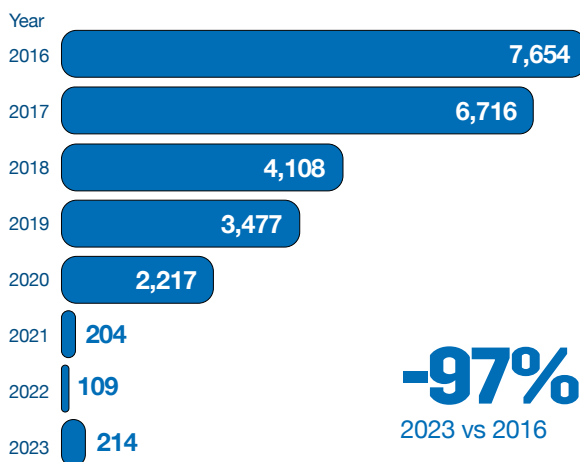
Source: Shell Energy

## ENERGY EFFICIENCY

Procuring renewable electricity is a very positive step in our journey. Reducing energy use is equally important from a resource efficiency standpoint. Energy efficiency has two dimensions for HSS – energy use within our own buildings but also in relation to the products our customers hire.

HSS has used the findings from the UK Government's Energy Savings Opportunity Scheme (ESOS) to identify and implement energy efficiency projects across our property portfolio. Our intention is to attain ISO 50001: 2018 accreditation for Energy Management by 2025. We track and monitor energy use extensively across our operations, with monthly reports on energy consumption, supplemented with quarterly league tables on performance. Audits have been commissioned on the worst performing buildings to identify opportunities to become more energy efficient, via investment in energy efficiency measures, improvements in building management and behavioural change.

## BUILDING ENERGY CARBON EMISSIONS tCO<sub>2</sub>e



Source: Maloney Associates

## WATER SAVING

Water saving is an often-forgotten aspect for businesses looking to improve their environmental performance in industries such as ours. However, we do have wash bays at many of our sites and recognise our responsibility to efficiently manage this precious and finite resource. In 2023, we enhanced our oversight over our water usage greatly, and now have visibility over 81% of our estate, which consumed 21,841 cubic metres of water. We are unable to report on the remaining 19% at present as we are not the landlord of these sites, but we are working closely with them to improve our visibility and to reduce our consumption in the future.

## WHY IT MATTERS

Direct energy usage is one of the easiest things for a company to control, and one of the best indicators of its overall environmental performance. By procuring renewable energy, implementing energy efficiency measures, and otherwise seeking to reduce energy usage, HSS is taking steps not only to decrease its carbon emissions, but also lowering its operating costs.

## AMBITION

We aim to become a market leader in energy efficiency across our operations, with renewable energy supply, a committed budget for energy efficiency measures, clear targets for energy reduction, and a team in place who are fully committed to meeting those targets.



## TARGET HIGHLIGHTS

- 2025
  - 100% of electricity is procured from renewable energy across all sites (UK & ROI)
  - Eliminate gas usage for 10% of sites
  - Achieve ISO 50001: 2018 for Energy Management
  - Reduce energy consumption by 15% per site

## WHAT THIS MEANS FOR PROSERVICE... WHAT THIS MEANS FOR HSS OPERATIONS

This section on energy efficiency applies to both divisions. Our physical network of CDCs and branches is operated solely by HSS Operations, with just our head office at Think Park being operated by ProService. Therefore the majority of our energy consumption is within HSS Operations.



# WASTE MANAGEMENT

Our aim is to reduce the volume of waste we generate and we are working towards zero waste to landfill within our operations with all waste being either reused, recycled or incinerated (generating energy).

HSS was established in 1957 and in the more than six decades we've been in business we have certainly learnt a lot. One of our first lessons was the effectiveness of storing and delivering equipment with no packaging to our customers, as customers tended to either lose or damage the boxes. In response, we evolved a "zero-packing" approach once products are delivered to us from our manufacturers, and all in-fleeted products on our hire fleet have been intentionally designed to have no disposable packaging for the duration of their life with us, meaning that our hire fleet produces zero packaging waste.

However, we understand that further effective and responsible waste management is still central in our efforts to reduce our impact on the environment. From analysis of our waste streams, we know that our waste is mainly generated from our upstream

supply chain partners and have therefore directed our efforts to tackling this. For a number of years, we have been engaging with our suppliers to reduce the production of waste in packaging, and ensure that any waste that is passed to us indirectly is recyclable. We have made good progress, with our total waste consumption down to 1,322 tonnes total in 2023 which is a 13% reduction on our 2019 base line. We also ensure that any waste we generate as a business is diverted from landfill, as detailed on the table to the right.

## RESPONSIBLE WASTE MANAGEMENT

Our guiding principle when it comes to waste is the waste hierarchy (see diagram). The best response is to prevent the production of waste in the first place, which is why we are engaging with our suppliers. Looking inwards, we are currently undergoing a

project to have QR codes on all of our equipment, where customers can find product manuals, how-to videos and FAQs for the product, saving paper. We are also digitising our receipts, hire contracts and proof of delivery/collection notes. These initiatives have the ultimate goal of eliminating the need for paper production and creating a smoother customer experience.

Where it is not possible to prevent, we prefer to reuse and recycle our waste to avoid landfill. In 2023, we achieved a total landfill diversion of 90% putting us well on track to achieve our goal of 95% landfill diversion by 2025. One key step we took in 2023 to help us realise this goal was the banning of general waste skips at all our locations.

Regarding our second goal of recycling 60% of our waste by 2025, we have continued to see the benefits of implementing our two-bin system across all our locations. Introduced in partnership with Biffa, our colleagues now separate their daily waste into two streams: dry mixed recycling (DMR) and general waste. This easy-to-use system is proven to increase recycling ratios by a minimum of 40%, and has been reinforced with mandatory e-learning training modules on waste segregation and responsible consumption for all colleagues. The implementation and training has been regularly communicated via various levels of management, including the executive.

## WASTE LEAGUE TABLES

In 2023 we continued with monthly reporting of all our waste streams by location which has enabled us to introduce local and national waste league tables, encouraging healthy competition for all our locations to improve their waste metrics. Another benefit of this new system is the early identification of locations with abnormal levels of waste creation which allows

WASTE STREAM AND DISPOSAL TYPE	2020	2021	2022	2023
Total waste consumption (metric tons)	1,033	1,094	3,500	1,322
Diverted waste (metric tons)	652	647	539	655
Landfill waste (metric tons)	94	647	1,568	126
Recycled waste (metric tons)	240	123	265	381
Hazardous waste (litres)	97,700	101,170	81,200	74,800
Total waste to energy - incineration (%)	63	57	45	50
Total waste recycled (%)	23	31	49	34
Total waste to landfill (%)	9	7	3	10
Total waste reused (%)	0	1	1	1
Total reusable processed fuel oil (PFO)	4	5	2	6
Landfill diversion rate (%)	90	93	97	90



respective business leaders to investigate and intervene timely.

In addition to new initiatives such as the above, we have continued to progress with existing projects such as converting our waste

plastics into office products such as chairs, tables and stationery. We have also continued with our closed-loop recycling programme whereby our plastic barriers are recycled at their end-of-life, encouraging a circular economy.

## WHY IT MATTERS

Over 4% of UK GHG emissions come from the waste sector and effective waste management can alleviate the majority of emissions.

## AMBITION

We are striving towards becoming zero waste to landfill.

3 GOOD HEALTH AND WELL-BEING

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

15 LIFE ON LAND

## TARGETS HIGHLIGHTS

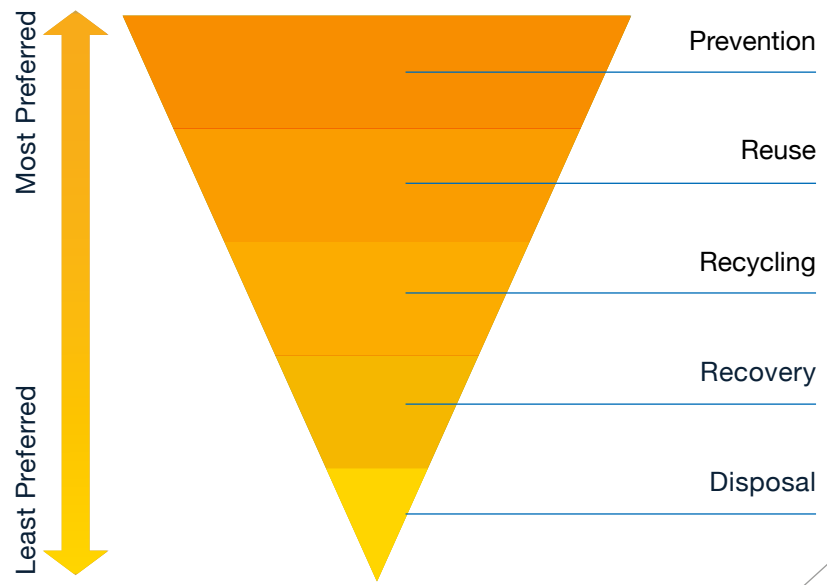
- 2025**
- Achieve 100% reporting on all waste streams
  - Reduce general waste production by 20%
  - Achieve 60% reuse and recycling rate of operational waste (office, CDCs, branches)
  - Divert 95% of waste from landfill

## WHAT THIS MEANS FOR PROSERVICE... WHAT THIS MEANS FOR HSS OPERATIONS

Whilst the majority of our waste is produced in HSS Operations, the principles and ways of working described in this section are active in both divisions. ProService has a relatively small waste output, office based waste mainly, but still adopts the principles of the waste hierarchy and adopts recycling at Think Park.

Managing our resources effectively and reducing the impact of our resources across all our operations is central to the HSS Group. As a responsible business, we follow the steps of the waste hierarchy – Avoid, Reduce, Reuse, and Recycle and set annual waste targets accordingly. Through effective waste management and responsible recycling, we can reduce our GHG emissions.

## WASTE HIERARCHY





HAZARDOUS WASTE

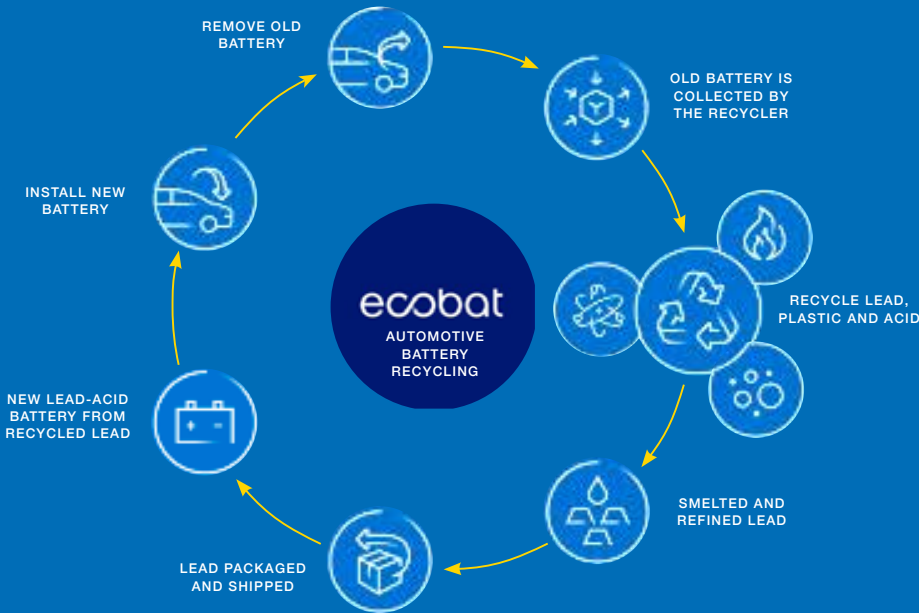
We work closely with our specialist hazardous waste disposal partners to ensure that items like waste oils are recovered, reused, or converted into electricity in accordance with their zero-landfill policy.

Our hazardous waste stream includes air filters, antifreeze, lead acid batteries, contaminated / mixed fuels, contaminated plastics / packaging, drummed sludge, metal filters, fuel filters / fuel contaminated materials, oily rags and absorbents, and spent aerosols. During the year, 74,800 litres of waste oil was collected and processed to create a reusable

product called Processed Fuel Oil (PFO): an environmentally compliant alternative to virgin fuel.

Our hazardous waste recycling programme alone has achieved: Reuse 3%, Waste to energy 26% and Recycling 71%.

A specialist battery recycler carefully disposes of our lead acid battery waste. Lead acid batteries have a high recycling and recovery rate (up to 97%). Battery recycling follows a closed-loop lead recycling process as seen in the diagram.

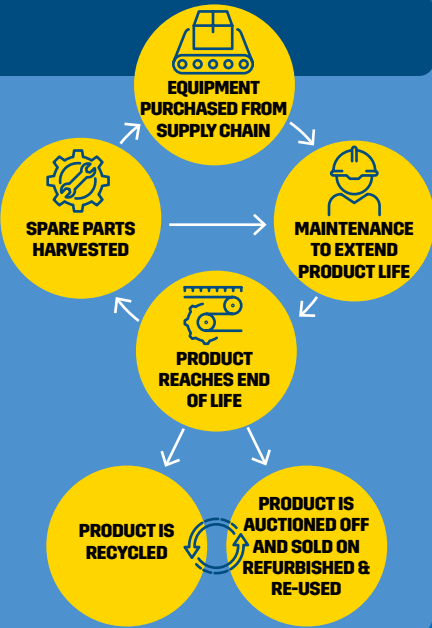


HIRE EQUIPMENT END-OF-LIFE

Even when our products reach the end of their HSS life, they are typically still safe to use due to the rigorous test and run process and service programme every product goes through at the end of each hire. For this reason, we send the majority of our equipment to auction to continue to be used, thus limiting the demand for brand-new products to be manufactured. In 2023, we sold £16m-worth of equipment at auction and much of this was sent to Ukraine, the Middle East and Africa.

When we deem a product unsuitable to be sold on at auction, for example if we do not believe it safe to do so, we either disassemble the product for spare parts or refurbish the equipment.

These are just some of the ways that we are continuing to contribute to a circular economy.





# SOURCING AND INCREASING ACCESS TO SUSTAINABLE PRODUCTS

Through our supplier partnerships we have developed the largest rehire network in Europe. This means we are uniquely positioned to offer our customers the largest and most varied range of equipment in the UK. As we continue on our glide-path, it's imperative that we focus on sourcing equipment that will help us and our customers achieve Net Zero.

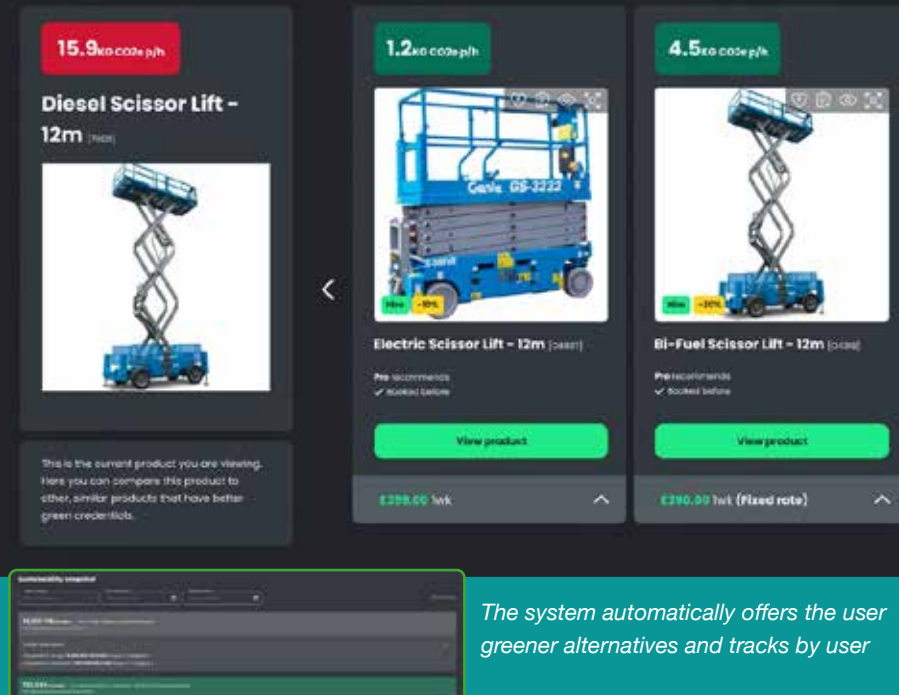
## SOURCING LOW CARBON PRODUCTS

We are ever increasing our supplier network as the business grows and evolves, and we are continuing on our journey to place an increased focus on greener products and suppliers in order to meet the changing demands of our customer base.

Our network of over 900 suppliers and 15,000 hire products means we are ideally placed to offer the very latest and greatest of product innovation as soon as they come to market. As well as the latest in electric, hybrid, solar and latest emission tier equipment as you'd expect, in 2023 we were also able to offer hydrogen-powered generators to our customers, a completely emission-free fuel for the most polluting product group (power generation) in the industry on average.

There is quite a significant cost implication to the hydrogen generator, so it is encouraging that we have continued to see growth in the number of customers hiring hybrid-powered generators. This technology shifts the primary power source from a generator to a battery, with the generator only being used to charge the battery when required or as a back-up. The hybrid-generator reduces fuel consumption and therefore 'use emissions' by over 40% on average. An added benefit is a significant reduction in noise pollution. From 2022 to 2023, we have seen an increase of 73% in orders for this technology.

### Greener alternatives for this product



The system automatically offers the user greener alternatives and tracks by user

## INNOVATION

We believe that despite best efforts, the creation and adoption of new, innovative products in the industry is not gaining the traction required to make real, tangible change. Therefore, we have decided to develop a process that utilises our significant buying power as a wholesale marketplace.

Throughout 2024 and 2025 we will embark on a journey to make sure our current supply chain's offering on the ProService Marketplace is fully up to date with the latest greener products utilising our best-in-class data analytical abilities. Following from this, we will create an Innovation Task Force with our suppliers and

their respective manufacturers with the intention of working collaboratively to deliver products that meet requirements, are practical and deliver real savings in terms of carbon or improved output and safety specifications than previous models.

Due to our position in the wider supply chain, we are not connected directly with the majority of large manufacturers such as JCB, Hitachi, Takeuchi etc.. We believe the strategy we are developing will help close that gap, with a brand-new innovation area on our self-service platform, HSS ProService Marketplace.

## EXTENDING PRODUCT LIFESPAN

We have a strict and rigorous test and run process supported and tracked by our in-house asset management system. Every product goes through this process when returned from the previous hire. This means that our products are always in the best possible condition and that their lifespans are extended as long as possible. Even when they reach the end of their life in HSS hire fleet, the overwhelming majority of our equipment is still suitable and safe to use, therefore we have sent 18,659 items or £16m of our fleet to auction in 2023, thus further extending their lifespan.

Furthermore, we have taken the decision to retrofit our fleet of generators to the latest Stage V emissions standards. This demonstrates our approach to extending product lifespan as much as is practicable and safe, whilst avoiding the need to purchase and have new machines manufactured. By the end of 2023, 84 of our generators were Stage V.

## LOW-CARBON FUEL ALTERNATIVES

We are constantly exploring the viability of low-carbon and synthetic fuels to power our Hire equipment or for use in our customers' equipment. Through continuous stakeholder engagement we are aware of the latest advancements in the fields of hydrogen cell, direct hydrogen, HVO and even glycerine technologies as a replacement to traditional diesel. We believe synthetic fuels have a crucial role to play in the transition to Net Zero, which is why we've been actively promoting the adoption of HVO to our customers for several years now. In 2023 we avoided over 1,575 tCO<sub>2</sub>e through the sale of HVO as an alternative to diesel.



## WHAT THIS MEANS FOR PROSERVICE... WHAT THIS MEANS FOR HSS OPERATIONS

The principles described in this section around sourcing energy efficient, low-carbon products that are built to last and providing customers with visibility of their carbon footprint are consistent across both divisions. Extending product life is a subject solely relevant to HSS Operations.

## WHY IT MATTERS

We recognise that our operations and procurement decisions have an impact on society and the environment. Addressing sustainability issues in our supply chain strengthens our reputation as a brand and ensures compliance with new supply chain regulations.

## AMBITION

We will integrate ESG as a strategic focus into our supplier procurement process. Establishing individual supplier ESG maturity & end-to-end visibility on Environmental, Social, Governance and product performance and continue to move towards greener alternatives.



## TARGETS HIGHLIGHTS 2025

- 100% of ECO products are classified and labelled guided by ISO 14021
- Track the ESG credentials of our largest supply chain partners by value (50%)
- Allocate significant funds for sourcing new, innovative environmentally friendly products
- 16% of fuel through generators is low-carbon alternative fuel such as HVO
- 6% of generators on hire are hybrid (including rehired ones)



# ENGAGING WITH OUR SUPPLY CHAIN AND PARTNERS

Our values are at the very core of our business. In order to reach our stated ESG goals, it's critical that we work together with our suppliers and bring them with us on our journey, working collaboratively to minimise the impact on the environment.

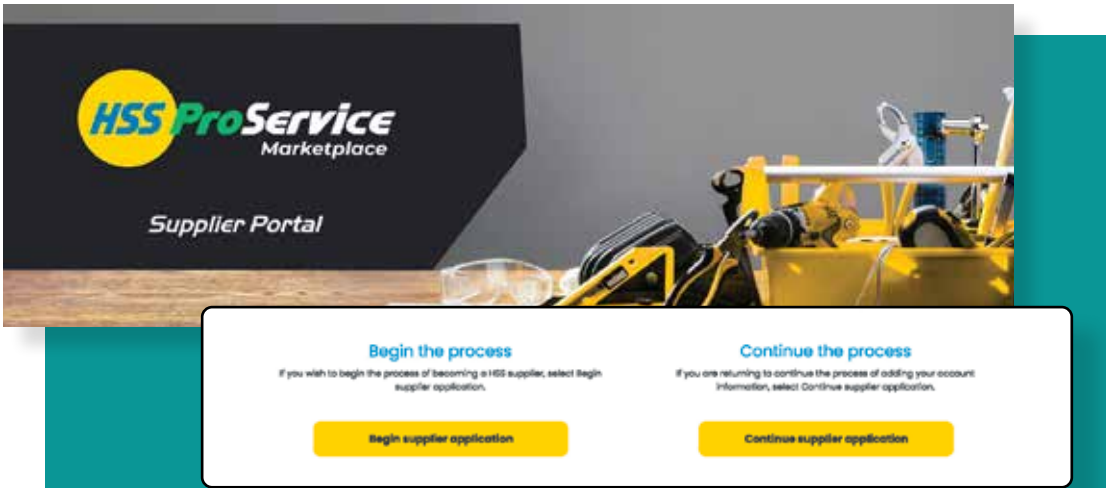
## NEW SUPPLIER SELECTION

Our rigorous supplier onboarding process is underpinned by our now embedded Supplier Code of Ethics and Conduct Policy, which is an advancement of our previous Supplier Conduct Policy, to which all suppliers sign up to at the start of their lifespan as an approved HSS Supplier.

This Policy lays out an early expectation that our suppliers must commit to our own core ESG principles including health and safety, upholding human rights, anti-corruption, anti-bribery, responsible business practices, safe and legal labour conditions and compliance with all applicable legislation. This is supported by the fact we are proud to hold our ISO 14001 certification in relation to sustainable procurement.

All of our procurement is controlled centrally at head office, which allows us to have an appropriate level of control over which suppliers are selected for everything from stationary and refuse sacks all the way through to complicated equipment and large cranes. We have an appropriate supplier heat map to target our highest impact through our suppliers. Necessary documentation is then stored centrally and updated when expired, as is the case with insurances, for example.

We intend to leverage our in-house technology capabilities to automate this process even further, and are constantly developing an updated supplier portal which will enable our suppliers to ensure we always have the latest up to date information and data about their business practices and also the eco-credentials of their products and services. When built, our suppliers will have the ability to upload any and all information about their business themselves, meaning that we will always have a full understanding of each suppliers' capability, policies and practices. An added benefit will be live visibility over our supply chain's performance, and this will allow our ESG trained buyers and supply chain managers to intervene when required, without a burdensome lag in data.



## ENGAGING WITH OUR SUPPLIERS

We understand that in order to effectively engage with our suppliers on ESG we need to adopt a two-way, positive dialogue. We know from experience that the most effective way to work with our suppliers is collaboratively and not to impose change, otherwise they may simply disengage.

This is why the first teams to be trained on ESG, outside of the dedicated ESG team, were our procurement and supply chain managers, as they hold the day-to-day relationships with our suppliers and have documented discussions. These meetings are invaluable for us to understand how mature our suppliers are on their ESG journey and where we can best help some of our SME (small, medium enterprise) suppliers, who do not have the resources or capability to build a comprehensive ESG strategy for their businesses including measuring their Scope 1, 2 and 3 emissions.

In 2023 we took this a step further, and our buyers and supply chain managers now have the improvement of supplier ESG performance included in their objectives and targets, alongside supplier portfolio growth, service, quality, cost and other elements which influence their

bonus. This way they are incentivised to help our suppliers improve their ESG maturity.

## ADVANCING OUR SUPPLIERS' ESG MATURITY

We also conducted our second annual ESG Supplier Audit with a positive, total targeted response rate of 68%. We have developed a weighted scoring system and each supplier will now receive feedback of their advancement and areas for improvement going forward. The feedback from our suppliers has been positive as over 50% of our suppliers are SMEs, and the topic of ESG can be daunting for them. This has been reinforced by research we commissioned with AMA Research, detailed in our annual report.

This mandatory, annual ESG audit, is a key milestone every year for monitoring our supply chain's performance at a business and product level. The information is gathered and analysed, enabling us to make targeted and informed decisions to drive positive change in the industry. This self-attested information is then checked against 'boots on the ground' audits, which have ESG criteria embedded.

## SUPPLIER TIERING SYSTEM

To really drive this change we understand the need for incentivisation amongst our stakeholders. This is why we have developed our supplier tiering system. An initial tiering has been completed, with all suppliers ranked into one of five levels: ProApproved, ProBronze, ProSilver, ProGold and ProPlatinum, our highest tier.

This tiering criteria is based on ESG, service and commercials, and suppliers are automatically preferred for business in their geographic area and offering depending on their tier. This is enabled by our in-house tech capabilities. We are currently looking to automate and improve communication channels giving our suppliers unrivalled visibility over their current rank and what they need to do in order to progress, or the reasons they may have dropped ranking. In this way we are financially rewarding our suppliers for aligning with our ESG expectation and providing clear and easy to understand advice on how they can improve their ESG score and be rewarded financially.

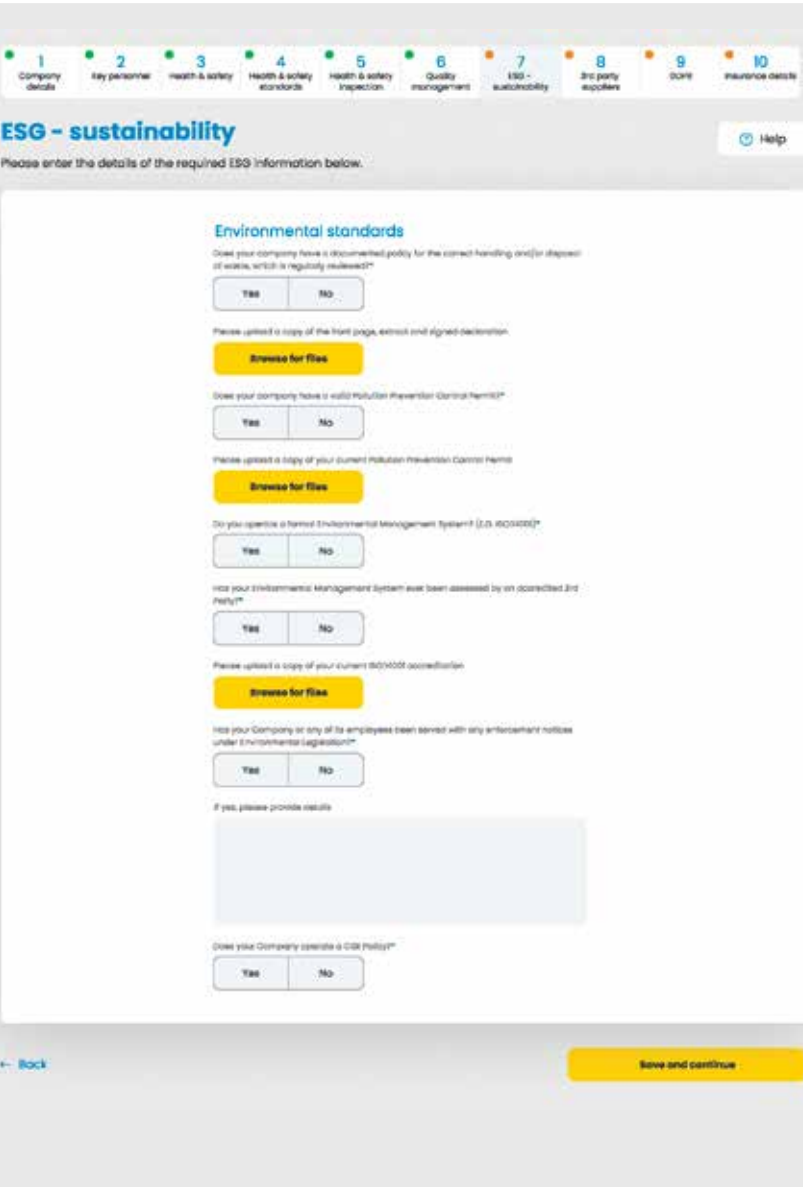


## ASSESSING AND MONITORING HIGHER RISK SUPPLIERS

We recognise the importance of mapping our supply chain so that we can easily identify potential high-risk suppliers that might not adhere to the same rigorous standards that we impose on ourselves. For this reason, we have now implemented our Rehire Supplier Auditing Policy, whereby every supplier is audited at least annually but potentially multiple times each year depending on the circumstances and in accordance with our risk-matrix monitoring.

These audits are carried out by trained, experienced auditors who have previous military service, with a broad remit with ESG elements now included. The results of these audits are uploaded to the cloud and produce a supplier specific score. If an audit is refused or failed, the supplier can be suspended on our system with immediate effect until remedial action has been taken.

In the spirit of collaboration we stress that these audits are not designed to "catch people out", but instead to ensure we're doing all we can to encourage the adoption of best practices and to ensure both staff and public are kept healthy, safe and happy.





# TECHNOLOGY-ENABLED DECARBONISATION

We are leveraging our in-house technology capabilities to revolutionise our industry, to set us ahead of our competitors and accelerate the journey to Net Zero.

## CUSTOMER CARBON REPORTING

For the last five years we have been embracing our own in-house technology capabilities which has led to the launch of HSS ProService Marketplace, a revolutionary tool which combines buyers and sellers for construction-related industries in a single, easy to use platform. This unique tool brings many advantages for all stakeholders which are explained in detail in our annual report.

One such advantage is our ESG Insights capability which we have been developing over the past 18 months. We began our journey by engaging with our supply chain on multiple ESG aspects, one of which was the availability of Life-Cycle Analysis (LCA) reports of products and services. LCA reports detail the carbon throughout the five stages of a product's entire life cycle, being raw material extraction, manufacture, transport, use and end-of-life.

Unfortunately, only 2% of our suppliers were able to provide LCA reports, so we engaged with our specialist ESG consultants Sustainable Advantage and developed an in-house hybrid reporting methodology, focusing on the "transport" and "use" phases of LCA, as these are the most carbon intensive.

After proving the methodology, we then hired a team of researchers and an analyst to build a data-base of all the fuel-based products and various models available via ProService Marketplace and embarked on a series of pilot carbon reports with 15 customers to refine and enhance our

reports, so that we knew the reports we were producing were accurate and of benefit to our customers.

This has culminated in the launch of ESG Insights, whereby any customer of any size can now run their own carbon reports in relation to their Scope 3 emissions, specifically categories 4 (upstream transportation and distribution) and 8 (upstream leased assets). The ability to filter by date-range, product group and download the raw data to in .csv format in a matter of seconds is genuinely revolutionary.

We decided to enhance it even further, with our greener alternative module also. This prompts our customers to make environmentally friendlier choices when booking on the platform, automating the awareness of greener alternatives available on the market and displaying the carbon savings at the front end. This puts carbon on parity with price, helping to influence buyers to change their mindset when ordering which will be required to meet Net Zero.

The carbon savings made via greener alternatives are then displayed in our ESG Insights reporting page on ProService Marketplace, as well as projected carbon that could have been saved if more greener alternatives were selected by customers.

The feedback has been overwhelmingly positive from our customers, never before have they had such easy access to such crucial and complicated information, enabling them some Scope 3 reporting capabilities that many organisations simply do not try to report on due to its complexity.

This is by no means the end of our journey however, we are already working to develop our ESG Insights page with further reporting capabilities, such as the embodied carbon of building materials available to purchase on the platform, fuel deliveries, training and much more

– giving our customers the easy to access data they need to make informed choices to reach their own ESG targets and goals.

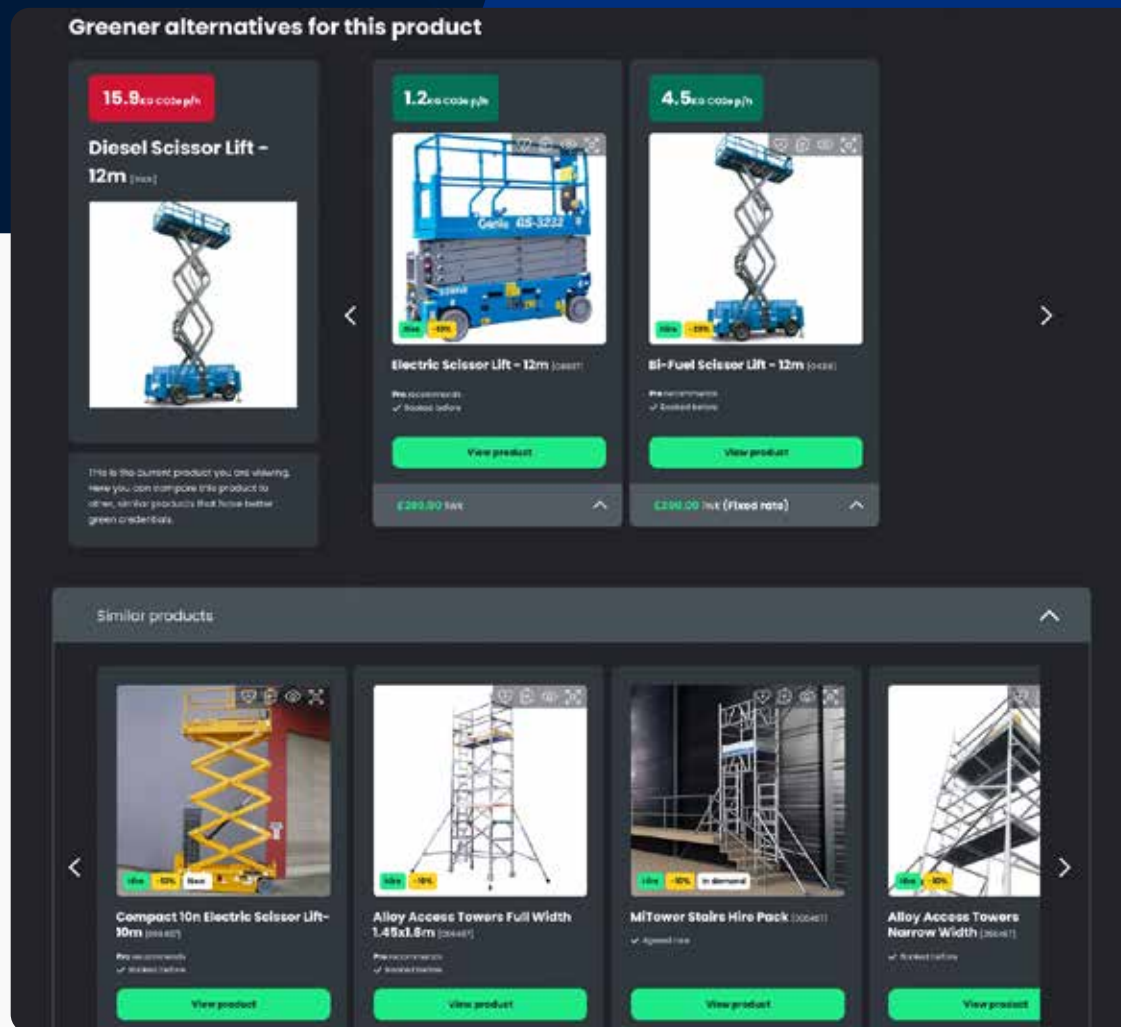
We will use the same technological capabilities to influence better performance in our supply chain

also. We have developed a supplier tiering policy that will be automated and dynamic. Put simply, suppliers with better ESG credentials will be preferred at a business level – and any new and innovative products they bring to market will be advertised and displayed to our customers.

These are just some of the ways we are leveraging our technological capabilities to effectively drive positive change amongst all stakeholders, in a clear, easy to understand and effective way.







## CASE STUDY

### – GREENER ALTERNATIVES

#### THE OPPORTUNITY:

When piloting our customer carbon reporting module, it enabled quick, easy and meaningful analysis of the carbon emissions data which we understood was fundamental to new ways of thinking with regards to reducing carbon emissions.

#### WHAT WE DID:

Following the successful pilot of our customer carbon report we immediately started to analyse and dissect the data.

Due to the large database we've amassed, we were able to quickly identify and discuss greener alternatives for the equipment our customer traditionally hired.

#### THE RESULT:

We presented our findings and were able to quantify the carbon and fuel savings that could be made if our greener alternatives were swapped out from older units, the customer agreed after analysing the data themselves and are now able to quantify the savings made.



## CASE STUDY

### – INNOVATION ROAD SHOWS

#### THE OPPORTUNITY:

Through various communication channels we have recognised that there is a continuous requirement for both our customers and staff to get hands-on experience with some of the latest innovative equipment available on HSS ProService Marketplace, however for a variety of reasons stakeholder education on these products wasn't equally advanced.

#### WHAT WE DID:

We took on-board the feedback from our now established Regional Innovation Road shows and made them more targeted. We included a wider variety of new suppliers showcasing different products,

encouraged more of our own staff and customers to come along and meet the product experts face to face, in an open and inclusive forum.

#### THE RESULT:

We've received better feedback from all colleagues, customers and suppliers alike, with our new open forum showcasing targeted newer and different equipment/services in order to meet industry requirements. Our analysis shows that there has been a 73% increase in volume for the products showcased, and we look forward to advancing our Road shows further in the future.



# BUILDER MERCHANT LOCATIONS

At the start of 2023 we had a network consisting of 38 Customer Distributions Centres (CDCs) from which we operate all our workshops and transport, 37 traditional HSS branches and a very successful set of 63 builders merchants.

The builders merchant format was established in 2020, enabling us to reduce our branch network following the COVID-19 pandemic and shift to a variable cost base whilst offering customers the convenience of hiring with HSS in the same location that they buy their building materials. The performance of these locations has been very strong and the feedback from customers has been excellent, so in the second half of 2023 we decided to complete this transition, opening hire desks in 26 new builders merchants, taking our merchant network to 89 by the end of 2023, and closing 16 traditional HSS branches. We retained colleagues, who either moved to the new builders merchants or into virtual branch manager roles.

We expanded our partnerships with merchants such as Howarth Timber, Robert Price and Kellaway, and entered into a new partnership with Selco, opening four sites. In all locations we have deployed great colleagues, high-quality equipment and our industry-leading technology HSS ProPOS.

Our independent colleague engagement survey highlighted that engagement is excellent in merchant locations (76% in merchants versus Group score of 74%). In 2024 we plan to complete the transition of our network.

We already have a fantastic relationship with our Builders Merchant Partners, and when we complete our transition we will be working closer with them collectively reach our ESG goals.



*"HSS are fast becoming an integral part of our customer offering within our store. We are looking forward to working with them on further store partnerships as well as exploring other ways of working successfully together"*

Howarth Timber builders merchant



*"HSS is a great partner for us and their offering really enhances our proposition"*

Lords builders' merchant

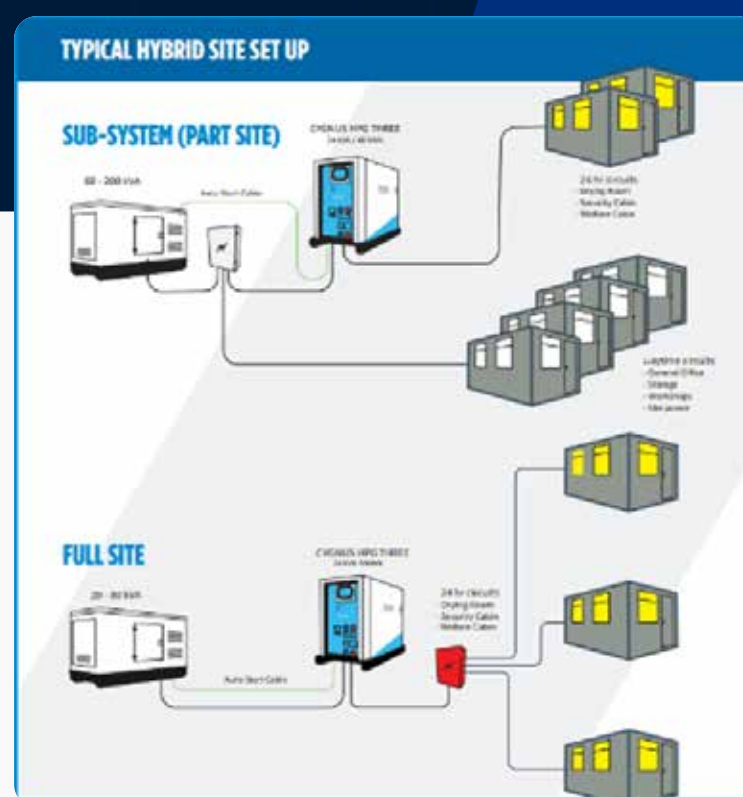


*"The strength of their brand is a significant attraction for us. Our sales teams are working closely together and there are lots of opportunities"*

PGR builders' merchant







**Over the course of a month, generator usage had reduced by 83% as it was now only required as a back-up to charge the battery**

## CASE STUDY

## HSS IN PARTNERSHIP WITH CUSTOMER TO REDUCE POLLUTION

## THE OPPORTUNITY:

One of our key customers approached us to provide a solution to particular challenges they were facing at a local railway station. Due to the circumstances of the location being a rail site nearby local housing, works could only be carried out at night and there were noise pollution restrictions.

## WHAT WE DID:

We dispatched a representative to assess the site in question, and discovered that they had a generator powering an office block, canteen and toilet block. The site had adequate room and power requirements to install a hybrid generator-battery solution with solar panels, and so we presented this solution as an alternative, with pre-install cost, carbon and noise saving estimates.

## THE RESULT:

The customer decided to go ahead with our proposal and we analysed and presented the actual performance of our solution. Despite an increased upfront rental cost of the hybrid solution and the battery, the fuel savings resulted in the customer saving £175 per week. The battery was charged via the solar panels in the day, which allowed the site to run at night with zero noise pollution from on-site power generation. Over the course of a month, generator usage had reduced by 83% as it was now only required as a back-up to charge the battery.



## CASE STUDY

## HSS PARTNERSHIP WITH ABOVE CUSTOMER CARBON REPORTING - PILOT

## THE OPPORTUNITY:

We approached several of our key stakeholders to engage with in regards to our developing an in-house customer carbon calculation tool. AVOVE, the leading infrastructure services and engineering company were a great fit as they had similar ESG strategy, vision and goals to our own and were eager to explore new and innovative ways to reduce carbon emissions.

## WHAT WE DID:

We immediately informed them of our desired outcome, an industry first carbon calculator tool that would enable our customers to easily look at the use and associated transport emissions from products and services hired from us. They knew this was no easy task, and we went into detail how we planned to build this tool and asked for their input and ongoing feedback during the development process.

## THE RESULT:

The product, ESG Insights in ProService market place, is now able to provide any customer with partial Scope 3 reporting at scale and in seconds. The result of our partnership with AVOVE meant that our development went through several iterations and, building on the feedback loop through the partnership, our product was thoroughly tested and improved during the process. As a result, the launched product was refined and provided accurate and valuable data from day one, enabling our customers to make informed decisions.



# SOCIAL

OUR SOCIAL JOURNEY

OUR PEOPLE STRATEGY

EQUALITY, DIVERSITY AND INCLUSION

COLLEAGUE HEALTH AND WELL-BEING

WORKFORCE HEALTH AND SAFETY

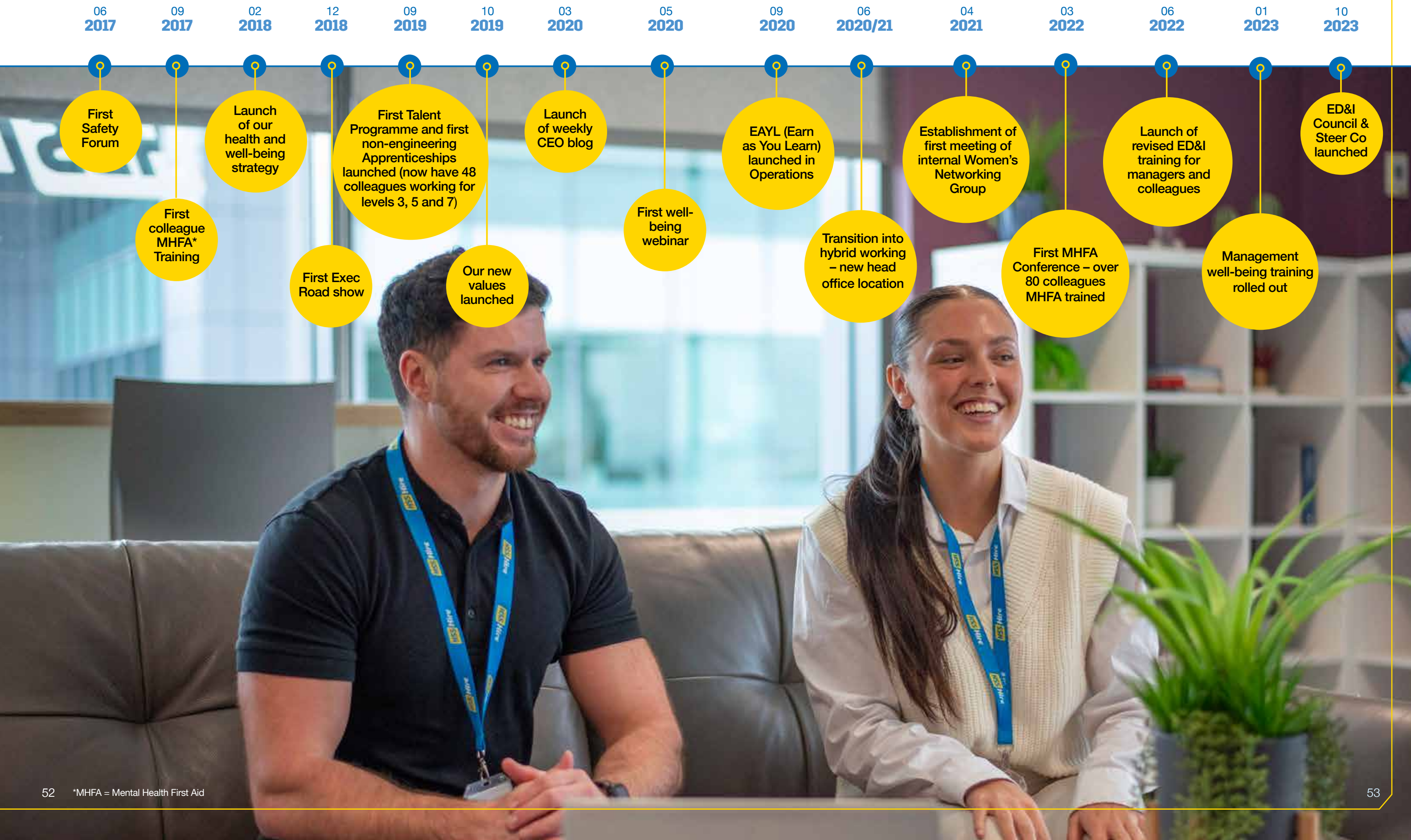
CUSTOMER SAFETY

LEARNING AND DEVELOPMENT

COMMUNITY ENGAGEMENT



# OUR SOCIAL JOURNEY





# OUR PEOPLE STRATEGY

In 2023 we continued to evolve our people strategy to attract more great new colleagues to our business, as well as retain, reward, and develop our existing teams. We aim to accomplish this by focusing on:

- Engaging with colleagues and acting on their feedback
- Changing the way we operate, investing in technology that makes jobs easier and supports more flexible working
- Investing in colleague well-being, as well as in training and development
- Building a strong employer brand and talent acquisition processes that help us attract the right talent

Our people-related strategic commitments aim to make HSS an employer of choice. These commitments focus on the issues of diversity, equality and inclusion, well-being, health and safety, all driven by colleague engagement.

In support of this we have reviewed and evolved our family-friendly policies, including flexible working arrangements, maternity and paternity leave, and time off for emergencies. These allow colleagues to strike a sustainable balance between their work and homelife and in turn make HSS a place where colleagues can have a long and rewarding career.

All colleagues have access to our company intranet, HSS World, which aims to keep colleagues informed on all areas of our business, as well as giving them easy access to policies and procedures. Our dedicated HR portal, MyView, is a complementary one-stop service where HR data relevant to each colleague is stored, alongside their performance management records and objectives. The Learning Lab is our e-learning platform which hosts mandatory training for each specific role and self-serve training modules across a wide range of subjects, including those not specific to their current roles which colleagues can utilise in their own time. These systems allow us to maintain

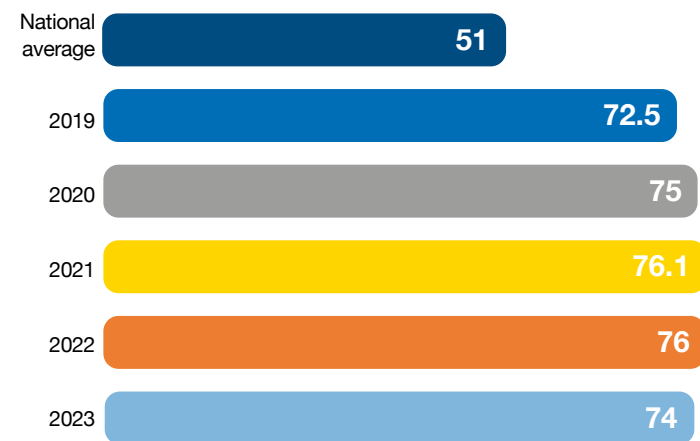
our commitment to developing and supporting our people to #MakeitBetter and #MakeitTogether.

## MEASURING ENGAGEMENT

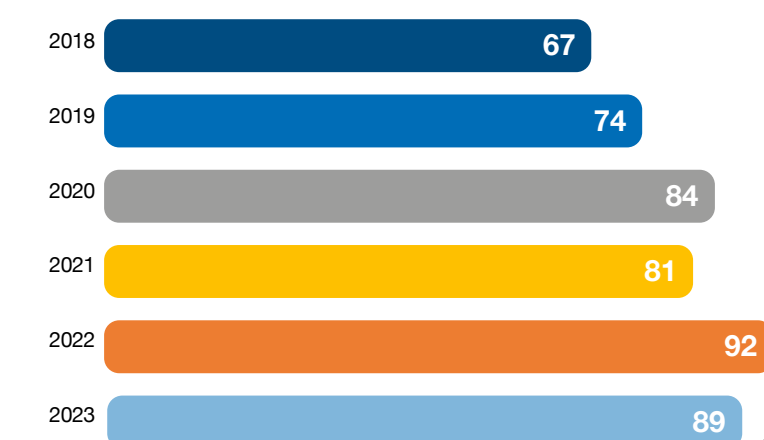
We look to the results of our annual engagement survey as a key indicator of colleague well-being. Our latest survey carried out in November 2023 showed that we continued to have industry-leading colleague engagement, which is something we have achieved since our first survey in 2016.

We have maintained an engagement score of 74% or better which is significantly higher than the national average of 51%. Our response rate

### COLLEAGUE ENGAGEMENT RATE (%)



### ENGAGEMENT SURVEY RESPONSE RATE (%)



Firms with high levels of employee engagement report higher profit growth (10-15%) than firms with low levels of employee engagement (0-1%)

MIT Sloan Review



of 89% was excellent and a good reflection of our workforce engagement, demonstrating that colleagues are very willing to share their views and concerns with us. We saw a greater than 5% increase from our core national field sales and HSS training businesses, which is a great reflection of the hard work and follow up action by the local management teams since the last survey.

## SURVEY RESULTS FEED INTO OUR PEOPLE STRATEGY

Every year the results from the annual engagement survey are shared with colleagues and actions are developed from the feedback. This includes Group level actions, as well as more tailored, team-specific actions completed by the leadership within each department. One core area our colleagues always want to see more support on is health and well-being, and we have continued our momentum within this area. We have created a new well-being hub on our intranet, HSS World, showcasing tips, benefits and support, as well as external organisations for each of our three core well-being pillars: mental, physical and financial well-being.

We've also trained our management population in having well-being-related discussions, and added well-being-

related questions to our colleague performance review structure.

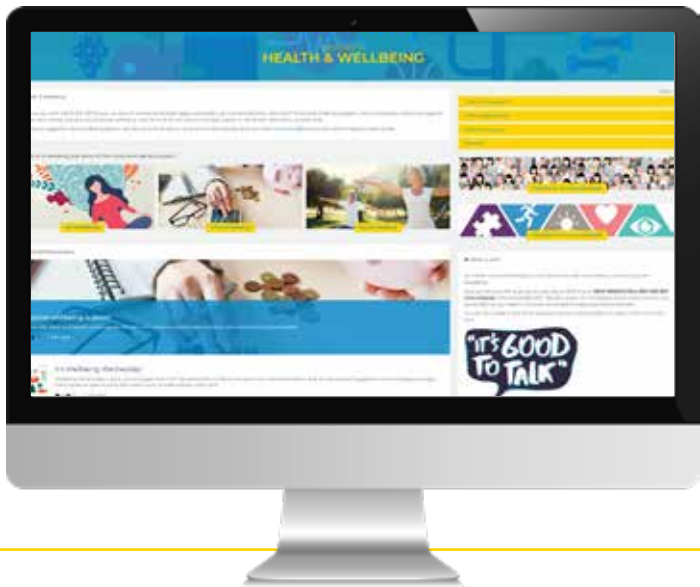
## REGULAR COMMUNICATION

At HSS we are committed to keeping our colleagues updated and informed on all areas of our Group business and performance. We have a comprehensive regular schedule of communications activities, including email bulletins, a company newspaper, WhatsApp groups, an annual CEO-led virtual road show, and weekly CEO blogs. These activities update colleagues on business performance, key projects and initiatives, health and well-being topics, engagement campaigns, and

much more. Our key aim is to ensure all colleagues understand our business, feel included, supported and valued.

## TWO WAY COMMUNICATION

It is important that this dialogue is two-way, with management engaging with colleagues to ask them their opinions and gain feedback. This ensures that the Executive and Board remain aware of colleague concerns so they can be considered and addressed. We achieve this via our colleague engagement surveys, Executive team forums, feedback mailboxes, and regular updates from our regional management teams.





## OUR EQUALITY, DIVERSITY AND INCLUSION STRATEGY

We are committed to creating a diverse, inclusive and supportive workplace across our Group business, where every colleague is valued and rewarded fairly based on their skills and contribution.

Starting in 2022 and moving through into 2023 we have significantly evolved our Equality, Diversity and Inclusion (ED&I) Strategy that is also supported by our ED&I Policy. Our activities so far include:

- Diversity steering committee and Colleague Councils created, reporting directly into the CEO and Executive Team
- ED&I reporting across the Group
- Our Women's Internal Networking Group continues to grow, driving positive discussion and change across the Group
- Line manager and colleague ED&I training completed up to Executive level
- Continual evolution of our employer brand to ensure we accurately reflect our ED&I ethos and the diversity of our teams

### ED&I – FOSTERING A DIVERSE WORKFORCE

The hire industry is traditionally very similar to the construction industry, with the majority of colleagues being white and male, but this is something we are dedicated to challenging.

To ensure a robust governance structure across all levels of our Group business, we have an ED&I Steering Committee, which comprises Executive and Managing Director-level leaders from across our business, as well as representatives from our HR and communications teams. This group is responsible for driving the ED&I Strategy, escalating key areas and

progress updates to the Executive Team and Board. This activity is fed by the ED&I Council, made up of colleague volunteers from various different ethnicities, age groups and backgrounds, all passionate about improving understanding and acting as diversity champions within their respective areas. These groups are actively shaping our strategy and improving understanding to driving us forward in this important area.

In 2023 we signed up to the Government's Disability Confident scheme, demonstrating our commitment to creating opportunities for everyone to feel welcome and comfortable within our business, covering activity from recruitment and beyond.

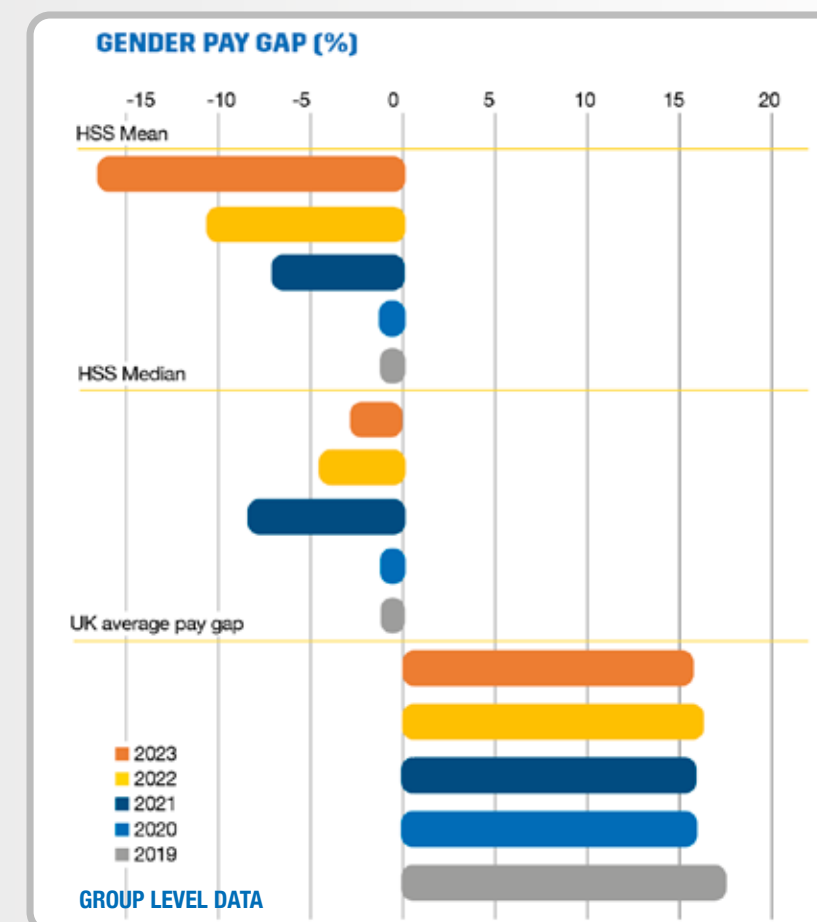
### GENDER DIVERSITY

As we aim to increase our percentage of female colleagues across the Group to 25% by the end of 2025, we have made some good progress in 2023.

Our industry is predominately male dominated, but we have rolled out a number of initiatives to encourage more women into our business, adapting job descriptions and working patterns, as well as continuing the progress built by our Internal Women's Networking Group to open the discussion and drive activity to support achieving our target of 25% by 2025. This is an area of focus we will continue to progress in 2024.

### GENDER PAY GAP

In 2023 we had a gender pay gap that is markedly better than the national average of 15.4%. Consecutive negative gender pay gaps over three years is certainly unusual, and on average, it means that women's gross hourly earnings are higher than those of men. As we implement our diverse recruiting practices, we will be paying close attention to this split, and working to ensure diversity across the organisation, in all functions and at all levels.



### WHY IT MATTERS

Our approach to ED&I is led by our commitment to open dialogue with our colleagues. It is our responsibility to ensure our colleagues are not discriminated against. We strive to foster a culture that embraces diversity in all of its activities and acknowledge that variety and differences are intrinsic to the well-being and future development of HSS as a business.

### AMBITION

At HSS we want to facilitate diversity of thought and create a more diverse, equitable and inclusive workplace, where all our colleagues feel they can bring their whole selves to work and contribute to their fullest. A key priority is to foster gender diversity, as this is our largest gap, in line with the hire industry.



### TARGETS HIGHLIGHTS

#### 2025

- Increase female colleagues at all levels up to 25%
- Achieve minimum 90% ED&I data collection for colleagues
- Introduce ED&I training across the business for all 2000 colleagues
- We will include ED&I metrics across five key areas: recruitment, retention, advancement, representation and pay



## ED&I COUNCIL

In Q3 2023 we set up our colleague ED&I Council, made up of volunteers who want to help drive diversity and inclusion at HSS. We've been working hard over the past few years to ensure that HSS is an inclusive and supportive workplace for everyone, and we're always looking at ways to improve.

For 2023/24, the ED&I Council developed a calendar centred around raising awareness of various ED&I topics to educate, raise awareness and show commitment to all of our colleagues. This ranged from marking religious celebrations through to events like Pride. Each quarter we share upcoming topics as well as an update on the recent activity, and aim to make this as interactive as possible with colleagues. We have also left an open invite for colleagues to get involved by organising activities in their locations. In addition, during the year members of the council shared why they are passionate about ED&I and why they wanted to get involved.

## LISTENING TO OUR COLLEAGUES

We believe that there is always progress to be made in this area and we therefore encourage engagement at all levels of the business to make HSS a more inclusive company. This has involved a number of initiatives that are pushing the company forward and enhancing the colleague experience. For example, the Women's Networking Group, which brings together women at all levels of seniority to discuss their experiences and how they believe HSS can improve its approach to diversity and attracting women to a predominantly male industry. We also maintain a constant thread of diversity and inclusion throughout all training programmes, from induction to apprenticeships. Our colleague engagement has also laid the groundwork for the future, not only helping us update our ED&I learning programmes, but also informing our plans as we develop an improved outreach to reflect the positive changes the business has experienced in the past few years.

## DEMOGRAPHIC (ED&I) DATA COLLECTION

To better understand our workforce composition, we collect a number of key demographic characteristics at the point colleagues join our business. In 2023 we expanded our reporting and analysis to make better use of this data in informing ED&I activity moving forward.

Over the last 18 months now over 70% of colleagues have voluntarily updated their information.

### AREAS UPDATED:-

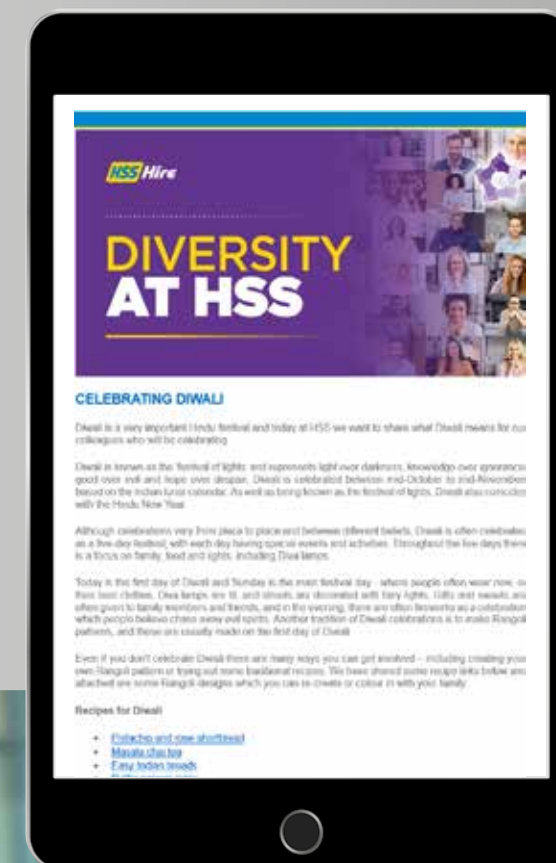
- Sexual Orientation
- Ethnicity
- Disability
- Nationality
- Gender Identity
- Preferred Pronouns
- Country of Birth
- Religion

## DIVERSE RECRUITMENT PRACTICES

We have a holistic recruitment framework that takes diversity into account, whereby all job advertisements include statements supporting HSS's commitment to inclusivity and diversity – actively encouraging applications from a wide pool of candidates. We have formed partnerships with charities and organisations who run recruitment programmes to support ex-military personnel and ex-offenders in finding rewarding new careers. We ensure a range of distribution channels are employed to advertise job opportunities such as job boards and social media to reach a wider audience of candidates.

We have established an apprenticeship programme covering a broad range of skills to support colleagues at all levels across each division of the Group.

It is equally accessible for both new candidates entering our industry and for existing HSS colleagues. Additionally, a number of initiatives have been established to attract and retain certain critical skills, for example, Earn as you Learn schemes.



## PLANNED COMMUNICATIONS 2023/24

OCT - WORLD MENOPAUSE DAY

NOV - CELEBRATING DIWALI

JAN - LOVE YOUR COLLEAGUE

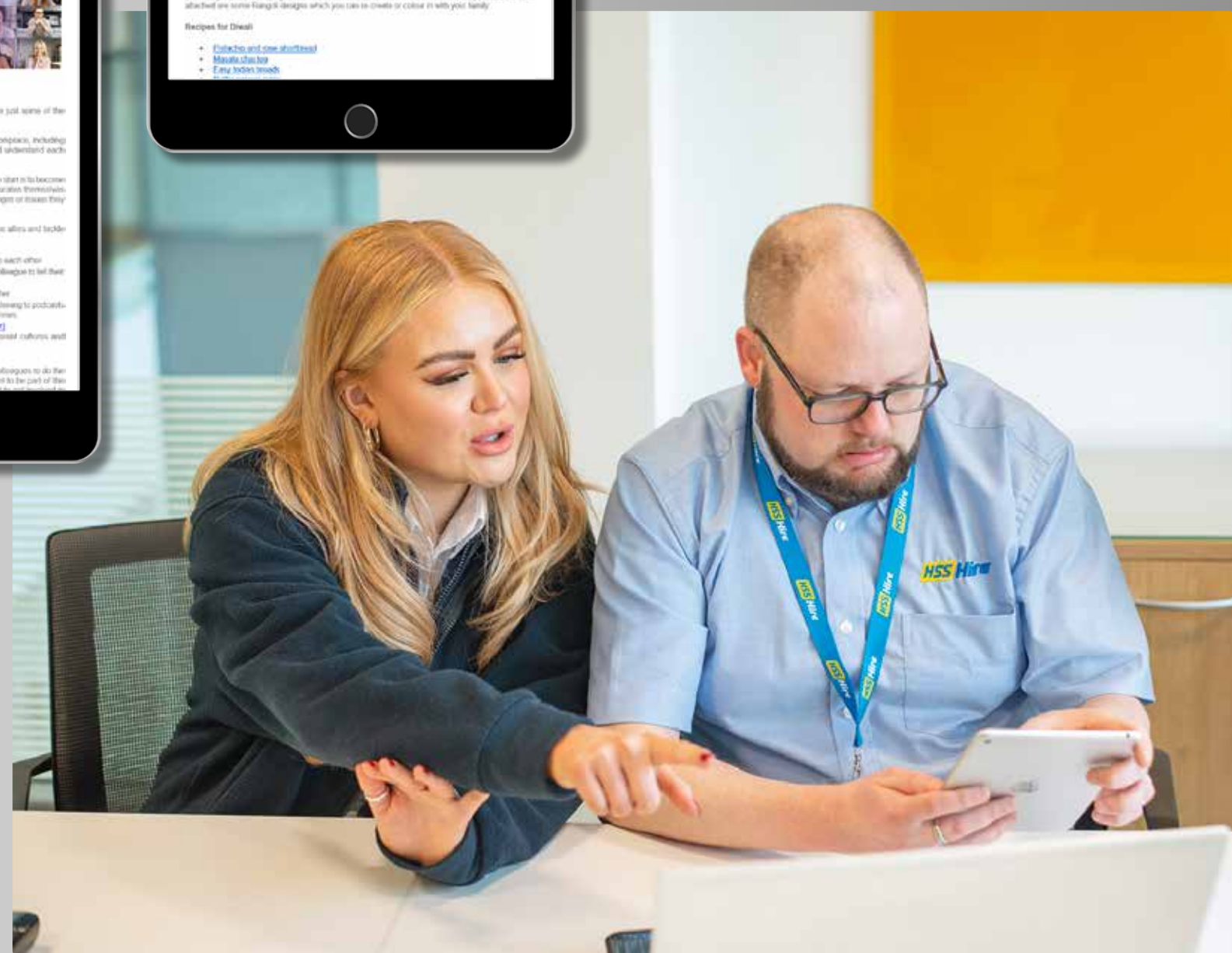
FEB - RACE EQUALITY WEEK

MAR - INTERNATIONAL WOMEN'S DAY

APR - EID AL- FITR

MAY - NEURODIVERSITY

JUN - PRIDE MONTH





# COLLEAGUE HEALTH AND WELL-BEING

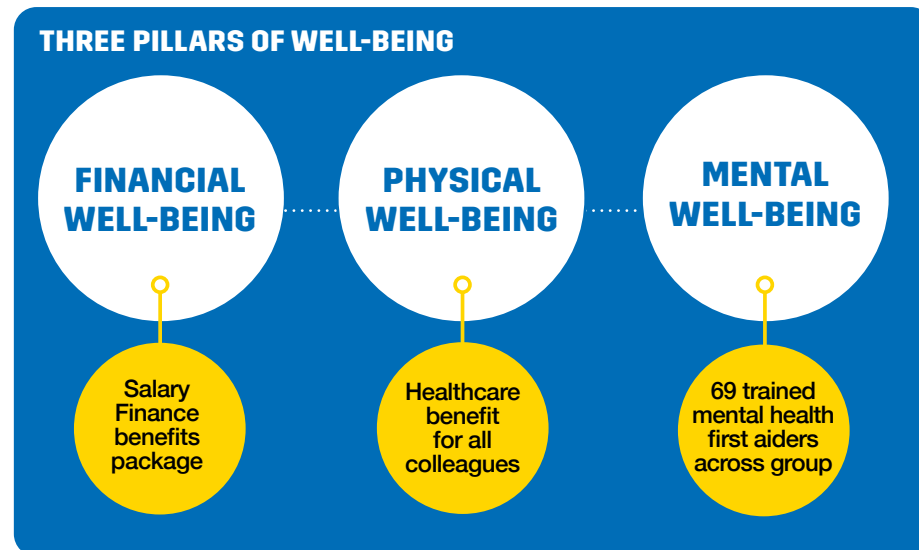
Our colleagues are at the centre of everything we do and are key to our success. Since we introduced our well-being strategy over six years ago, we have worked hard to adapt and shape the activity to reflect our colleagues' wants and needs as well as reacting to wider societal impacts. Our well-being agenda is based around three core pillars – financial, physical, and mental well-being. We utilise insight from our engagement survey, Employee Assistance Programme (EAP) data, benefits partners, and HR team to deliver content around the well-being topics that matter most to our colleagues.

## PROMOTING A CULTURE OF FINANCIAL WELL-BEING

Financial well-being and responsible money management can be intrinsically linked to the mental and emotional well-being of our colleagues, so we make sure we have comprehensive support in place for colleagues, as well as signposting external organisations who can help.

In 2023, with the continued cost of living impacts, we worked alongside our benefits partners, Salary Finance and

Royal London, on campaigns around financial education, and introducing MyDiscounts, our new discount and cashback portal to help colleagues manage their day-to-day expenses. Through our financial benefits provider Salary Finance, colleagues can access financial education materials, loan facilities and saving schemes. They have also supported us with education communication materials and webinars to help colleagues with budgeting and reducing household costs even further.



## PROMOTING A CULTURE OF PHYSICAL WELL-BEING

Due to the nature of our business, effective health and safety management is a key priority for HSS and therefore strict policies, procedures, guidance, communication are in place to safeguard the physical well-being of all our colleagues and customers. We give our HealthShield benefit to all colleagues, giving them access to a virtual GP, as well as cash back on everyday healthcare costs such as dental check-ups, eye tests and glasses, physiotherapy, prescriptions, and much more.

We also run our annual 'Minutes for Me' campaign, which tasks colleagues with setting out some time each day to do something physical they enjoy.

We have chat groups and teams doing collaborative challenges, all aimed at increasing our physical health in an inclusive way that everyone can get involved with.

## WE HAVE A NUMBER OF INITIATIVES TO SUPPORT COLLEAGUES' PHYSICAL HEALTH, INCLUDING:

- Colleague health care cover
- Physio provider for colleagues injured at work
- Gym facilities in Manchester head office
- Occupational Health Service
- Cycle to Work programme

## PROMOTING A CULTURE OF MENTAL WELL-BEING

In 2023 we also utilised more of the data available to us, adapting communications activity to the topics raised by our EAP feedback to ensure we are addressing topics that matter to colleagues in real time. This has helped us shape activity around seasonal depression, conflicts with colleagues and resilience.

We have seen an increase in colleague-led activity this year, with managers in our locations designing their own activity for Well-being Wednesdays, as well as peer-led mental well-being groups in Think Park. This demonstrates the impact on colleagues when we break down the stigma around talking about mental health. It allows colleagues to feel more comfortable being their true selves at work and offers peer support which can be so important.

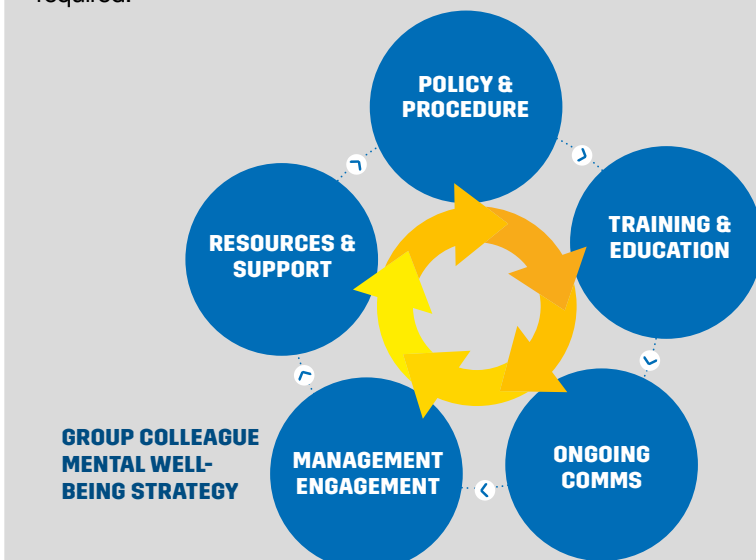
## MENTAL WELL-BEING

Mental well-being is prioritised across our Group business and promoted by management from our CEO down. We aim to remove the stigma often associated with talking about mental health, creating safe spaces and methods for our colleagues to ask for help. We compliment this with regular communications campaigns on various topics, from anxiety and stress, to bereavement and pregnancy loss.

Our Group colleague mental well-being strategy comprises five key elements (see diagram below) and by following this strategy, we aim to reduce the stigma associated with mental well-being and educate and empower our colleagues to seek support when required.

We have a number of initiatives to support mental and well-being, including:

- Ensuring that managers explore a colleague's well-being as part of their performance review meetings
- Ongoing partnership with Lighthouse Club charity to support colleagues with well-being and fund raise to support LHC in their work
- EAP provider who supports colleagues anonymously 24/7, 365 days a year
- Specially trained Mental Health First Aiders, guided by St John's Ambulance





# WORKFORCE HEALTH AND SAFETY

Our colleagues are the heart of our business, and key to setting us apart within our industry. Our aim is to ensure they are safe, valued, supported, developed, and rewarded for the hard work they do for our business and customers.

### REDUCING RISK

As we strive for zero serious accidents, safety is at the forefront of our working practices. It flows through our communications and operational activities at all levels, driven by our CEO Steve Ashmore, who chairs the bi-monthly Health and Safety Forum.

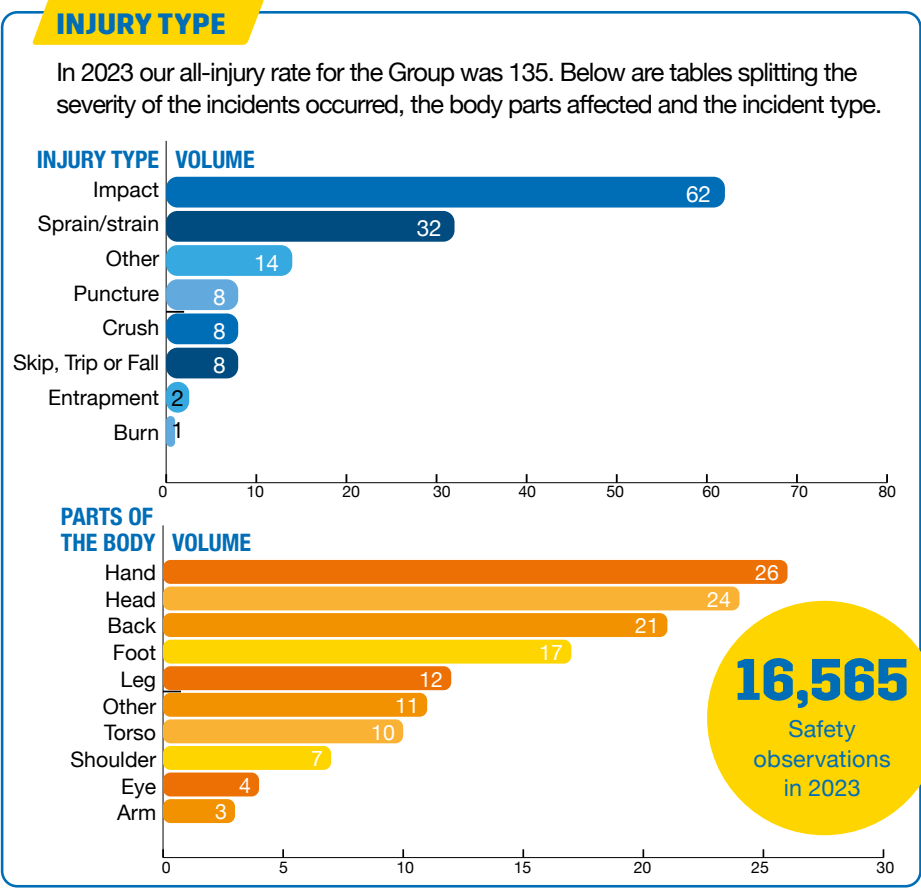
### INCIDENT RATE

Whilst RIDDORS (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) unfortunately increased by two, our other category of serious accident Lost Time have significantly reduced. The management team were given the target of reducing serious accidents, which they have done by 26%.

Our biggest risk area within the Group is Operations, as these roles often involve handling equipment, loading / unloading vehicles and driving. To help reduce risk, the HSEQ team released three operationally focused safety weeks throughout the year. We also further developed our 'Gateway' document library, focused on our highest risk operational colleagues, who are our team of drivers. The 'Gateway' is accessible on a mobile device so can be accessed remotely and contains all relevant safety information such as method statements, risk assessments and safety videos. This is industry-leading and received some great feedback from the Hire Association Europe (HAE).

### INVESTIGATION

In the event of even minor incidents, we recognise the importance of clarity on what has happened to prevent further incidents. As a result, we continued CCTV upgrades at various locations in 2023, so we have visibility of any incident that occurs. A bespoke accident investigation training and



awareness course was also updated. All assurance colleagues have been trained and this was rolled out to operational management during 2023. The course gives guidance around interviews and the evidence required, to broaden the availability of trained investigators across the business.

### PROACTIVE MANAGEMENT

We continue to focus on the importance of raising safety observations to prevent accidents, especially the need to challenge colleagues who are working unsafely. A total of 16,565 safety observations were recorded by colleagues in 2023.

### RIDDOR YEAR ON YEAR RATE

Year	Number of RIDDORS	RIDDOR frequency rate
FY23	3	0.06
FY22	1	0.02
FY21	5	0.12
FY20	2	0.04
FY19	11	0.20

**3** RIDDORS in 2023

### STEVE ASHMORE

Our CEO continues to lead our Executive Health and Safety forum, ensuring focus and accountability from the top of our business, and keeping the Board informed of our performance and progress.

**SAFETY STARTS WITH ME**

# CUSTOMER SAFETY

### ENSURING CUSTOMERS RECEIVE SAFE AND RELIABLE EQUIPMENT

- All equipment is serviced and repaired after every hire, all items have specific checklists.
- Our system only lets appropriately trained colleagues service and repair equipment (linking to training records).
- Customers are provided with an operating and safety guide to ensure equipment is operated correctly.
- Safety videos are also available online.

HSS Training is also able to provide specialist training to customers in areas such as working at height and in confined spaces.

### EQUIPMENT QUALITY

To ensure all equipment is fit and safe for hire, assurance checks are undertaken on available equipment (by HSEQ and Internal Audit).

In 2023 - 4,666 of items were checked

- A total of 4,439 items passed the checks and remained available for hire.
- 190 checks resulted in the equipment failing the quality check process.
  - 35 items were deemed as major failures and returned to the workshop for repair.
  - 2 items were not available for assessment.

All incidents are reported to Operational Management and any issues noted with a product are flagged for discussion at our Technical Review Group (TRG).

A total of 62 customer incidents were recorded in 2023, up 10 on 2022.

Injuries were sustained on 18 of the 62 incidents which included:

• Impact	5
• Puncture to Skin	4
• Sprain/Strain	3
• Slip/Trip	2
• Electric Shock	2
• Burn	1
• Crush	1

The top five body parts associated with the injury types were:

• Torso	7
• Hand	5
• Head	3
• Ankle	2
• Shoulder	1





# LEARNING AND DEVELOPMENT

Our dedicated learning and development team offers a blended learning approach, tailored and shaped to the needs of the different teams and departments within our Group business.

## INDUCTION TRAINING

We completed an extensive review of all our induction training, adapting and aligning it to the new business model and strategy. Utilising existing colleague insight and experience, we've created 10 new bespoke e-learning and induction packs which ensure colleagues joining us have a consistent, high-quality experience as they start their journey with HSS.

## DEVELOPING OUR LEADERS

Our leaders and managers are pivotal in supporting business change and growth, and key to the success of this is ensuring they feel confident in guiding and supporting their teams. We have a full training programme which equips managers with the skills to do this, including Management Induction, Leadership & Development Courses and a Manager Specific intranet. In combination, these three new resources enable our existing and new managers to perform their roles exceptionally and drive development within their staff.

This year we launched two new soft skill development programmes, aimed at developing our existing colleagues who we believe could be our future managers. 'Rising Stars' is aimed at colleagues in HSS Operations who we believe could be future team leaders. Through a series of workshops we helped them develop and learn new skills around communication, customer service, profit and loss, and people management. 'Introduction to Management' is aimed at helping new or existing managers grow their skills and confidence in their role, and this supplemented our existing 'Leadership Development' programme which sees our current leadership teams training the next potential leaders in our business.

## SALES DEVELOPMENT

As our product and service offering continually evolves and diversifies, we are committed to ensuring that every colleague is given the training they need to excel in their role and develop their skills to build a career with HSS. We do this through a blended approach, with classroom-based and e-learning tailored to role and topic area. For example, this includes a seven-day sales induction for all new colleagues joining our central sales team to support them in growing their confidence selling our Group proposition, with ongoing coaching and development from our Learning & Development team. These have proven so successful that we have also rolled these modules out to our wider salesforce in the form of e-learning modules. This is just one example of bespoke training contributing to high performance, as well as supporting our growth and colleague retention.

## APPRENTICESHIPS

Our apprenticeship programme continues to provide opportunities for our existing colleagues to further develop themselves, and for recruiting managers to bring in new talent through apprenticeship roles. We currently have 40+ colleagues on different programmes, ranging from Levels 2 to Level 7 Senior leaders. In roles such as Credit Controller, Sales Executive and Lifting Equipment Specialist to name just a few. At the Hire Association of Europe Awards 2023, one of our engineering

apprentices won 'Young Apprentice of the Year', with another apprentice being Highly Commended for their work.

## DRIVER TRAINING

With a large operational fleet, it is extremely important that we maintain the highest standards across our driver and delivery services. Earlier this year we secured FORS Silver re-accreditation, and a focused effort in providing additional training to all our drivers has helped us successfully secure FORS Gold accreditation as well.

With a constant focus on quality and additional development within our driver Earn as You Learn career plan, we have also identified and trained some of our Class 2 drivers to become Driver Assessors. These colleagues act as ambassadors for our driver population, provide added support and guidance to new or inexperienced drivers, and assess the competency of existing drivers.

## COACHING / MENTORING

A big focus for 2023 was coaching. We launched the first stage of our coaching training during the year with a longer-term aim of developing a group-wide culture of coaching and mentoring. This will help empower colleagues to share their knowledge and expertise, as well as overcome issues and challenges through new ways of thinking and shared experiences.

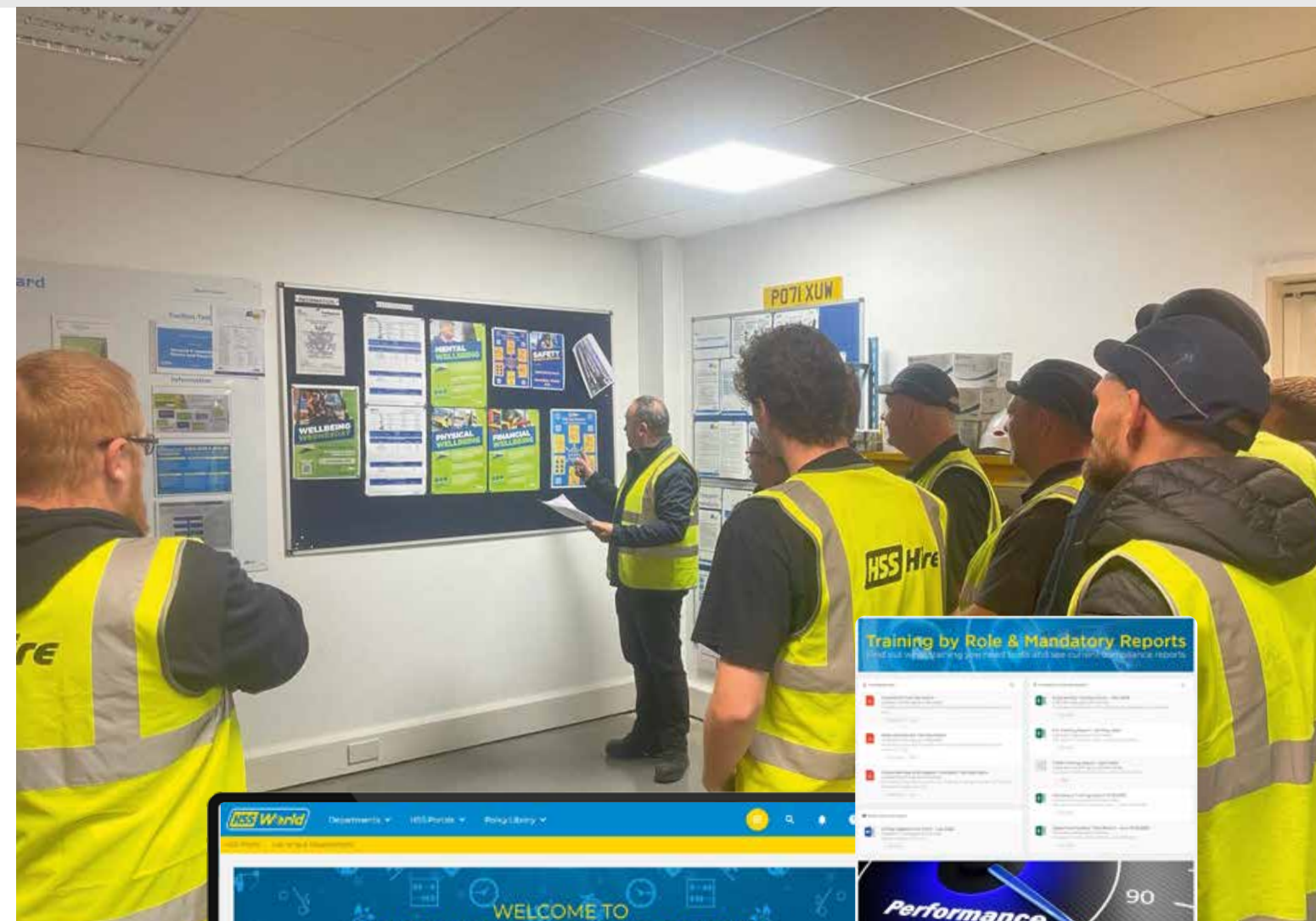
42

colleagues in active apprenticeship programmes



26

new e-learning modules developed



## ONLINE COURSES DELIVERED

2021	2022	2023
21,489	23,203	27,860

## CLASSROOM COURSES DELIVERED

2021	2022	2023
329	1,295	1,131*

\*HSS is moving onto delivering more courses online



# COMMUNITY ENGAGEMENT

## SUPPORTING PEOPLE, COMMUNITIES AND CHARITIES

We are passionate about ensuring we have a positive impact on the many communities we operate in across the UK and Republic of Ireland. Throughout each year we participate in a range of charitable initiatives, driven by our colleagues, customers and suppliers in collaboration.

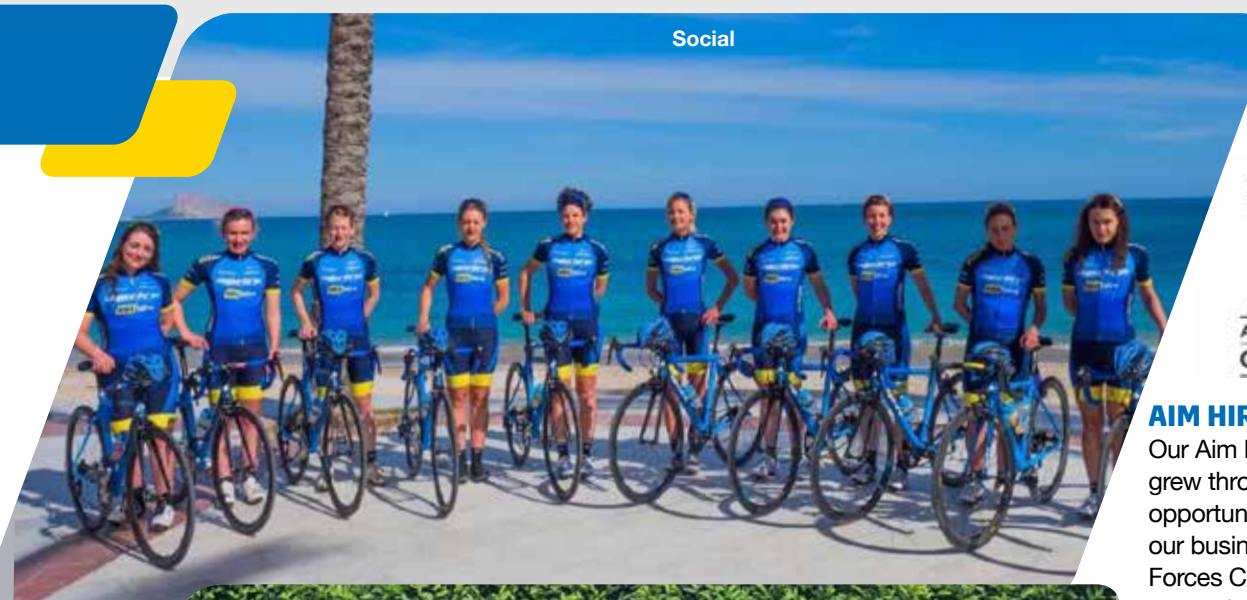
We're proud to say that we encourage our colleagues at a local level to regularly support community initiatives in their area, after all, only the people who live in a particular community know what they need the most. We often collaborate with our customers and supply chain partners, sometimes together, which often results in HSS donating free of charge event equipment, donating prizes, providing free advertising, expertise and labour.

Our colleagues at Head Office also positively contribute to improving the lives of people throughout the country and run various central campaigns, such as Christmas Jumper Day for Save the Children, collections for Cancer Research and various other voluntary charity and engagement campaigns. Here we highlight a few of the many examples of our community engagement.

## SUPPORTING SPORTING SUCCESS

HSS has been sponsoring women's and junior cycling for over 10 years. These are highly under-supported areas of sport compared to the level of sponsorship of men's sports. In 2015, HSS sponsored a Women's neo cycling Team called HSS Apire Cycling Team which debuted on the UK women's cycling and European tours. We helped bring on now nationally-recognised names like Elinor Barker. After two years of sponsorship, we have turned our attention to sponsoring women's cycling on the domestic scene and junior UK racing.

In 2023 we had our most successful year, with our women's team winning all domestic titles. Kate Allen won every title available which is particularly special as she had just returned from the birth of her son. Also, one of our juniors obtained his first professional contract as Alex Beldon is now racing for second tier pro men's team Trinity racing.



We've also been to help the next generation of football stars by sponsoring sports kit for kids teams such as St Mawgan Under 9's.



## MEASURING SOCIAL VALUE

One of the challenges we are facing is the increased focus from various stakeholders on social value in the last 12 months. Whilst it is clear that we are adding a lot of fantastic local social value, we need to be able to better measure and communicate this at a national level. We are currently in the final steps of implementing a software system that captures and collates all this good work and look forward to giving more detail on this in the first half of 2024.

## Social



## AIM HIRE

Our Aim Hire programme significantly grew throughout 2023, creating opportunities for various groups to join our business. We signed the Armed Forces Covenant and are actively promoting roles for ex-military personnel, as well as the families of actively serving personnel who may be looking for work.

We have also seen positive growth in our activity working alongside various prisons to create opportunities for ex-offenders and people released on temporary license to join our business across a range of roles and locations. We have worked directly with a number of regional prisons, as well as alongside charities such as Inside Job to help create awareness of our roles and the support we can offer and the dedicated colleagues we have welcomed into our business as a result of this programme.

"I would recommend HSS to anyone who has the motivation to change their life. I've had some really positive praise from my team, manager and customers, and I really enjoy my job. If HSS hadn't given me an opportunity, I don't know where I'd be right now."

Aim Hire colleague who joined HSS post-release

## SUPPORTING EX-OFFENDERS

Inside Job is a Midlands-based peer-led initiative that finds jobs for people while they are still serving the end of their sentences. Inside Job will identify the best candidates by using talented, motivated and well-respected prisoners and internal recruiters who are also currently incarcerated. By recruiting with Inside Job we are helping to stop the vicious cycle of reoffending.

Government data highlights that the reoffending rate fluctuates between 23% and 32%, but studies have shown that prisoners who obtain decent, respectable jobs upon release have a much lower reoffending rate on average. We believe the reoffending rates are too high, and we are proud to do all we can to give people a second chance to reintegrate and contribute towards society.

We have approximately 30 Release on Temporary License (ROTL) colleagues at any one time. This means they are on day release from their prison and work for us in the day, before returning to prison in the evening. They are nearing the end of their sentence at this point and we can employ them after their release, or see if there is a role closer to where they intend to locate upon release. We also employ post-release, again with referrals from Inside Job or from prisons directly.

We attended Inside Jobs' first ever in prison recruitment surgery in 2023, and also supported with their 100th surgery in total – demonstrating our commitment to this well-established programme. In total, we have employed 50 colleagues on ROTL since 2020.



## PENNIES FROM HEAVEN

We also continued our Pennies from Heaven scheme which donates the spare pennies from colleagues' monthly salary to charity. In 2023 we received the Pennies from Heaven 'Platinum Quality Mark', which is a great reflection of our colleague's generosity. Our colleagues chose Mind, Tommy's and the Lighthouse Construction Industry Charity as our nominated charities.



This company is demonstrating Award winning social purpose through Pennies from Heaven. Easy. Accessible. Impactful

## ANDY'S MAN CLUB

We regularly engage with men's mental health charity, Andy's Man Club, to collaborate on well-being content for our colleagues, such as webinars and podcasts.





## CASE STUDY

### - APPRENTICESHIP

#### THE OPPORTUNITY:

At HSS we believe all colleagues should have the opportunity to learn, develop themselves and prosper in their career. We support them with learning and development, so that they can fulfil their roles successfully and, if they wish to, explore new opportunities. By doing so we hope they will stay with us and have long and fulfilling careers with HSS.

#### WHAT WE DID:

Since Martin Richmond joined HSS as a depot assistant in Oldham in 1988, he has been encouraged to try new roles and continually develop his skills and experience. After nearly 35 years he is still looking for the next development opportunity and following the promotion of our Workplace Apprenticeship scheme in our colleague newsletter HIYA in 2022, Martin undertook an apprenticeship in project management.

#### THE RESULT:

Martin has collected a wealth of skills and experience over the years, making him an invaluable and well respected member of the team, capable of taking on a wide variety of challenges. Following his appointment in 1988, he was soon promoted to Branch Manager, before broadening his skillset

and taking on a Transport Manager role. Five years in to his career, his interest in technology led him to become one of the key trainers in the rollout of our first technology platform, Spanner. Martin had two stints working in the US, in Florida in 1998 and Denver in 2001, during a time when HSS owned international operations. During this time he played a key role training colleagues in addition to running the US IT Support function. In 2005 he returned to the UK and joined the newly formed Network Rail project management team, created to manage HSS's largest managed service contract at that time. The skills he developed here led him to onboard a variety of strategic customers in the following years, before taking on roles integrating new acquisitions (like Abird, Apex, All Seasons and UK Platforms).

Martin was also responsible for introducing new products ranges (Hilti lasers, Kubota diggers, Welding), before joining the newly formed Transformation Management Office (TMO) in 2017, and has played a pivotal role in the implementation of our strategic priorities over the last five years. Despite achieving so much and now aged over 60, Martin still has the desire to take on new challenges and we were delighted when he signed up to our Workplace Apprenticeship scheme earlier this year. HSS will be supporting Martin through his latest development experience, which will lead him becoming a Bachelor of Science in Project Management and a Prince2 Practitioner.

"It is a little bit scary, being in my early 60s, and going back to a classroom (albeit virtually) after over 40 years away from one, but it's a challenge I'm looking forward to, and I can't wait to see what the next four years bring."





# GOVERNANCE

**BOARD AND THE DIRECTORS**

**BUSINESS ETHICS**

**DATA ETHICS**

**SUSTAINABILITY COMMITMENTS AND TARGETS**

**CLIMATE-RELATED FINANCIAL DISCLOSURES**

**MATERIALITY ISSUES TABLE**

**SASB METRICS**

**HSS SITES, KEY BIO-DIVERSE AREA (KBA) REPORT**

## **WHAT THIS MEANS FOR PROSERVICE... WHAT THIS MEANS FOR HSS OPERATIONS**

All elements of this section apply to colleagues across both of our divisions. All policies, accreditations and governance procedures apply across the Group.



# BOARD AND THE DIRECTORS



**ALAN PETERSON OBE**  
CHAIRMAN

HSS has comprehensive corporate governance policies and structures in place to foster accountability and transparency for our Board of Directors and management team.

**BOARD OVERSIGHT**

The Board and all Directors are committed to high standards of corporate governance and complying with the QCA Corporate Governance Code under which the business now reports (2020/21 was HSS’s first year of reporting under the QCA Corporate Governance Code). The Code stipulates a set of 10 governance principles that companies should follow to deliver growth and maintain a dynamic management framework whilst building trust with all shareholders and stakeholders. Details of how the Company has applied the ten principles of the QCA Code can be found on our company website.

**COMMITTEES**

The Board delegates authority to the following three committees to oversee and maintain governance: Nomination Committee, Audit Committee, and the Remuneration Committee. Updates on their activities are reported on at each Board meeting.

In 2022 the Executive team also established an ESG Committee from a wide range of senior management roles. This committee meets monthly

and reports to both the Executive team and the Board also on a monthly basis, who then in turn provide feedback and direction. This ensures two-way feedback and good governance on our ESG strategy.

**BOARD COMPOSITION**

The Board is comprised of six Directors, who bring a wealth of experience and a broad range of expertise spanning a number of sectors. Amanda Burton and Doug Robertson are considered independent. The two Executive Directors, Steve Ashmore and Paul Quested, bring significant sector experience to the Board. Alan Peterson OBE is the Chairman of the Board. The Board is supported by Daniel Joll, the Company Secretary.

Remuneration Committees are chaired by an Independent Non-Executive Director, Amanda Burton. The Audit Committee is chaired by an Independent Non-Executive Director, Doug Robertson. The Board and committees are considered to have an appropriate range of experience, skills, and knowledge to fulfil their duties. Our gender diversity on the Board is unchanged from 2022.

**Selected area of board and committee oversight in 2023**

	Audit and Risk Committee	Remuneration Committee	Nomination Committee	Full Board of Directors	ESG Committee
Corporate Strategy				●	
Risk Management	●			●	●
Legal & Regulatory Compliance	●	●	●	●	●
ESG	●			●	●
Health, Safety & Well-being	●			●	●
Privacy & IT Security	●			●	
People		●	●	●	●
Governance and Stakeholder Engagement			●	●	●
Inclusion & Diversity			●	●	●
Board and Executive Succession			●	●	
Financial Reporting	●			●	

**APPOINTMENTS TO THE BOARD**

The Nomination Committee, which is composed entirely of Non-Executive Directors, is responsible for any future appointments to the Board. The Nomination Committee is chaired by the Chairman of the Board, Alan Peterson OBE. By virtue of the fact that the majority of its members are Independent Non-Executive Directors, the Nomination Committee is considered independent.

**BOARD TRAINING**

As part of induction, any new Directors receive training in relation to their responsibilities as a Director of a listed company. The Board also receives regular updates on legal and regulatory developments through the course of a financial year.

**TARGETS AND INCENTIVES**

Our leadership incentive plan has for several years included an element linked to health & safety targets. In 2023 for the first time this plan also includes an element linked to environmental objectives, which is a clear indication of our ambitious ESG plans.

**WHY IT MATTERS**

Our approach to governance is driven not only by legal and regulatory responsibilities but fundamental values of integrity and transparency. The Board and its Directors play an important role in overseeing the Group’s business activities and ensuring governance systems support management to deliver growth.

**AMBITION**

With the aspiration to uphold the highest level of integrity and transparency, we develop policies and maintain practices that ensure compliance, effective and legal operation of the company.

16

PEACE, JUSTICE AND STRONG INSTITUTIONS

17

PARTNERSHIPS FOR THE GOALS

**TARGETS HIGHLIGHTS**

We will look at the composition and diversity of our board and ensure it is considered in the ED&I strategy.



# BUSINESS ETHICS

Our Code of Ethics outlines our commitment to operating in an ethical and responsible manner, with honesty, integrity, openness, and respect for human rights. These values are reflected in our policies and day-to-day engagement with our colleagues, customers, suppliers, and the communities we operate in. The Code and policies underpinning it are regularly reviewed by senior management in light of changing business and regulatory requirements.

## RISK MANAGEMENT

The Board has overall responsibility for determining the nature and extent of the principal risks it is willing to take to achieve our strategic objectives and for establishing and maintaining a robust system of risk management and internal control. The principal risks and uncertainties facing the Company and how these are being managed / mitigated are detailed in the annual report. Since 2022, Safety and ESG risk have been included as principal risks to reflect the seriousness of maintaining high safety standards and complying with ESG.

We are aware of the potential adverse reputational consequences for not taking these areas seriously. The Group's risk management and internal control system is designed to manage these risks and safeguard its assets. No system of internal control can provide absolute assurance, but the Group's system provides the Directors with reasonable assurance that issues are identified on a timely basis and are dealt with appropriately.

The Audit Committee (whose composition, remit and report are set out in the annual report) assists the Board in reviewing the effectiveness of the Group's risk management and internal controls, including financial, operational and compliance controls and risk management systems. This is carried out with the assistance of the Chief Financial Officer and the Risk and Assurance Director and supported by the findings of specific projects / investigations completed by the internal audit team, which are presented to the Audit Committee during the financial year.

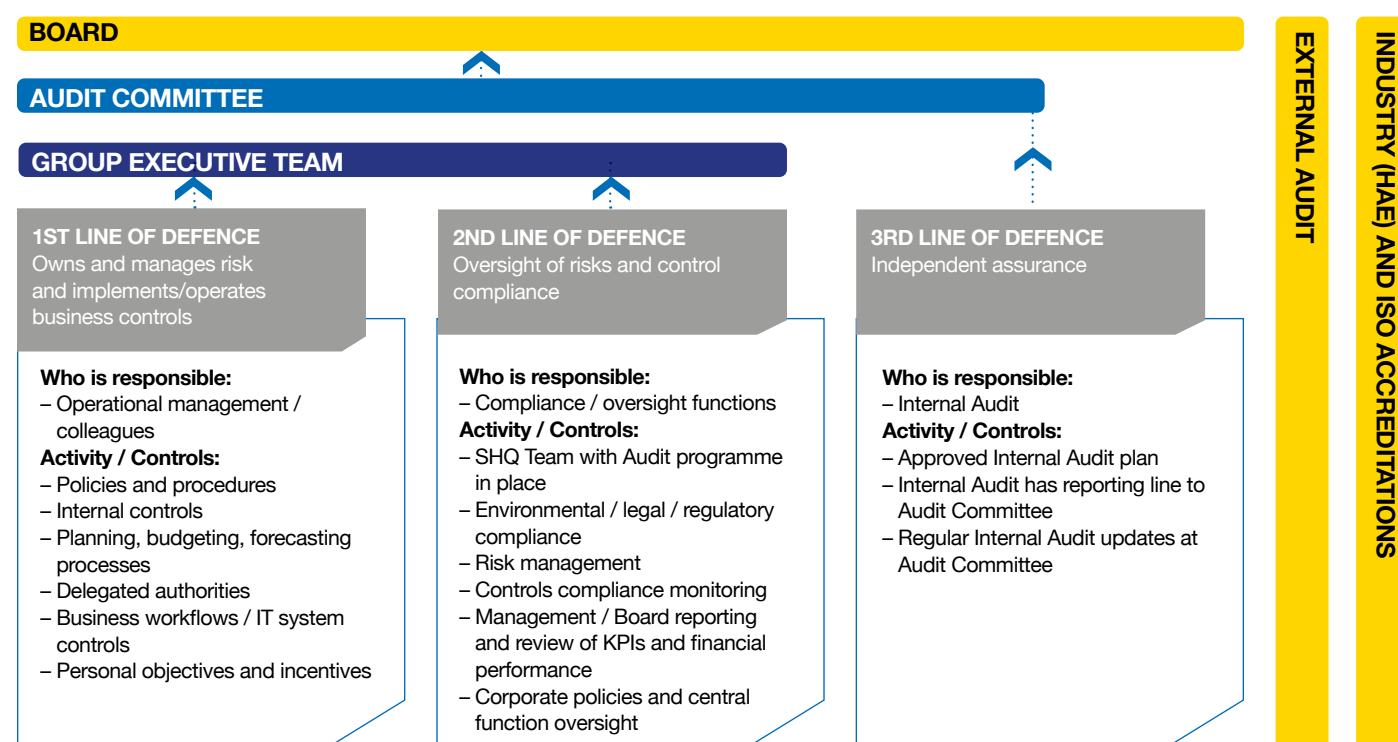
## ESG RISK

Since 2021, ESG has been included as a key risk on our consolidated Group Risk Register and is considered by the Board. By default, ESG risks are now integrated into our corporate risk management framework, along with health and safety, quality and people risk which are also included in our Principal Risks. Plans and procedures to monitor and address any gaps identified are included in regular updates to the Board and its Committees. Later in 2022, we also separately added Climate Change risks as part of the Taskforce for Climate Related Financial Disclosures (TCFD) which in 2023 has become Climate Financial Disclosures (CFD).

## BUSINESS CONTINUITY PLAN

We have a documented procedure to follow in the event of sudden disruption to operations due to a disaster with a detailed action plan and communication strategy for staff, customers and suppliers containing critical activities, staff resources, lists of equipment at each location and emergency contacts. Regular tests of the recovery plans are undertaken.

## RISK MANAGEMENT FRAMEWORK



## WHISTLEBLOWING

The HSS Group has a formal grievance and whistleblowing process and policy, whereby any colleague may, in complete anonymity, contact certain nominated members of senior management to raise any concerns. These concerns are then investigated independently, and the results shared with the whistleblower for further discussion if appropriate / possible. This process is communicated to all colleagues at every location at least annually and the policy and relevant details are also made available to colleagues on a dedicated section of the Group intranet, HSS World. Whistleblowing notifications are reviewed at least annually by the Audit Committee.

## ANTI-BRIBERY AND CORRUPTION

We do not tolerate bribery or corruption and we are committed to conducting our business activities in an ethical and transparent way. The Board oversees our approach and regularly reviews and approves our Anti-Bribery and Corruption policies. Employees raising concerns are protected by our Whistleblowing Policy. We expect the same standards from our suppliers and these provisions are included in our supplier policies. We provide annual training on our Anti-Corruption Policy to all business units.

## RISK MANAGEMENT TRAINING

MANDATORY COURSE	YE 2023
Colleague induction	97.4%
Bribery & corruption	97.3%
Modern Slavery	97.0%
Cyber security 2023/24	88.2%
GDPR	96.8%
Secure it	92.0%
Tackling tax evasion	96.8%
ADR/dangerous goods	91.9%
Fire safety	90.9%
Manual Handling	90.6%
ED&I	91.7%
ESG	82.7%
Waste management	80.3%
<b>Overall compliance</b>	<b>91.7%</b>

## ASSURANCE AND FRAUD INVESTIGATION TEAMS

The HSS Group has dedicated Internal Audit and Investigation teams to check the business control environment is working, that risk rating and exposure is assessed accurately and to manage the identification and investigation of fraud. Both teams offer training and consultative support as situations are encountered, or the way we trade changes.

The team conduct an annual risk assessment of areas such as bribery, corruption, fraud, collusion and from this a quarterly & annual audit schedule is created. The schedule may also be amended to take account of situations encountered during normal trading that needs urgent review, audit or investigation.

The teams' findings are discussed monthly at Exec level and reviewed quarterly by the Audit Committee alongside the quarterly risk review. This enables assurance work to inform risk rating and the independent Audit Committee to review findings and direct assurance work towards area of concern. The team reports to the Audit and Risk Director, who for independence reports directly to the Board Audit Committee and has a dotted reporting line to the CFO.

## COLLEAGUE RISKS TRAINING

In 2021-22, ongoing review of relevant compliance requirements indicated a gap in anti-competition training, and we therefore developed specific e-learning training programmes and rolled these out to all sales colleagues. We run both induction training and refresher training on anti-bribery, modern slavery, anti-facilitation of tax evasion and data protection legislation for all new and existing colleagues.

In 2023 with the change of pace and requirement for information from all our stakeholders in regard to ESG. Our Learning and Development team developed a new e-learning for ESG.

The ESG e-learning module covers the core areas of the 3 pillars of ESG, our Net Zero commitments and how ESG links into our business values. The ESG modules have now been included in our mandatory risk management matrix that all colleagues have to attend.

## WHY IT MATTERS

Compliance with legal and regulatory requirements is a key risk for the HSS Group. Non-compliance with bribery and corruption law may lead to legal and reputational risks, fines, and inefficiencies in our business. It has the potential to destabilise the business, affect company morale and is against company values.

## AMBITION

Our ambition is to act as best in industry, above the legal standard in any jurisdictions we operate in. Through our multistakeholder collaboration, our policies reflect our underlying commitment to maintain the highest standards of ethics and integrity and to operate our business in compliance with all applicable regulations.



## TARGETS HIGHLIGHTS

- We will put in place a robust ESG strategy and policy for all stakeholders, along with an ESG governance structure to ensure accountability.
- We will regularly review and refine our policies to ensure they are up to date and meet all the relevant legislative guidelines.



# DATA ETHICS

Our business is continuing to grow and evolve and is increasingly powered by data and technology.

Our approach to data ethics takes into account the human right to privacy as it relates to data, the ethical use of artificial intelligence and careful use of confidential data.

Our integrated technology platform is industry-leading and data ethics has become fundamental as colleagues, suppliers and customers access our products and services online.

## CYBER SECURITY

HSS Group implements the highest standards for cyber security operations, we are Cyber Essentials and ISO 27001 certified, meaning we have both technical and procedural controls in place to improve our Cyber Security and support our continued maturity in protecting the confidentiality, integrity and availability of HSS data.

At HSS Group our goal is to make the basics of cyber security accessible to all in the business, regardless of role, age or gender, because in HSS, cyber security is everyone's business.

We work closely with our security partners to ensure the HSS Team are fully supported and educated to boost our awareness of data breaches both at work and at home.

It should be noted that during FY2023, we have had zero data breaches involving customer or business

information, which is a great reflection of the team's governance.

We are committed to the development, implementation, continual improvement and the management of data governance within our business. This starts with Human Resources to ensure colleagues are adequately trained with the tools necessary from the beginning of their employment through to induction plans and mandatory training.

### The Operation Shield Awareness program

ensures our staff are kept updated on new security risks, trends and strategies to protect themselves and the group. We also conduct targeted phishing simulations and enact comprehensive disaster recovery tests at least once per year. We support staff where they need it most, providing our staff the cyber Health & Safety training they need.

### CONTINUED IMPROVEMENT

As a Group we continue to aim at maturity in our advancement; focusing on continued improvement.

Over the past year there have been several Information Security initiatives supporting our Cyber security journey to maturity including:

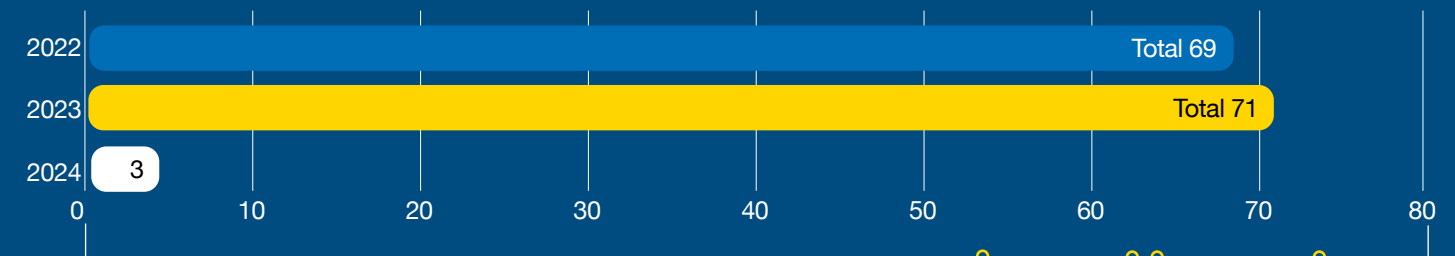
- Implementing our new email gateway which has successfully

## CYBER SECURITY WEEK 2023

Each year HSS Hire Group dedicates an entire week to cyber security awareness supplying training which includes:

- Interactive Mandatory security training
- Cyber awareness games & prizes
- Daily Security Hints and tips
- HSS dedicated Security videos & Interactions by security partners such as Fortinet, Vodafone & Microsoft

## POTENTIAL PHISHING INCIDENTS



supported our ISO 27001 objective of a 25% Reduction in potential phishing incidents.

- Improving power usage figures to support our ESG objectives by updating hardware for our uninterrupted power supply which has allowed us to reduce the number of devices within our estate by over 50%.
- Introducing additional data and systems backup procedures to create immutable backups reducing the impact of ransomware.
- Reducing the exposure to world events by blocking internet access from global trouble spots.

## DATA PROTECTION

The Group's Data Governance Team, helps to monitor the day-to-day data protection issues as we apply the principles of GDPR as enacted by the amendment of the Data Protection Act 2018.

## DATA GOVERNANCE

The group has a brand-new cohesive policy structure that supports our company's governance objectives. Our IT Governance structure also provides us the foundation to review and monitor compliance across our policies and non-conformance processes to support any

remediation and continuous improvement within our business.

To ingrain the cyber security program and ensure that data governance stays at the forefront of all we do, HSS has a risk register in place, access control policies and system level security. We regularly release new initiatives such as our Engineering portal that allows us to improve our data governance standing.

Streamlining reporting and ensuring audit functionalities are built into our tooling from project initiation. The group

has committed to establishing clear objectives and an effective information security plan to protect our key business activities and meet our obligations to interested parties, including customers, shareholders, employees and suppliers.





# SUSTAINABILITY COMMITMENTS AND TARGETS

## CLEAR COMMITMENT

HSS has a strong desire to operate responsibly and sustainably and with the best interests of all our stakeholders and the planet in mind. We strive to build sustainability into everything we do and we always operate in the most transparent and ethical ways.

### OUR SIX CORE SUSTAINABLE DEVELOPMENT GOALS (SDGS)

We have identified six UN SDGs where we can make a particularly strong contribution towards a more sustainable future, and remain committed to supporting all 17.



## ENVIRONMENT

Focused on our 2040 Net Zero and climate change commitments

### Our commitment

We have committed to reduce our Scope 1, 2 and 3 CO<sub>2</sub> emissions to Net Zero by 2040 (SBTi); we also commit to make sustainable business decisions to protect our planet.

### Our targets

- Net Zero by 2040
- Reduce Scopes 1 and 2 by 35% by 2025
- SBTi targets approved in May 2023
- 40% of company cars to be EVs by 2025
- 100% of electricity from renewable sources by 2025
- 95% of waste diverted from landfill by 2025
- 20% of CapEx budget allocated to greener products by 2025

### Material issues

- Climate change
- GHG reduction
- Greener alternatives
- Waste and resource management

#### UN SDGs and their targets



## SOCIAL

Putting people and local communities at the heart of what we do

### Our commitment

We are committed to operating in a socially responsible way, encouraging creativity and diversity, and we aim to benefit the local communities we serve.

### Our targets

- Zero RIDDOR environment
- Set up in 2023 an ED&I Committee and colleague ambassador group
- Achieve 90% equality ED&I data for all colleagues
- 25% female colleagues by 2025
- Create a Community Investment Policy by 2025
- Define, develop and launch ED&I strategy Group plan in 2023

### Material issues

- Safety
- Colleague well-being
- ED&I
- Colleague engagement

#### UN SDGs and their targets



## GOVERNANCE

Holding ourselves accountable

### Our commitment

Recognising that stakeholders are increasingly asking for more transparency in business We are committed to operating in an ethical, transparent, safe, secure and fair way.

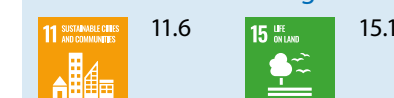
### Our targets

- Set up ESG governance structure via ESG Committee by 2025
- Develop and disseminate an ESG policy by 2024
- Create ESG Strategy Roadmap with goals and targets by 2024
- Maintain ISO 27001 certification
- Track ESG credentials for 50% of supply chain partners by 2024
- 100% ECO products classified and labelled by 2025
- Achieve ISO 5001 energy management by 2025

### Material issues

- Transparent and accountable
- Human rights
- Risk management
- Maturity path evolution

#### UN SDGs and their targets





# CLIMATE-RELATED FINANCIAL DISCLOSURES



Climate change presents one of the most pressing challenges of modern times. Rising temperatures are fuelling environmental degradation, natural disasters, weather extremes, food and water insecurity, and economic disruption. **It is clear that business as usual is not good enough.**

HSS is committed to Climate-related Financial Disclosures (CFD) as set out in the UK Government 2022 regulations. We aim to be transparent to all our stakeholders on the risks we face and the way we strive to mitigate them. Using this format enables us to explain the process for responding to these challenges in a purposeful and comparable context. We have contracted the expertise of an independent ESG consultancy to aid us in our journey, as we continue to develop the methodology and coverage for targets and monitoring of risks and adaptation measures, as per our 2023 roadmap and onwards.

In this, our second disclosure based on the principles of TCFD, we are embedding climate-related considerations into our operations, under the management of our Board and the Executive Management Team (EMT). The report spans TCFD's four key elements: Governance, Strategy, Risk Management, and Metrics and Targets. This year, we have undertaken a range of activities that have strengthened our understanding and management of climate-related issues. Some of these activities include establishing processes and structures that align our climate governance to the TCFD recommendations, undertaking a scenario analysis of HSS sector and services to identify climate-related financial risks and opportunities and disclosing our broader carbon commitments.

While climate change is often viewed as a major risk, there is also business opportunity. The low-carbon transition creates opportunities for efficiency, innovation and growth. Our key strategic priorities are focused on the decarbonisation of our equipment fleet and collaborating with our suppliers to promote innovation and develop low-emissions technology.

## PLANNED IMPROVEMENTS TO CLIMATE-RELATED FINANCIAL MANAGEMENT IN 2024

We recognise that the management of climate change within a business is a relatively new practice globally, and integrating the financial impact of climate change on our business strategy will continually evolve. That is why at HSS we look to continuously improve our practices and capabilities; hence going forward we will undertake the following key actions, with the outputs integrated into our annual management accounts:

Review capabilities of governance and a more detailed gap analysis of ESG and climate change impacts on the business model.

Undertake further climate workshops with key HSS executives and cross-functions to validate the risks and opportunities of climate change on HSS's business model and strategy (short, medium and long term).

Develop and evolve a more detailed sector narrative on HSS's climate change.

Conduct a thorough socio-economic and physical modelling of HSS business. This would include selecting a relevant Impact Assessment Model and scenarios (e.g. NGFS, GCAM 5.3+ Net Zero Orderly, etc.).

These parameters would then be inputted into the financial model of the HSS business to identify the maximum financial impact for each scenario (Orderly, Disorderly and Hot House World) – this would include GDP, inflation, interest rate and any other key drivers (e.g. construction industry).

Focus on an assurance procedure for our risk management framework.

Review and update the targets and metrics for climate change management based on the above.



# CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

## GOVERNANCE

At HSS, we recognise that investors, consumers and the public are increasingly demanding more transparency on how companies are governed. This is especially the case when it comes to climate change, with a clear and scientifically supported consensus on the threat posed by a warming planet and a strong enthusiasm for the business community to step up and do its part. The targets and actions detailed here provide clarity on the steps HSS is taking within the organisation to respond to the climate emergency. During 2022 we integrated climate risk into our business model, ensuring that we have in place a strong and resilient corporate governance regime. A detailed overview of the governance structure for ESG and climate-related touchpoints across HSS are on pages 84-85, and Managing Climate Change Risks and Opportunities are on pages 88-89.

### BOARD LEADERSHIP

HSS has embedded oversight of climate-related risks at the highest level of our company. The Board is accountable for assessing and managing climate-related risks and opportunities, supported by the EMT and the Risk and Assurance Director. This reflects the urgency with which we believe the climate emergency should be addressed, and also the emphasis that we have placed on tackling it. This approach ensures that the implications of climate-related risks and opportunities are considered in all of our decision making, strategic planning and business continuity plans. Ultimately, whenever the Board or the Board committees meet, climate change is a standing agenda item. This includes periodic quarterly reviews of the performance of the Company's climate metrics and targets, which the CEO is responsible and accountable for.

### BOARD COMMITTEES

To support the Board in addressing climate impacts, HSS will utilise its various Board committees to support the gathering of information and data. The Audit Committee will provide oversight to climate-related risks using current climate data and associated financial data, for example data to support the financial implications of climate risks and opportunities. We have added the various elements of climate risk into Key Risk 11 as detailed on page 52 of the 2023 ARA, but in the future the various elements may either be integrated into our other principal key risk areas or added to a specific climate risk register as appropriate.

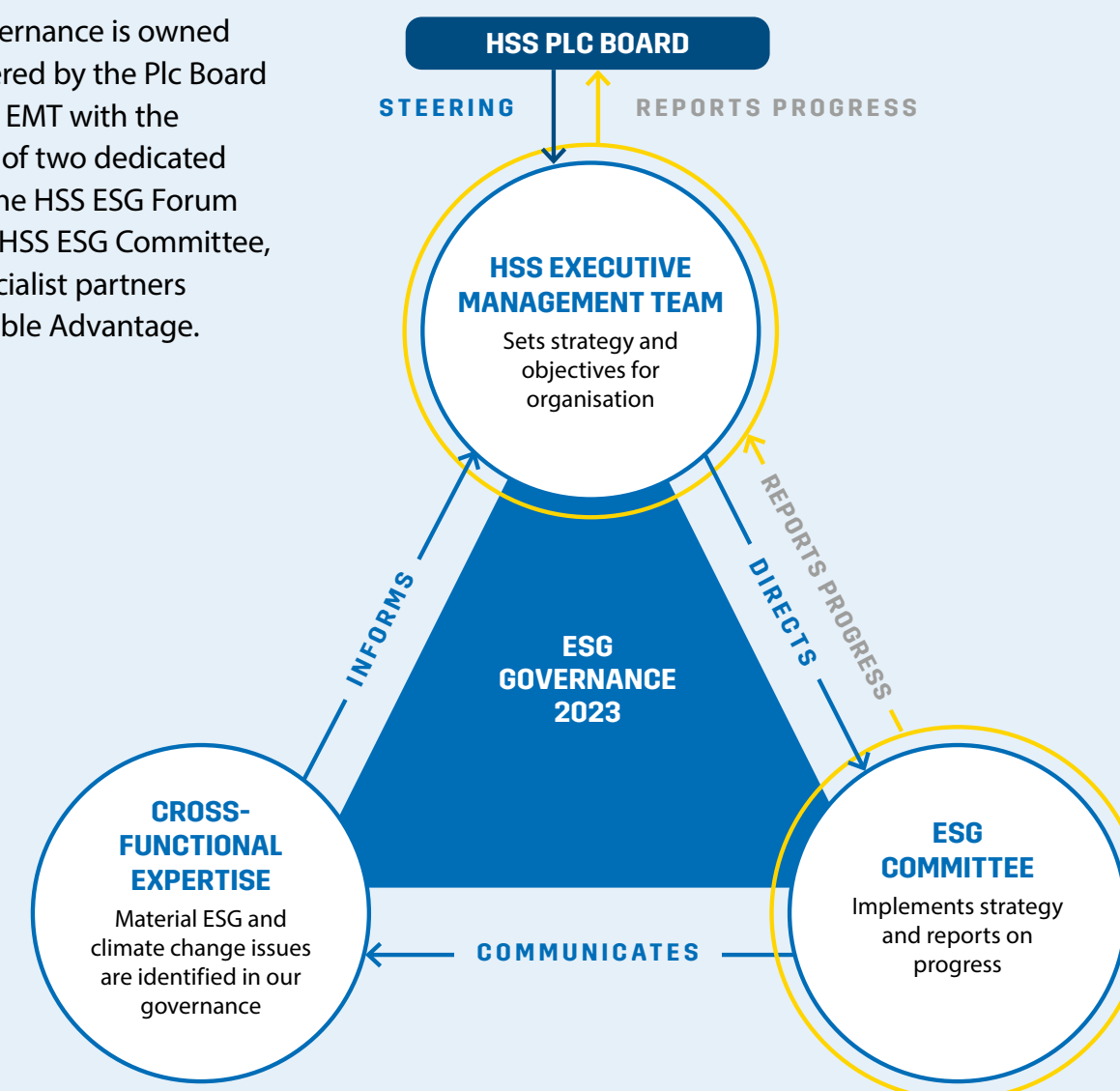
HSS's Remuneration Committee ensures that climate targets are embedded into our incentivisation scheme. This started in FY23 to include specific climate targets and goals in the management's incentivisation model and setting clear KPIs that impact executive compensation, promoting and rewarding sustainable value creation.

### MANAGEMENT-LEVEL OVERSIGHT

The EMT has overall responsibility for handling day-to-day risk management. The Group's risk register is maintained by HSS's Risk and Assurance Director and is reviewed on a quarterly basis, enabling the EMT to advise the Board on how the company should adapt its business strategy by considering climate change risks and opportunities, following the identification of these by the ESG Committee.

## EMBEDDING ESG GOVERNANCE THROUGHOUT THE GROUP

ESG governance is owned and steered by the Plc Board and HSS EMT with the support of two dedicated teams, the HSS ESG Forum and the HSS ESG Committee, and specialist partners Sustainable Advantage.



### ESG COMMITTEE (ESGC)

The ESGC's overarching purpose is to ensure that HSS delivers on its ESG-related improvement commitments and to report monthly on the Group's progress against these commitments. This Committee identifies the climate-related risks and opportunities and integrates these into the Group's risk register for the EMT to review and advise the Board on. For example, the identification of the opportunity arising from an 'increase in demand for climate change-related infrastructure equipment' was identified, with the potential impact assessed for the

EMT to review and advise the Board on. See Key Risks as detailed on page 52 of the 2023 ARA for a summary. The data came from two sources:

- Initially, recommendations from the Sustainable Advantage ESG Review (Dec 2021) and now the annual audits.
- Recommendations made by the monthly ESG Forum chaired by the CEO (established Q1 2022).

Note: we will consider the findings of our materiality assessment and on an ongoing basis will engage with stakeholders to capture their ESG-related requirements.



# CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

## CLIMATE-RELATED GOVERNANCE

The following table provides an overview of the ESG and climate-related governance touchpoints across HSS.

<div>THE BOARD</div> <div>BOARD SUB-COMMITTEES</div> <div>OPERATIONAL COMMITTEES</div> <div>ESG OPERATIONS</div>	<div>BOARD OF DIRECTORS</div> <div>Frequency: <b>MONTHLY</b></div> <div>Climate-related agenda frequency: <b>QUARTERLY</b></div> <div>Purpose and responsibilities related to climate-related issues:<ul style="list-style-type: none"><li>Oversees the Group’s overall Net Zero and sustainability approach.</li><li>Responsible and accountable for the Net Zero pathway, sign-off by the SBTi, ESG strategy and communication to all staff once a year.</li><li>Sets overall risk appetite. Accountable for climate-related issues within the organisation, considering impact on business strategy, reviewing material related to climate-related risks and approving any changes that are included in the Board pack on quarterly basis.</li></ul></div>	
	<div>AUDIT COMMITTEE</div> <div>Frequency: <b>QUARTERLY</b></div> <div>Climate-related agenda frequency: <b>QUARTERLY</b></div> <div>Purpose and responsibilities related to climate-related issues:<ul style="list-style-type: none"><li>Monitors the effectiveness of risk management and the control environment, reviewing and requesting detailed analysis on emerging risk areas, and directing and reviewing independent assurance.</li><li>Review of 11 risks across the business, (ESG including climate change is one of these).</li></ul></div>	<div>REMUNERATION COMMITTEE</div> <div>Embeds climate-related incentives into remuneration for senior leadership.</div>
	<div>EXECUTIVE MANAGEMENT TEAM</div> <div>Frequency: <b>MONTHLY</b></div> <div>Climate-related agenda frequency: <b>MONTHLY</b></div> <div>Purpose and responsibilities related to climate-related issues:<ul style="list-style-type: none"><li>Ensures effective input into the risk and climate change registers, setting the risk framework.</li><li>Discussion of Board paper related to the above points (e.g. sustainability strategy).</li><li>Overall responsibility for handling day-to-day risk management. Monitoring – The Risk and Assurance Director reports and meets with the EMT monthly to review the findings of risk-based assurance activity. Risk-based assurance work is then reported to the Audit Committee on a quarterly basis for review.</li><li>HSS’s Risk and Assurance Director maintains the Group’s risk register which is reviewed in detail by the EMT on a quarterly basis, with changes to the risk landscape, assessment and mitigating actions agreed.</li></ul></div>	
	<div>ESG COMMITTEE</div> <div>Frequency: <b>MONTHLY</b></div> <div>Climate-related agenda frequency: <b>MONTHLY</b></div> <div>Purpose and responsibilities related to climate-related issues:<ul style="list-style-type: none"><li>Monitors trends and developments, identifies ESG risks and initiatives and advises the Group Board on any required changes to the Group’s ESG strategies, goals and commitments.</li><li>Oversees and advises on environmental and social risks with a focus on climate risks and opportunities.</li><li>Advises on targets related to carbon emissions and offsetting.</li><li>Cross-functional expertise for the development of our ESG approach to ensure optimal outcomes for all stakeholders.</li></ul></div>	



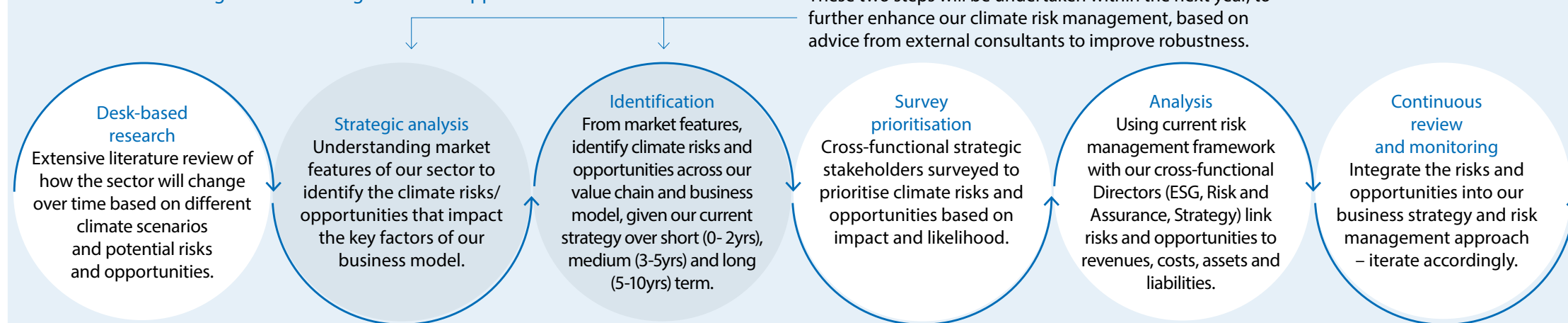
# CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

## RISK MANAGEMENT PROCESS FOR CLIMATE CHANGE

Our approach to managing material climate risks and opportunities is continuously evolving. Our initial approach was predominantly based on a literature review and internal engagement with the EMT to identify potential risks and opportunities as outlined in the following sections. The EMT was then surveyed to prioritise and identify the likelihood and financial impact on the HSS business model. We will next undertake a strategic analysis through a workshop and then in our next Group management report include the results of the stakeholder workshop (conducted internally and facilitated by external consultants). We will engage with our customers to determine key market features, allowing us to further update our climate-related risks and opportunities.

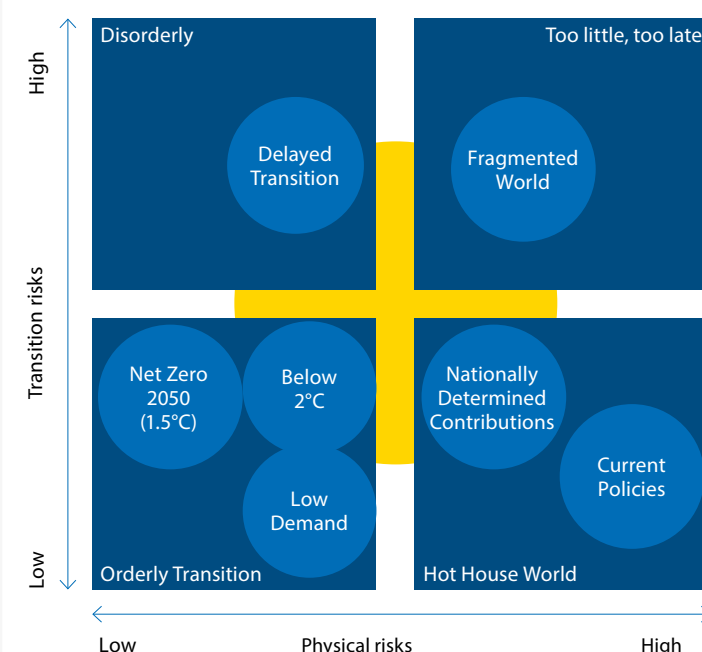
We recognise the need to improve our EMT's capability on climate change; therefore we will provide training to our senior leadership team to support our business' understanding of the management of climate-related risks and opportunities. Training will also be extended to those assessing risks to ensure a better understanding of risks, impacts and methods that can be used to mitigate or reduce the remaining residual risks.

### Identification of strategic climate change risks and opportunities



## CLIMATE SCENARIO ANALYSIS

### NGFS scenarios framework in Phase IV



We have undertaken our scenario analysis using the globally accepted climate models produced by the Network of Central Banks and Supervisors for Greening Financial Systems (NGFS). The NGFS framework provides a set of harmonised transition pathways that define policy, regulation and action around the decarbonisation transition and resultant global climate.

They are hypothetical constructs used to highlight critical strategic thinking rather than accurate predictions or forecasts. They represent bookends of plausible futures, not necessarily the most probable or desirable outcomes, and can be used to explore alternatives to current perspectives of 'business as usual', considering climate-related drivers, risks and opportunities.

For the transition risks and opportunities, we have used the two scenarios as below. These were chosen based on the Paris Climate Agreement pathway (<2°C) and a 'business as usual' scenario where temperatures are likely to continue on their current trajectory (>3°C) as a stress-test.

### ORDERLY TRANSITION SCENARIO

Lower physical risks and moderated transition risks. This pathway assumes that global climate action begins quickly, investment is upfront and with relatively little regional variation. These were chosen based on Paris Climate Agreement pathway (<2°C) and a 'business as usual' scenario where temperatures are likely to continue on their current trajectory (>3°C) as a stress-test.

### HOT HOUSE WORLD SCENARIO

The pathway assumes that some climate policies are implemented in some jurisdictions, but global efforts are insufficient to halt significant global warming. Critical temperature thresholds are exceeded, leading to severe physical risks and irreversible impacts such as sea-level rise.

## BUSINESS ASSUMPTIONS

### Business assumptions used in our analysis

As part of these climate scenarios we have assumed some key features across our scenarios; these include, but not limited to the following:

Landlord contracts have a degree of flexibility (not tied into long-term leases).

Multiple suppliers for same business stream.

Proactive management of our asset base.

Second-hand market for old fleet still exists.

Expansion of our greener offerings.

Construction market strength continues to grow in our service areas.



# CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

## MANAGING CLIMATE CHANGE RISKS

Our EMT previously emphasised the importance of strengthening our risk management approach in relation to broader ESG risks. We have introduced initiatives over the past few years seeking to manage these ESG-related risks and opportunities. For example, we have undertaken a full Net Zero and glide-path assessment with a target date of 2040, used renewable energy in our operations wherever possible, increased supply chain engagement and reduced carbon emissions on a like-for-like basis.

### INTEGRATING CLIMATE RISK MANAGEMENT INTO BUSINESS AS USUAL (BAU)

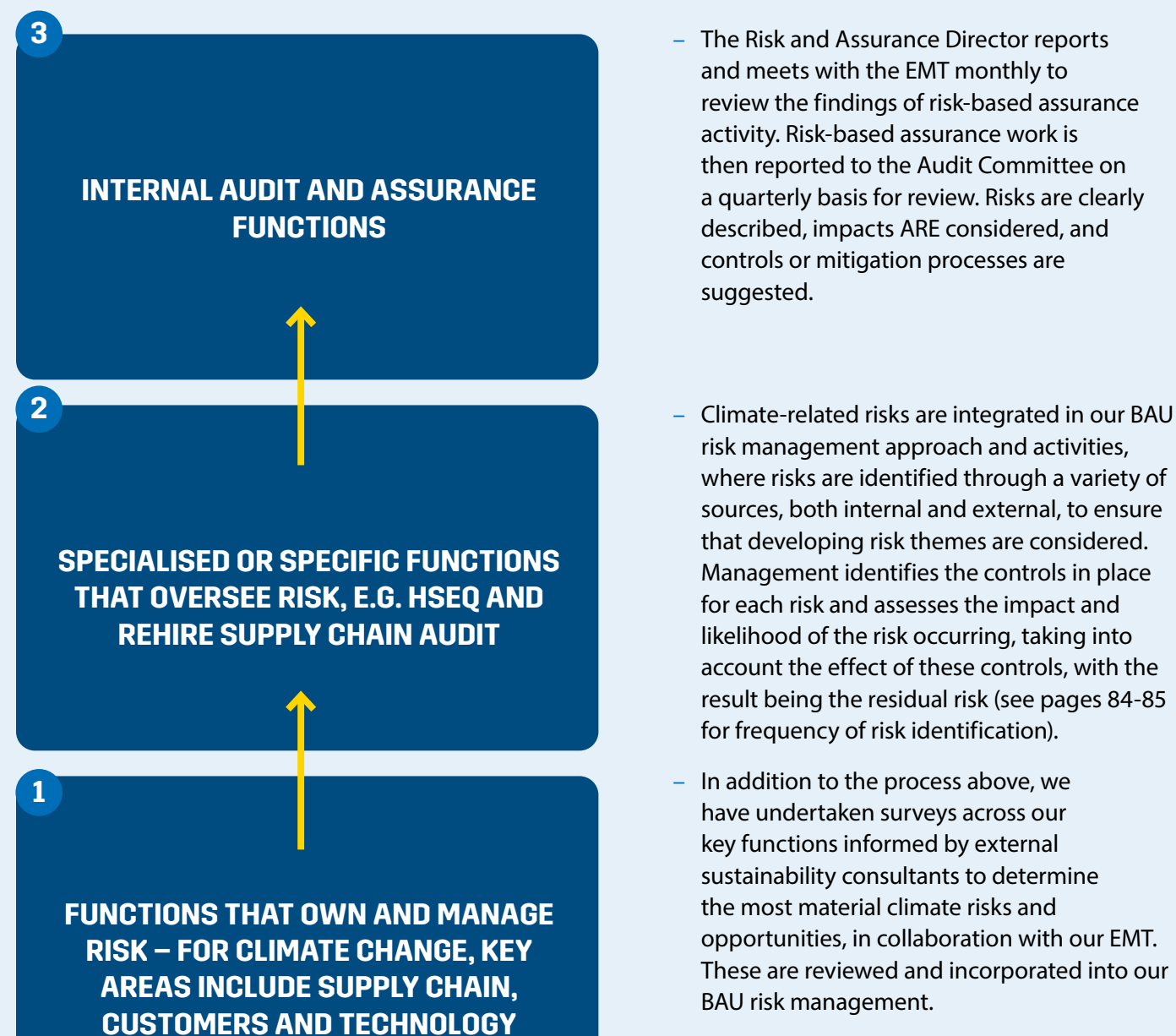
The Risk and Assurance Director is responsible for the risk management framework and risk register. Risks are clearly described, impacts are considered, and controls or mitigation processes are suggested.

- The Risk and Assurance Director reports and meets with the EMT monthly to review the findings of risk-based assurance activity. Risk-based assurance work is then reported to the Audit Committee on a quarterly basis for review.
- In addition to the process above, we have undertaken surveys across our key functions informed by external sustainability consultants to determine the most material climate risks and opportunities, in collaboration with our EMT.

## MANAGING CLIMATE CHANGE RISKS AND OPPORTUNITIES

### HSS LINES OF DEFENCE

In addition to the strong risk management framework, we have embedded risk management into our culture through HSS values, which are vital in us achieving our strategy as well as mitigating the risks associated with it. The diagram below shows our three lines of defence and how climate change is integrated into this approach.



### THE BOARD

- The Board has overall responsibility for the business strategy and managing the risk associated with its delivery, setting the risk appetite, tolerance and culture to achieve goals.

### AUDIT COMMITTEE

- The Audit Committee plays a key supporting role through monitoring the effectiveness of risk management and the control environment, reviewing and requesting detailed analysis on emerging risk areas, and directing and reviewing independent assurance.

### EXECUTIVE MANAGEMENT TEAM

- The EMT has overall responsibility for day-to-day risk management. The HSS Risk and Assurance Director maintains the Group's risk register, which is reviewed in detail by the EMT on a quarterly basis, with changes to the risk landscape, assessment and mitigating actions agreed.

### ESG COMMITTEE

- Informed of risk and opportunities, to proactively mobilise management to address/mitigate impacts.
- Quarterly ESG risk reviews instigated to ensure the Group's progress on its journey to Net Zero.



# CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

## STRATEGY AND RISK

### OUR STRATEGY IS TO FOCUS ON THREE KEY OBJECTIVES:

- 1 Continue to enhance our technology to meet the requirements of customers and suppliers alike, ensuring fast and frictionless user journeys, making equipment hire easier and less costly.
- 2 Grow our business organically without the deployment of incremental capital investment in fleet, in turn enhancing availability for customers and returns for suppliers.
- 3 Create further differentiation by enhancing our technology, whilst at the same time broadening and deepening our supplier network to drive greater availability and customer retention.

A comprehensive risk review is conducted annually in relation to climate-related risks and opportunities that could impact HSS’s strategy and financial planning across the operations under different climate scenarios, and to identify any new events arising. This is centralised at Group level, with risks and opportunities identified at Group level for all subsidiaries. The Scope of this review includes our UK geography in which we operate and key segments of the equipment rental market, including individual customers, SMEs and larger customers. The review identified ten transition and five physical potential risks and opportunities.

When assessing the potential risks and opportunities across our business, the impacts are recognised to be proportional over time, as both the weather and market change as a result of climate change. Given our operations are UK and Republic of Ireland only, the likelihood of several climate-related risks occurring simultaneously is moderate and those identified are unlikely to impact short-term finances or the ability to operate in a business as usual state. The risks and opportunities are considered over the short, medium

and long term, referring to when the risk is likely to have an impact.

- Short term (0-2years)  
Aligns to HSS’s immediate pipeline of projects, contracts and current asset investments and their associated climate-related risks and opportunities.
- Medium term (3-5 years)  
Aligns to longer-term projects and investments decisions with risks driven by government policy, infrastructure needs and market conditions.
- Long term (5-10 years)  
Focuses on factors that could impact HSS’s business plans, and longer-term strategy and business resilience.

### SURVEY PRIORITISATION

Cross-functional strategic stakeholders were surveyed to prioritise climate risks and opportunities based on impact and likelihood.

When determining future risks and exposure to HSS’s business, two future scenarios have been considered. The first is a 1.5°C climate scenario representing a transition to a low-carbon economy. Risks and the associated timeframes are more immediate, with the potential for accelerated policy changes and changing technology demands in favour of this transition. The second is a 4°C emission scenario pathway where the impact of climate change on physical risks in the UK would have a much greater impact on the business. The transition risks of failing to set and meet appropriate ESG goals are detailed on pages 94-95. They include adverse reputational impact with stakeholders, limiting our ability to trade with customers thus leading to revenue reduction, deterring people from joining the business and affecting attractiveness to investors. Regulatory changes that impact the use of higher-emission equipment, transport methods or services would be detrimental to higher emission areas of the business and associated revenue streams. Emissions

credentials may become more valuable to clients, customers and investors, leading to potentially higher administration costs and negatively impacting HSS’s competitive advantage. It is also possible that low-carbon technologies could be operationally less profitable and/or customers continue to use high-emission products.

In the medium term, risks include strain on supply chains impacting the ability to provide low-emission technology. Also increased competition for low-emission equipment could cause acquisition difficulties such as longer lead times. This could result

in loss of revenue and loss of competitive advantage. Physical risks include increased flood risk to key sites or locations prone to flooding causing disruption to business operations ability to deliver provide services and the return of equipment.

In the longer term, damage to sites, assets and equipment with increasing summer temperatures and hottest days could put the workforce at greater health risk. We have detailed these risks, impact, timeframe, mitigation actions and opportunities on pages 92 and 93. We have also summarised the top-rated risks and opportunities on pages 94-97.

### NETWORK FOR GREENING THE FINANCIAL SYSTEM (NGFS) CLIMATE SCENARIOS OVERVIEW

Category/Future scenario	Orderly Net Zero 2050	Hot House World
<b>SUMMARY</b>	An ambitious and coordinated transition to low emissions, 1.5°C	Only current policies are preserved. Inwardly focused and climate-related targets out of focus.
<b>TRANSITION RISKS</b> NGFS socio-economic model (GCAM) – potential scenario could use going forwards	NGFS GCAM 5.3+ Net Zero 2050 +NIGEM NGFS v1.22	NGFS GCAM 5.3+ Current policies +NIGEM NGFS v1.22
<b>PHYSICAL RISKS</b> Climate model (IPCC) and equivalent	Global Temperature increase by 2100: 1.5°C Model: SSP1-1.9 (RPC 2.6)	Global Temperature increase by 2100: >3°C Model: SSP3-7.0 (RPC 8.5)
<b>POLICY REACTION</b>	Immediate and smooth	Low
<b>TECHNOLOGY CHANGE</b>	Fast change	High
<b>CARBON DIOXIDE REMOVAL</b>	Medium to high use	Low
<b>REGIONAL POLICY VARIATION</b>	Medium to low use	High variation

NGFS GCAM & +NIGEM are multiple human and physical earth systems models & scenarios which have been brought together.



# CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

Key ● Opportunity ○ Risk

## TOP-RATED CLIMATE-RELATED RISKS AND OPPORTUNITIES IN OUR STRATEGY

This page outlines the key risks and opportunities we have identified that may potentially impact our business and strategy over the short and medium term (next five years). Further information is found on pages 94-97 where the potential and actual impacts (minor, moderate and major) are defined. Note: we continue to monitor potential inputs to assess likely impacts.

Risk and opportunity theme	Shortlisted opportunity/risk	Potential impacts to the business	Mitigation/Action
<b>EXPAND EXISTING REVENUE STREAMS FROM SUSTAINABLE CONSTRUCTION</b>	<ul style="list-style-type: none"> <li>– Opportunity to increase demand for climate change-related infrastructure equipment.</li> <li>– HSS is in a strong position to establish early supplier relationships, strengthening the ability to deliver new technology to new market segments.</li> </ul>	<ul style="list-style-type: none"> <li>– Increase revenue through target segments.</li> <li>– Create further differentiation by enhancing our technology.</li> <li>– HSS can become a market leader in low-emission technology, giving customers greater choice coupled with development of new areas of growth.</li> </ul>	<ul style="list-style-type: none"> <li>– Understand regulatory requirements and establish 'bridging and buffering' with suppliers, ensuring strong communication during physical climate events and having reserve suppliers as back-up.</li> </ul>
<b>TRANSITIONING OF PRODUCTS AND TECHNOLOGY TO LOWER-EMITTING ALTERNATIVES</b>	<ul style="list-style-type: none"> <li>– Opportunity to become a market leader in low-emission technology with potential new areas of growth.</li> <li>– Low-carbon technologies may be operationally less profitable and/or customers continue to use high-emission products.</li> <li>– Potentially higher admin costs and negative impact on competitive advantage if difficult to fulfil the demand.</li> </ul>	<ul style="list-style-type: none"> <li>– Increase in demand for climate change-related infrastructure equipment.</li> <li>– Short-term loss of revenue from current business areas if customers continue to demand high-emission products no longer provided by HSS at historical levels.</li> </ul>	<ul style="list-style-type: none"> <li>– Through surveys, understand customer preferences and develop low-carbon products and services, ensuring the HSS corporate strategy aligns with climate change mitigation and adaptation including optimising supply chain sustainability, transitioning to renewable energy sources and assessing operations and vulnerabilities.</li> </ul>
<b>INCREASED SEVERITY OF WEATHER EVENTS</b>	<ul style="list-style-type: none"> <li>– Opportunity for HSS to provide products and support services to regions affected by increased flooding.</li> <li>– Physical risks include strain on supply chains impacting the ability to provide low-emission technology, increasing the difficulty of acquisition or longer lead times.</li> <li>– Increased flooding risk to key sites or locations prone to flooding.</li> </ul>	<ul style="list-style-type: none"> <li>– Increase revenue through this target segment.</li> <li>– Loss of revenue and loss of competitive advantage.</li> <li>– Disruption to business operations' ability to deliver or provide services and the return of equipment.</li> <li>– Strain on supply chains impacting the ability to provide low-emission technology.</li> </ul>	<ul style="list-style-type: none"> <li>– Conduct risk assessments around physical risks to operations; ensure the strategy includes adaptation planning using the scenarios detailed in the TCFD Report; and ensure that supply chain management is cognisant of the infrastructure upgrades necessary for increased physical risk.</li> </ul>
<b>SUPPLY CHAIN</b>	<ul style="list-style-type: none"> <li>– Greater stakeholder interest in product, LCA and emissions data, compounded by supply chain moving slowly to provide relevant data. Provides HSS with an opportunity to become market leader in automated "real-time" customer reporting.</li> <li>– Emissions credentials will become more valuable to clients, customers and investors. Potentially higher administration costs and negative impact on HSS competitive advantage if we cannot fulfil these important emerging CO<sub>2</sub> needs.</li> </ul>	<ul style="list-style-type: none"> <li>– Customers may exclude certain competitors who cannot provide this CO<sub>2</sub> &amp; ESG related data.</li> <li>– Reduced revenues in certain product lines where emissions data is not available to show impacts.</li> </ul>	<ul style="list-style-type: none"> <li>– Deploy &amp; develop the in house carbon reporting data &amp; tools to further reduce risk &amp; improve competitive advantage.</li> <li>– Continue to work with supply chain partners to improve complete upstream transparency and the new customers requirements to receive this important ESG data.</li> </ul>












# CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

## TRANSITIONAL AND PHYSICAL RISKS

The below analysis highlights transition risks recognised by HSS in four key areas: Policy, Technology, Market and Reputation. It also considers the impact of these risks on the business and the timeframe when this can be considered material to HSS.

HSS's operations are based in the UK and Republic of Ireland, with branches, customer distribution centres and facilities located across the country. Many of HSS's primary suppliers are also located within the UK&I. As a result of this, material physical risks mirror those expected in the UK&I as a whole in future scenarios. The impacts of climate change are already being seen within the UK&I with increased flooding and hotter summers. A 4°C future scenario pathway considered here highlights that current physical risks at UK locations will become further exacerbated as a result of climate change. As such, the timeframe where this becomes more material to HSS in addition to current physical risks is by 2050, a longer interval than the more immediate transition risks.

Key	Timeframe	Medium to long	Long to very long	Change in risk	Impact	Moderate Financial	Catastrophic Financial
	Short			UP ↑	Financial <£100k	£500k-£2m	>£10m
	Medium			FLAT ↔	Minor Financial £100k -£500k	Major Financial £2m-£10m	
				DOWN ↓			

	Risks	Impacts	Residual risk/opp: Short, medium and long term	Max financial impact (scale)	Business readiness/ mitigating activities
POLICY AND LEGAL	 Further regulatory changes that impact the use of higher-emission equipment, transport methods or services.	This would only impact higher-emission areas of the business and associated revenue streams. This could also cause equipment and services such as diesel fuels and generators to become obsolete.	MEDIUM	Major	- Continuous research of any anticipated or new regulatory requirements.
	 Greater stakeholder interest in emissions reporting compounded by some limitations in the availability and relevance of historical data within the supply chain and the understanding of the relationship between climate and traditional financial risks.	Emissions credentials will become more valuable to clients, customers and investors. Potentially higher administration costs and negative impact on HSS competitive advantage if we cannot fulfil.	MEDIUM	Moderate	- HSS is at the forefront of reporting and has a track record of disclosure around its impacts.
TECHNOLOGY	 Low-carbon technologies could be operationally less profitable and/or customers continue to use high-emission products.	Loss of revenue from current business areas if customers continue to demand high-emission products no longer provided by HSS at historical levels. This will be less likely in the low-carbon economy scenario as a result of policy and regulatory changes.	SHORT	Major	- HSS is well positioned to balance the transition from high-to low-emissions products.
	 Strain on supply chains impacting the ability to provide low-emission technology.	Increased competition for low-emission equipment, increasing the difficulty of acquisition or longer lead times. This could result in loss of revenue and loss of competitive advantage.	MEDIUM	Moderate	- A focus on supply chain 'bridging and buffering'.
MARKET	 Increased energy and fuel prices could negatively impact demand for fuel-based products.	Increased fuel and energy costs could impact returns on fleet associated with fuel-based products.	MEDIUM	Moderate	- HSS can focus on customer demand.
	 Changes to costs for products and services, with focus on low-emission technology.	Potential for increased costs to customers if energy and new technology requirements pass through the value chain.	SHORT/MEDIUM	Major	- The market may resist these increased costs being passed on.
REPUTATION	 The Company not meeting Science Based Targets (SBTs) and/or Net Zero commitments to reduce emissions.	A negative public image arising from issues related to ESG and climate change results in reduced demand for products and services. Impact extended to other stakeholders, investors and ratings agencies and reputation decreases as a result.	MEDIUM	Major	- HSS is committed to the emissions reduction targets and has a strategy in place and robust governance.
ACUTE	 Increased flooding risk to key sites or locations prone to flooding.	Disruption to business operations, ability to deliver or provide services and return of equipment. Damage to sites, assets and equipment.	SHORT/MEDIUM/LONG	Minor	- Business Continuity Plan and Disaster Recovery Planning ensure that HSS has contingency plans for flooding – new sites are less vulnerable because of careful selection.
CHRONIC	 Increasing weather extremes (e.g. UK summer temperatures and hottest days).	This could put the workforce at greater health risk.	SHORT/MEDIUM/LONG	Minor	- H&S at HSS is paramount. Systems and procedures are in place to ensure that colleagues are well cared for in all conditions.












# CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

## CLIMATE-RELATED OPPORTUNITIES

There are also opportunities that are brought about by the transition to a low-carbon economy and the changing physical environment over the longer term. These have been recognised and highlighted below.

Key	Timeframe	Medium to long	Long to very long	Medium	Change in risk	Impact	Moderate Financial	Catastrophic Financial
Timeframe	Short	Medium to long	Long to very long	Medium	Change in risk	Impact	Moderate Financial	Catastrophic Financial
Change in risk	UP ↑	FLAT ↔	DOWN ↓					
Impact	Insignificant Financial <£100k	Minor Financial £100k -£500k	Major Financial £500k-£2m	Catastrophic Financial >£10m				

	Opportunity	Impacts	Residual risk/opp: Short, medium and long term	Max financial impact (scale)	Business readiness/ mitigating activities
POLICY AND LEGAL	 Regulatory changes to the use of high-emission technology or transport methods.	Opportunity to proactively implement ahead likely policy changes and secure new business areas for HSS.	MEDIUM	Major	<ul style="list-style-type: none"> <li>Deploy and evolve sustainable procurement and tracking policy.</li> <li>Greener alternative products classified.</li> </ul>
	 Opportunity to highlight emissions reporting completed throughout the value chain to stakeholders and action taken to mitigate climate change.	Emissions credentials and reduction targets will become more valuable to clients, customers and investors. This is an area where HSS can add value can and maintain its position as a leader.	MEDIUM	Moderate	<ul style="list-style-type: none"> <li>Greener alternative products classified.</li> <li>Mix of fuel sold through high-voltage output (HVO) generators.</li> </ul>
TECHNOLOGY	 Increased demand for products and services with lower emissions and associated drop in demand for emissions-intensive counterparts.	HSS can become a market leader in low-emission technology, giving customers greater choice coupled with development of new areas of growth.	LONG	Moderate	<ul style="list-style-type: none"> <li>Greener alternative products classified and continue to grow our greener fleet.</li> </ul>
	 Supply chain opportunity to secure relationships with low-emission technology providers.	HSS can establish early supplier relationships, strengthening the ability to deliver new technology.	LONG	Moderate	<ul style="list-style-type: none"> <li>Deploy and evolve sustainable procurement and tracking policy.</li> <li>Engage with suppliers proactively to develop a greener ecosystem.</li> </ul>
	 Investment in low-emission technology.	Investment in this area allows for the ability to meet customer demand, emissions reduction targets and climate-related goals.	LONG	Minor	<ul style="list-style-type: none"> <li>Decarbonisation of low-emitting operations.</li> <li>CapEx budget allocated to sustainable products by 2025.</li> </ul>
MARKET	 Increased fuel prices and price volatility affect operational costs and financial exposure.	Migration away from fuel dependency reduces exposure to fuel price fluctuations in the future.	MEDIUM	Moderate	<ul style="list-style-type: none"> <li>Mix of fuel sold through HVO generators.</li> <li>Increased use of EVs (on track; fleet delay in global supply chain).</li> </ul>
REPUTATION	 The Company can become an industry/sector leader in climate reporting.	Enhances HSS's positive reputation, increasing the ability to retain and grow customer base with emphasis on lower-emission technology.	LONG	Major	<ul style="list-style-type: none"> <li>Deploy and evolve sustainable procurement and tracking policy.</li> <li>Greener alternative products classified.</li> </ul>
ACUTE	 Increased flooding risk to UK locations that are prone to flooding.	HSS can provide products and support services to regions affected by increased flooding.	LONG	Minor	<ul style="list-style-type: none"> <li>Greener alternative products classified by 2025 (including products that help mitigate/adapt to climate change).</li> </ul>
	 Increasing UK summer temperatures and increasing number of record breaking 'hottest days recorded'.	The Company can provide products and support services to regions affected by increasing temperatures .	LONG	Minor	<ul style="list-style-type: none"> <li>Greener alternative products classified by 2025 (including products that help mitigate/adapt to climate change).</li> </ul>



# CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

Key

Timeframe

Near term

Medium term

## TARGETS

HSS has set a near-term SBT to reduce our Scope 1, 2 and 3 emissions in line with the SBTi’s Net Zero Standard. We have committed to reducing absolute Scope 1 and 2 GHG emissions by 46.2% by 2030 from a 2019 base year. In particular, we commit to increasing annual sourcing of renewable electricity from 7.6% in 2019 to 100% by 2030. This is aligned with a 1.5°C emissions pathway. To go further, we have also committed to reducing absolute Scope 3 GHG emissions by 27.5% by 2030 from a 2019 base year. These commitments are aligned with a well below 2°C emissions pathway. As a Group, we are committed to reaching Net Zero by 2040 and in line with the Net Zero Standard will be setting long-term SBTs in the near future.

Our decarbonisation pathway includes targets that cover every Scope and category of GHG emissions, with notable targets for our transport fleet, fuel generators, energy, and waste consumption. By 2030, we aim to move 60% of our company car fleet to EV and 35% of commercial fleet to electric and/or low-carbon alternative fuel. We aim to install EV charging points at a minimum of 30 CDCs by the end of 2030. Our largest category of Scope 3 GHG emissions is from the use of fuel generators (including the fuel) and therefore we aim to ensure that 26% of fuel used for generators comes from low-carbon alternative fuels and 15% of generators on hire are hybrid. By 2030, we commit to reducing our energy consumption by 30% per site and our general waste consumption by 50%, along with achieving 70% reuse and recycling rate across all our sites.

In the medium to long term, we aim to establish an internal carbon price along with long-term SBTs.

To respond effectively, we must ensure that ESG-related risks are well understood across our organisation, and that we are able to evaluate progress against goals and measure success. That is why, since 2021, we have conducted a thorough review of our overall ESG performance and maturity across our whole business. We appointed an independent ESG consultancy to undertake a comprehensive assessment conducted by an external assessor, spanning over 90 ESG areas, providing us with a detailed overview and benchmark of our overall ESG maturity with tailored recommendations to improve performance in each critical area.

We have developed an additional number of KPIs that will help us in the short to medium term to improve the management of climate-related risks and opportunities across our business. The disposal of the Power business in FY24 does not materially impact the 2023 targets and the reporting for ESG. For GHG emissions there is no change as the Power business will be included under Scope 3 in the future. For the other measures, in the future a restatement will occur as reporting is on a like for like basis.

Target	KPI	Relevance of KPI to business model (name-check climate risk above)	Monitors and assesses performance of KPI (incl. frequency)
<b>ACCURATE MODELLING OF CLIMATE SCENARIOS ON HSS’S BUSINESS MODEL</b> <div></div>	No. of risks/ opportunities modelled	Undertake more detailed financial modelling of climate risks using NGFS scenario IAMs socio-economic parameters. This will provide verification of the financial impacts of the transitional related risks and opportunities.	– ESG Managing Director will be responsible for updating the model every three years or whenever there are significant changes to the business model.
<b>SUPPLY CHAIN AND CLIENT ENGAGEMENT</b> <div></div>	% of key suppliers engaged  % of key clients engaged	Suppliers and clients engaged to understand changing market landscape to inform our CapEx investment profile of equipment.	– ESG Managing Director on an annual basis
<b>DECARBONISATION OF ASSETS</b> <div></div>	% of assets that are categorised as low-emitting sources	Working with suppliers that have higher emitting intensity equipment to decarbonise our assets.	– ESG Managing Director on an annual basis
<b>STRANDED ASSETS</b> <div></div>	No. assets that are categorised as ‘high risk’ by stranded assets	Categorise equipment into high to low profile of potential/likelihood of stranded assets and what % is/is not Net Zero aligned (e.g.100% electric).	– ESG Managing Director on an annual basis



# CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

## METRICS

HSS has set the following metrics and targets on a like-for-like basis to reduce exposure to climate-related risks (see box to right).

HSS is in the process of developing climate-related risks metrics associated with water, energy, land use, waste management and pollution where relevant and applicable. In FY21/22, we worked to develop a baseline for a range of metrics including GHG emissions, energy, and waste management.

In FY24, we are planning to expand the metrics that have a baseline, such as water, land use/biodiversity and pollution. Additionally, we are beginning to assess and measure the climate-related opportunities and the resulting revenue earned from low-and zero-emissions equipment.

## GHG EMISSIONS DISCLOSURE

At HSS, we use the Greenhouse Gas Protocol methodology to calculate our GHG emissions, which allows for aggregation and comparability across organisations and jurisdictions. From a 2019 base year, our historical GHG emissions disclosures will now also include Scope 3 emissions. A full overview of our GHG emissions and energy consumption data for 2023 through to 2019 base year can be found in the table. All our targets and disclosures clearly specify the timeframe by which they will be realised, 2030, and the base year of 2019 against which they are measured.

We received a request from stakeholders to align with GRI reporting. At the time of the time of going to print we are preparing a supplementary GRI Content index which will be available in due course from our website, [see link here](#)

Performance metric	Unit	2023	2022	2021	2020	2019	Notes
<b>GHG EMISSIONS</b>							
Total direct emissions (Scope 1)	metric tonnes (t) CO <sub>2</sub> e	9,385	10,083	9,821	9,787	12,386	Grey fleet mileage increased due to YoY business volume Increase
Total indirect emissions (Scope 2) – location based	metric tonnes (t) CO <sub>2</sub> e	1,255	1,011	1,312	1,965	3,073	5 extra sites have come into scope late 2023 driving 100% of the increase YoY
Total indirect emissions (Scope 2) – market based	metric tonnes (t) CO <sub>2</sub> e	108	6	188	–	2,840	5 sites have come into scope that will transfer to green contracts by 2025
Value chain emissions full (Scope 3)	metric tonnes (t) CO <sub>2</sub> e	137,399	149,423	53a	48a	147,101	
Total Gross carbon emissions	metric tonnes (t) CO <sub>2</sub> e	148,038	160,517	11,133a	11,752a	162,560	
Total Net carbon emissions	metric tonnes (t) CO <sub>2</sub> e	146,892*	159,513	10,010a	9,835a	162,328	*Number differs versus ARA through rounding correction
GHG intensity	tCO <sub>2</sub> e/£m rev (1&2)	3.90	3.38	4.77	4.18	10.44	Ratio based Scope 1 & 2 only. 5 sites moved into scope that will transfer to green contracts by 2025
GHG intensity (All Scopes Full)	tCO <sub>2</sub> e/£m rev (Full)	419	479	– b	– b	528	
<b>ENERGY CONSUMPTION</b>							
Total energy consumption	kilowatt hours (kWh)	6,212,302	5,842,499	6,904,183	9,428,951	11,806,259	Includes total electricity and gas
Total electricity	kilowatt hours (kWh)	5,605,168	5,227,177	6,177,136	8,921,521	11,079,212	5 extra sites have come into scope late 2023 driving 100% of the increase YoY
Total renewable electricity	kilowatt hours (kWh)	5,083,615	5,193,587	5,290,355	8,921,521	232	
Total gas	kilowatt hours (kWh)	607,134	615,322	727,047	507,430	727,047	
Total propane	kilogrammes (kg)	12,156	14,550	15,282	15,876	28,032	
<b>WASTE</b>							
Total waste consumption	metric tonnes (t)	1,322	3,500	1,094	1,033	1,522	2022 data includes catch-up from 2021
Diverted waste	metric tonnes (t)	655	1,568	647	652	919	2022 Slicker recycling catch-up from 2021
Landfill waste	metric tonnes (t)	126	107	123	94	147	
Recycled waste	metric tonnes (t)	381	1,718	216	240	393	2022 Slicker recycling catch-up from 2021
Reused waste	metric tonnes (t)	12	27	9	2	0	
Total reusable processed fuel oil	metric tonnes (t)	73	80	99	46	63	
Total hazardous waste (waste oil)	litre (l)	74,800	81,200	101,170	97,700	111,100	
Total waste to energy (incineration)	percentage (%)	50%	45%	57%	63%	60%	
Total waste to Landfill	percentage (%)	10%	3%	7%	9%	10%	
Total waste recycled	percentage (%)	34%	49%	31%	23%	26%	
Total reused waste	percentage (%)	0.9%	0.8%	0.5%	0.2%	0.0%	
Total processed fuel oil	percentage (%)	6%	2%	5%	4%	4%	
Landfill diversion rate	percentage (%)	90%	97%	93%	90%	90%	2022 impacted Slicker catch-up in 2021

a 2020 and 2021 Partial Scope 3 based on Streamlined Energy and Carbon Reporting (SECR) only.

b Data not calculated for these years due to Covid.

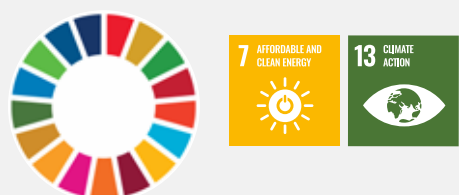
“-”= New KPI or Not recorded in the previous period.

Note: 2019 is the base year where full Scope 3 calculations have been completed, 2019 Gross, Net emissions and GHG intensities were rebased with SBTi due to divestitures in 2021.



# CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

## METRICS CONTINUED



### OUR FOCUS SUB-GOALS

#### SDG No.

7.2 Target – 100% renewable electric by 2025

Achieved 100% in 2022. In 2023 new sites came into scope that will also transition

13.1 Target – ESG and climate change risks integrated into Company risk management process

This was achieved early together with a voluntary TCFD submission in December 2022

### HOW WE ARE CONTRIBUTING

To see a more detailed overview of our 2040 Net Zero plan and how we are engaging with all our stakeholders Please also see ARA for [further details](#).

Performance metric	Unit	2023	2022	2021	2020	2019	Notes
<b>SOCIAL PERFORMANCE</b>							
Total number of employees	FTEs and PTEs	2081	2027	1903	2330	2603	
Gender – female/total	% based on headcount	19%	16%	12%	15%	15%	Group-level data
Pay gap (mean)	percentage (%)	–16%	–10%	–10%	–1%	–1%	Group-level data
Pay gap (median)	percentage (%)	–3%	–4%	–8%	–7%	–7%	Group-level data
Ethnicity/total	% based on headcount	10%	11%	10%	10%	11%	
Colleague engagement score	percentage (%)	74%	75%	76%	75%	72%	
Total Recordable Frequency Rate (RIDDOR)	frequency rate	0.06	0.02	0.12	0.04	0.2	
Total number of RIDDORS	RIDDORs per FY	3	1	5	2	11	
Safety observations	logged observations	16,565	20,571	23,814	8,020	601	
Net Promoter Score	NPS score	–	44	38	44	45	FY23 data not available at time of print
Training courses delivered (all types)	number of courses delivered	25,305	23,203	21,489	–	–	Local reporting prior to 2021
Training hours (all colleagues, all types)	total number of hours	43,004	33,721	24,261	–	–	Local reporting prior to 2021
Training hours per colleague	average per colleague	21.0	16.2	11.9	–	–	
MyPerformance reviews completed	ratio % complete	73%	–	–	–	–	KPI added 2023 ratio of total HC
<b>GOVERNANCE</b>							
Training mandatory, standards compliance	% courses up to date	88%	87%	84%	–	–	
Whistleblowing incidents reported	incidents reported	3	5	1	5	9	
Supplier audits (ESG elements)	total number of audits	250	311	–	–	–	311 = 88% published in last report
Total number of audits (c/w ESG elements)	number of audits	250	311	–	–	–	New 2022 and evolving KPI
Tier 1 (ProPlatinum)	ratio % complete	94%	–	–	–	–	New 2023 and evolving KPI
Tier 2 (ProGold)	ratio % complete	74%	–	–	–	–	New 2023 and evolving KPI
Tier 3 (ProSilver)	ratio % complete	41%	–	–	–	–	New 2023 and evolving KPI
Tier 4 and 5 (Bronze and Approved)	ratio % complete	56%	–	–	–	–	New 2023 and evolving KPI
Total targeted audits	ratio % complete	68%	88%	–	–	–	New 2022 and evolving KPI
Dedicated budget for ESG (non-product)	budget allocated FY £k	245	146	119	110	–	Excluding Product CapEx
Dedicated headcount for ESG	Full time headcount FY	3	2	1	0.5	–	

Note: ProApproved to ProPlatinum refers to a new 2023, 5-tier supplier tiering (including ESG maturity elements).












# CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

## METRICS VS NEAR TERM TARGETS BY SDG

**KEY**

● Ahead of target   ● On target/track  
○ Off track, correction needed

Subject	Material issue	Core SDG	SDG No.	2030 near-term commitments/targets		2023 performance	Status	Commentary
CLIMATE ACTION AND RENEWABLE ENERGY	Climate change		13.1	100%	Climate risks added to Group risk management framework	100%	●	Running since voluntary submission in 2022
	GHG reduction		13.2	26%	Reduction in GHG Scope 1 & 2 operations (45% by 2030)	38%	●	2023: 26% is glide-path, ahead of trajectory
				7%	Reduction in GHG Scope 3 (27% by 2030)	7%	○	2023: 7% is glide-path, on trajectory
				100%	Near-term and Net Zero 2040 SBTi validated	100%	●	Completed in May 2023
	Promote the use of greener products and energy		7.2	100%	Electricity is procured from 100% renewable energy sources by 2025	98%	●	100% of sites completed in 2022. Q4 2023 5x new brown sites came into scope, will now transfer to green contracts
		7.a	40%	Company fleet to electric by 2025	27%	●	Pandemic slowed vehicle supply chain, still on track with orders placed 2024	
OUR COLLEAGUES AND OUR COMMUNITIES	Colleague well-being and engagement		3.4	100%	Continuous evolution of our colleague well-being programme	100%	●	In line with 2023 ESG maturity path action plan
			3.4	>70%	Maintain high colleague engagement levels	74%	●	Good take-up and feedback in 2023
	Health and safety		3.9	>2 >16	Targeting zero RIDDOR environment Reduce the number of Lost Time safety incidents	3 9	○ ●	2023: one more than 2022, actions in place 2023: 56% reduction over 2022
	Apprenticeships		8.6	>30	Targeted pipeline of new apprentices enrolled	42	●	Strong talent pipeline enabled over achievement
	Equality, Diversity & Inclusion (DE&I)		8.5	25% 0%	Total ratio of female colleagues by end of 2025 Continue gender pay gap reporting	19% -2%	● ●	Making positive progress vs plans 2nd year with better than national average
DRIVING INNOVATION	Innovation-led change		9.4	20%	CapEx budget allocated to sustainable products by 2025	20%	●	Continue to grow our greener fleet and provide options for greener alternatives to customers
			9.4	100%	Greener alternative products classified by 2025	100%	●	2023: Product phases 1-4 completed on time Customer take-up of HVO slow due to price
				16%	Mix of fuel sold though HVO generators	6%	○	
OUR SUPPLY CHAIN	Reduction in packaging		12.1 to	50% 100%	Deploy and evolve sustainable procurement and tracking policy	50% 100%	● ●	2023: Policy, Comm's, tracking phases updated
	Zero waste to landfill		12.7	60%	Percentage of operations' used oil being recycled Attain recycling and reuse rate across all HSS sites by 2025	20%	●	Robust process in place all locations Policies in place, all-colleagues mandatory training programmes launched in 2023
ESG	Training/ Awareness		12.8	100%	Develop and deliver an evolving mandatory ESG training programme to all colleagues to improve ESG awareness	100%	●	Programme launched in 2022, 4 modules rolled out
OUR COMMUNITIES WE LIVE AND WORK IN	Biodiversity		15.1	100%	Site coverage, Biodiversity Impact Assessment of all HSS locations near to KBA's, updated and evolved annually	100%	●	Completed first full assessment and report of all Company locations produced in 2023
	Impact		11.6					



MATERIALITY ISSUES TABLE

Issues	Description
Environmental performance	
Planet	
Responsible energy management and consumption	Improving energy efficiency, increasing renewable energy use, and reducing the GHG emissions of HSS's operations
Responsible water management and consumption	Reducing water consumption
Responsible management of waste	Increasing recycling levels, diverting waste from landfill
Minimising Pollution in our manufacturing process	Reduce pollution levels: air, noise, land and water
Setting and achieving Net Zero goals	Working across our value chain and in collaboration with external partners to address the risks, opportunities, and impacts of climate change on our business, customers, the natural environment, and society, with a focus on resilience and adaptation.
Assessing and managing our Climate Change Risks	Identifying all relevant business, physical and transition risks related to Climate Change
People	
Employee Engagement	Ensuring employees have a voice
Diversity, Equality & Inclusion	Fostering diversity and inclusion within our workforce, supply chain, and communities worldwide. Building a workforce representative of our customer base and communities
Health, Safety and Well-being	Providing health and wellness programmes that support engaged and productive employees and promote work / life balance, as well as managing the negative impacts of workforce reductions and relocations. Working to create a healthy, safe, and secure working environment in our supply chain, operations, and for our customers
Pay (Pay Equality, National Living Wage)	Providing compensation, benefits, and support
Employee Skills and Career Development	Developing and supporting human capital to meet current and future business needs
Employee Talent Recruitment and Retention	Attracting, and retaining human capital to meet current and future business needs
Customers and Community	
Customer Satisfaction and Engagement	Maintain high standards of customer satisfaction
Community Engagement	Supporting employee volunteering and charitable giving and providing corporate financial and in-kind contributions for under-served communities and under-represented populations
Selecting and Using Sustainable Products and Services	ECO labelling of products, identifying suitable products and suppliers
ESG performance of your Supply Chain	Supply chain vetting of ESG performance
Supply Chain Human Rights and Labour Practices	Monitoring and strengthening social and economic conditions throughout our supply chain and addressing key areas of risk and opportunity such as working hours and conditions, wages and benefits, capability building, health and safety, humane treatment of workers, prevention of slavery and forced labour
Supply chain traceability and transparency	Embedding ESG into the supply chain
Governance	
Ethical business practices and systems	Promoting high ethical standards in all of our business interactions, including with customers, and suppliers
Protecting Human Rights and Preventing Modern Slavery	Protecting human rights
Elimination of Bribery & Corruption	Promoting high ethical standards and combating corruption in all of our business interactions, including in joint ventures and with business partners, customers, suppliers, and distributors
ESG included in Risk Management Assessment	Include ESG in Risk Management
Data Security, Data Privacy and Cyber Security	Collecting, analysing, using, storing, transferring, and sharing information in ways that uphold the right to privacy and personal data protection. Complying with evolving privacy laws and standards. Designing products and processes that protect the collection, analysis, use, storage, transfer, and sharing of information from unwanted parties, unauthorised access, and security threats, including cyber attacks
ESG management as a core element of business practice	Embed ESG into all aspects of the business

HSS SITES, KEY BIO-DIVERSITY AREA (KBA) REPORT

HSS has always fostered a strong reputation for effective governance which we feel is necessary for an ethical, profitable and environmentally sustainable business. This is one of the reasons that we submitted a voluntary Task Force on Climate-related Financial Disclosures (TCFD) report in 2022, a year prior to it being mandatory for our business.

With the Taskforce for Nature-related Financial Disclosures (TNFD) on the horizon we have produced our first ever HSS Sites Biodiversity Report. This report identifies whether our business has operational activities that are proximal to biodiversity sensitive areas and details our potential environmental risk, impact and mitigation measures.

This report provides an early indication of potential concerns regarding biodiversity, and serves to give guidance that can be used for informed decision-making within the group.





# SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) METRICS

HSS continues to review and expand on metrics for reporting environmental, social and governance (ESG) performance and takes the views of our stakeholders into account while doing so. We have identified the SASB disclosure framework as being an important reporting tool that helps address the

needs of our investors. The table below summarises where relevant SASB disclosures can be found throughout HSS’s annual reporting. This is based on several standards from the materiality map as HSS does not fall within one clear sector. We have based our disclosure on the most relevant standards

for the business that align to and cover the key sustainability themes arising from our recent materiality assessment. All of the data provided below is from 2023 unless otherwise stated. We acknowledge that SASB has now been consolidated within the IFRS Foundation. We are focused on providing investors

with useful, relevant and meaningful sustainability information and we will look to evolve our disclosures over time.

## PROFESSIONAL & COMMERCIAL SERVICES

GENERAL ISSUE CATEGORY	TOPIC	METRIC	CATEGORY	UNIT OF MEASURE	CODE	PAGE	HSS DISCLOSURE
DATA SECURITY	Data Security	Description of approach to identifying and addressing data security risks	Discussion & Analysis	n/a	SV-PS-230a.1	p76-77	HSS follows a documented Risk assessment and Treatment process which is in line with ISO 27001. Monthly risk review meetings are held, providing an opportunity to discuss and analyse risks, assigning a numerical value to the likelihood an impact of a risk, providing a classification level of high, medium, or low for the risk, as well as to agree treatment actions.
		Description of policies and practices relating to collection, usage, and retention of customer information	Discussion & Analysis	n/a	SV-PS-230a.2		HSS uses data in line with our <a href="#">Privacy Policy</a>
		(1) Number of data breaches, (2) percentage that (a) involve customers’ confidential business information and (b)are personal data breaches, (3) number of (a) customers and (b) individuals affected	Quantitative	Number, Percentage (%)	SV-PS-230a.3		1) Zero data breaches 2a) 0% customer related information 2b) Zero Personal data breaches 3a) Zero number of customer effected 3b) Zero number of individuals effected
EMPLOYEE DIVERSITY & INCLUSION	Employee Diversity & Inclusion	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	Quantitative	Percentage (%)	SV-PS-330a.1	p56-59	4) 16% from an Ethnic group Data Generation of items 1 - 3 will be added during 2024
		(1) Voluntary and (2) involuntary turnover rate for employees	Quantitative	Percentage (%)	SV-PS-330a.2		Considered propriety confidential information and so not published, but supplied as part of ratings audits
		Employee engagement as a percentage	Quantitative	Percentage (%)	SV-PS-330a.3		Colleague Engagement 74%, Response Rate 89%
BUSINESS ETHICS	Professional Integrity	Description of approach to ensuring professional integrity	Discussion and Analysis	Number	SV-PS-510a.1	p74-75	<a href="#">Supplier Ethics &amp; Conduct Policy</a> <a href="#">Privacy Policy</a>
		Total amount of monetary losses as a result of legal proceedings associated with professional integrity	Quantitative	n/a	SV-PS-510a.2		Zero £ as a result of legal proceedings

1 Note to SV-PS-230a.3 – The disclosure shall include a description of corrective actions implemented in response to data breaches.  
2 Note to SV-PS-330a.1 – The entity shall describe its policies and programmes for fostering equitable employee representation across its global operations.  
3 Note to SV-PS-330a.3 – The disclosure shall include a description of the method employed.  
4 Note to SV-PS-510a.2 – The entity shall briefly describe the nature, context and corrective actions taken because of monetary losses.

ACTIVITY METRICS						
NUMBER OF EMPLOYEES	Number of employees by: (1) full-time and part-time, (2) temporary, and (3) contract	Quantitative	Number	SV-PS-000.A	p102-103	Full Time FTE 2081, 2023
EMPLOYEE HOURS WORKED	Employee hours worked, percentage billable	Quantitative	Hours, Percentage (%)	SV-PS-000.B	p109	28% Office Based Roles 37.5 hours per week 72% All other roles between 40 - 45 hours per week 0% billable hours in our business model





An intelligent approach to energy, waste & sustainability

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