

# TECH-ENABLED ESG

IMPACT REPORT 2022-23

HSS Hire Group plc

CONTENTS

Introduction	
02	About this report
03	About HSS
04	Message from our CEO
05	Vision, values, purpose
06	How we deliver value
08	Renting to Net Zero
10	Our sustainability journey
12	Alignment to the UN Global Sustainable Development Goals
14	Materiality and stakeholder engagement
17	Our Responsible ESG Strategy
18	Our ESG commitments and targets
19	ESG Governance
Environment	
22	Tackling climate change
23	HSS's comprehensive carbon footprint assessment
24	Carbon Reduction Plan – our strategic goals for 2025
26	Timeline to deliver Net Zero by 2040
28	Transport
32	Energy
34	Waste management
38	Sourcing and increasing access to sustainable products
40	Engaging with our supply chain and partners
46	Limiting our air pollution
Social	
52	Our social journey
54	Our people strategy
56	Our Equality, Diversity and Inclusion strategy
59	Colleague health and well-being
62	Workforce health and safety
63	Customer Safety
64	Learning and development
66	Community engagement
Governance	
74	Board and the Directors
76	Business ethics
78	Data ethics
80	TCFD
86	Data performance and KPI / data metrics table
88	Materiality issues data table

ABOUT HSS

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

ABOUT THIS REPORT

This is our second Environmental, Social, and Governance (ESG) report. As with its predecessor, it takes a materiality-based approach to our ESG strategy and disclosure. It outlines the progress we have made in 2022 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 2022 financial year and includes data, performance highlights, and progress, unless otherwise noted. It also includes key targets set for 2023, including near, long-term and Net Zero.

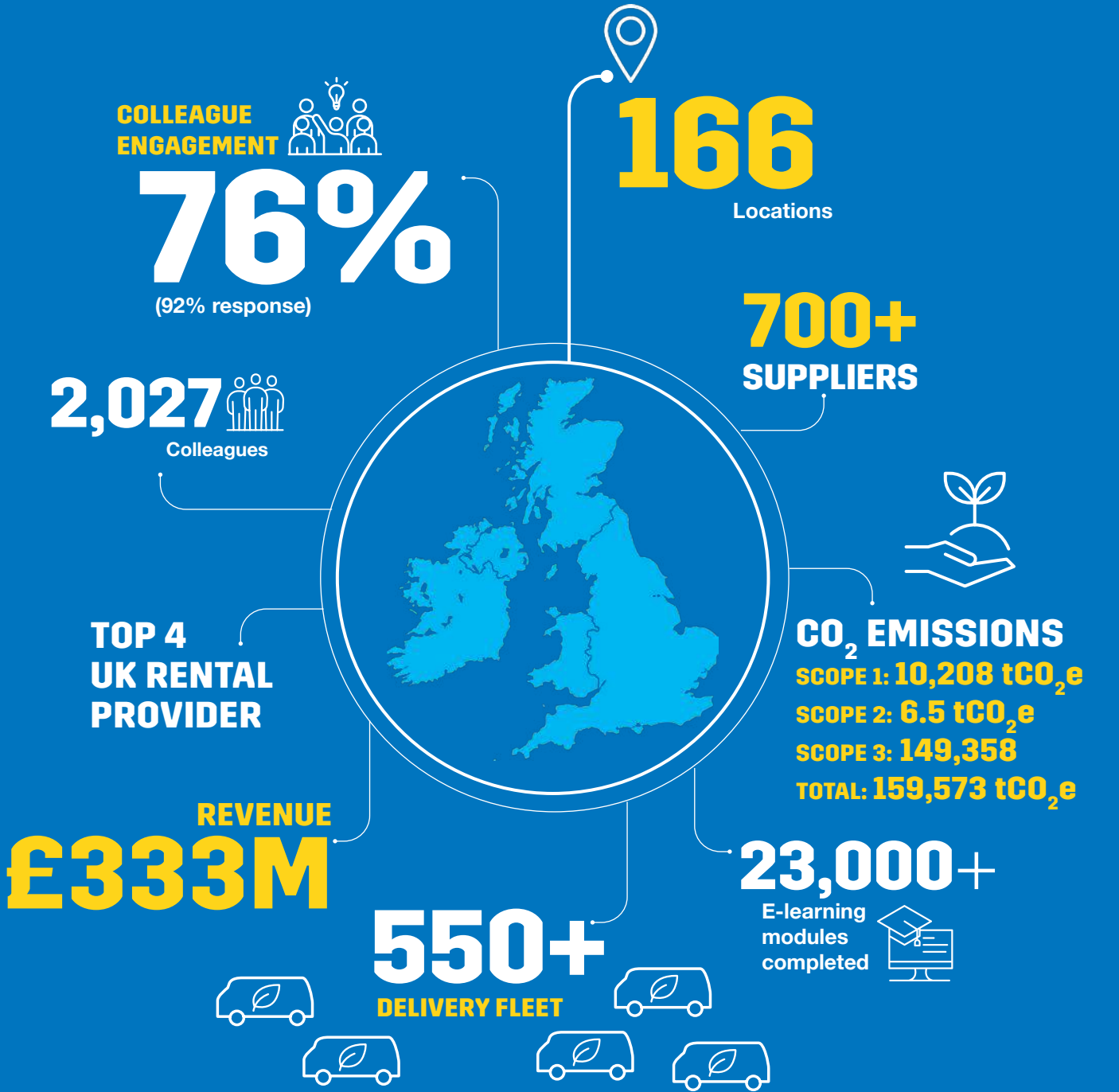
SCOPE

HSS Group operations covers all 166 locations in the United Kingdom and the Republic of Ireland. The HSS Hire Service Group Plc active trading groups in 2022 were as follows:

- HSS Hire Service Group Limited
- HSS Proservice Limited
- HSS Training Limited
- Abird Limited
- Apex Generators Limited (Scotland)

ALIGNMENT TO REPORTING FRAMEWORKS

The report is aligned to reporting frameworks and standards such as the UN Sustainable Development Goals (SDGs).





# 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 most recently 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. We have recently 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 were also very pleased to achieve the Silver award from EcoVadis, who classified us in the 91% percentile in our industry. We have recently introduced new carbon footprint dashboards for our customers and have continued to roll out more electric vehicles. We have also transitioned the final element of our electricity supply so that our electricity is now 100% renewable. Further progress has been made with reduced RIDDOR rates and improved engagement scores in 2022. I am also delighted to report that following the deployment of new route optimisation technology across our logistics, we have seen a 14% reduction in mileage, the equivalent of driving around the equator 21 times, and saving nearly 200 metric tonnes of carbon.

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.



### HSS PROSERVICE:

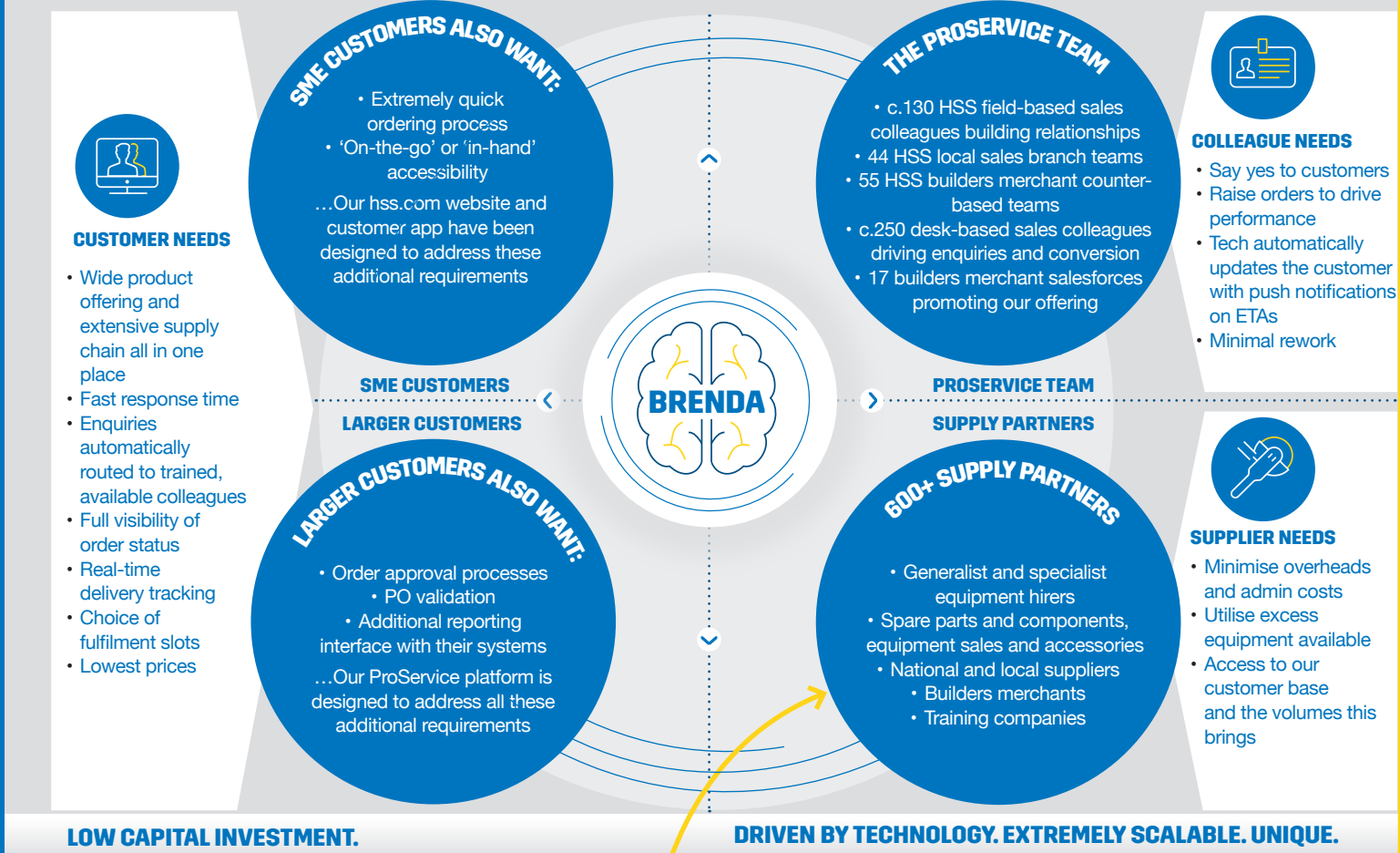
- **Data for suppliers** – Access to data insight allows suppliers to fulfil requirements local to them rather than further afield, minimising costs, carbon footprint and reducing response times without sacrificing product utilisation.
- **Maximise product utilisation** – ProService marketplace provides 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 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.

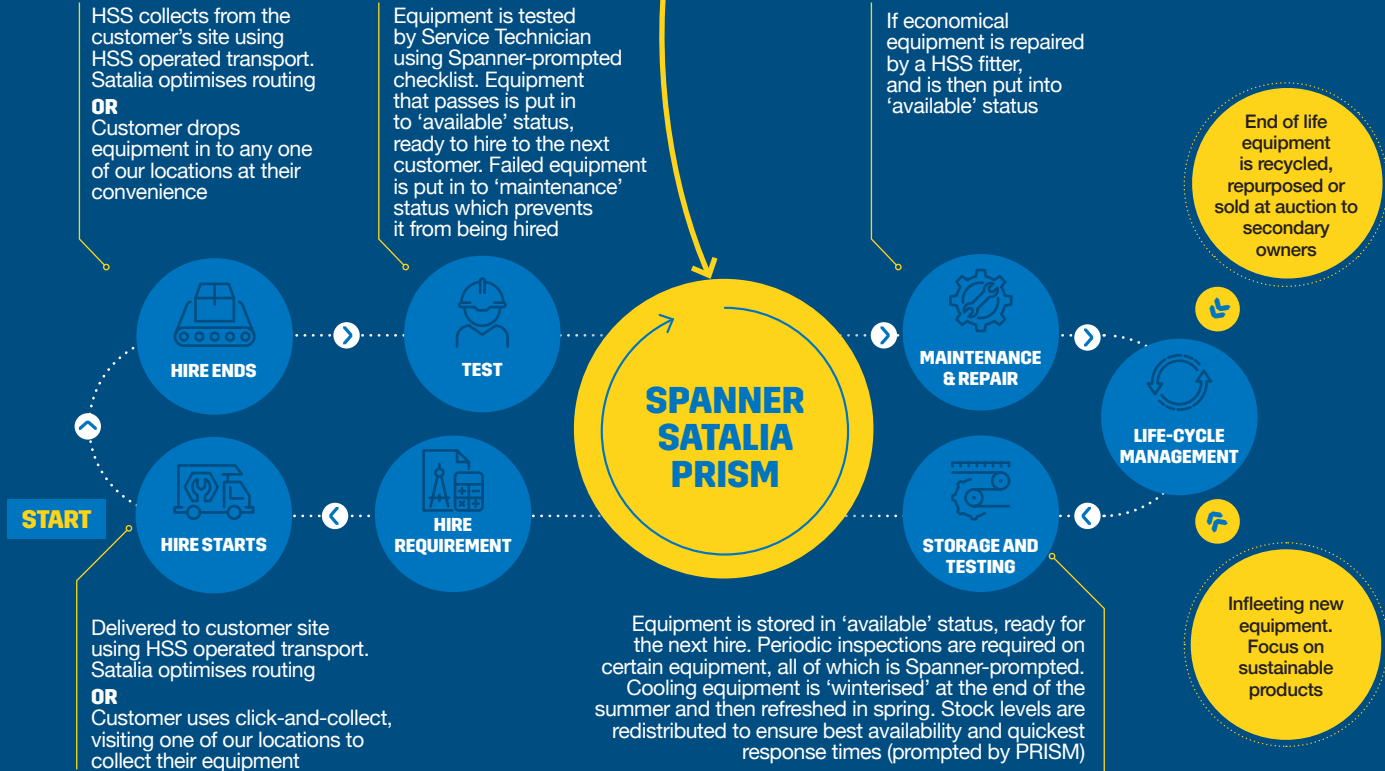
## ACQUISITION MODEL HSS PROSERVICE

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.





# 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 this year we are announcing our bold ambitions 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 134 branches in October 2020, eliminating the carbon footprint associated with them.

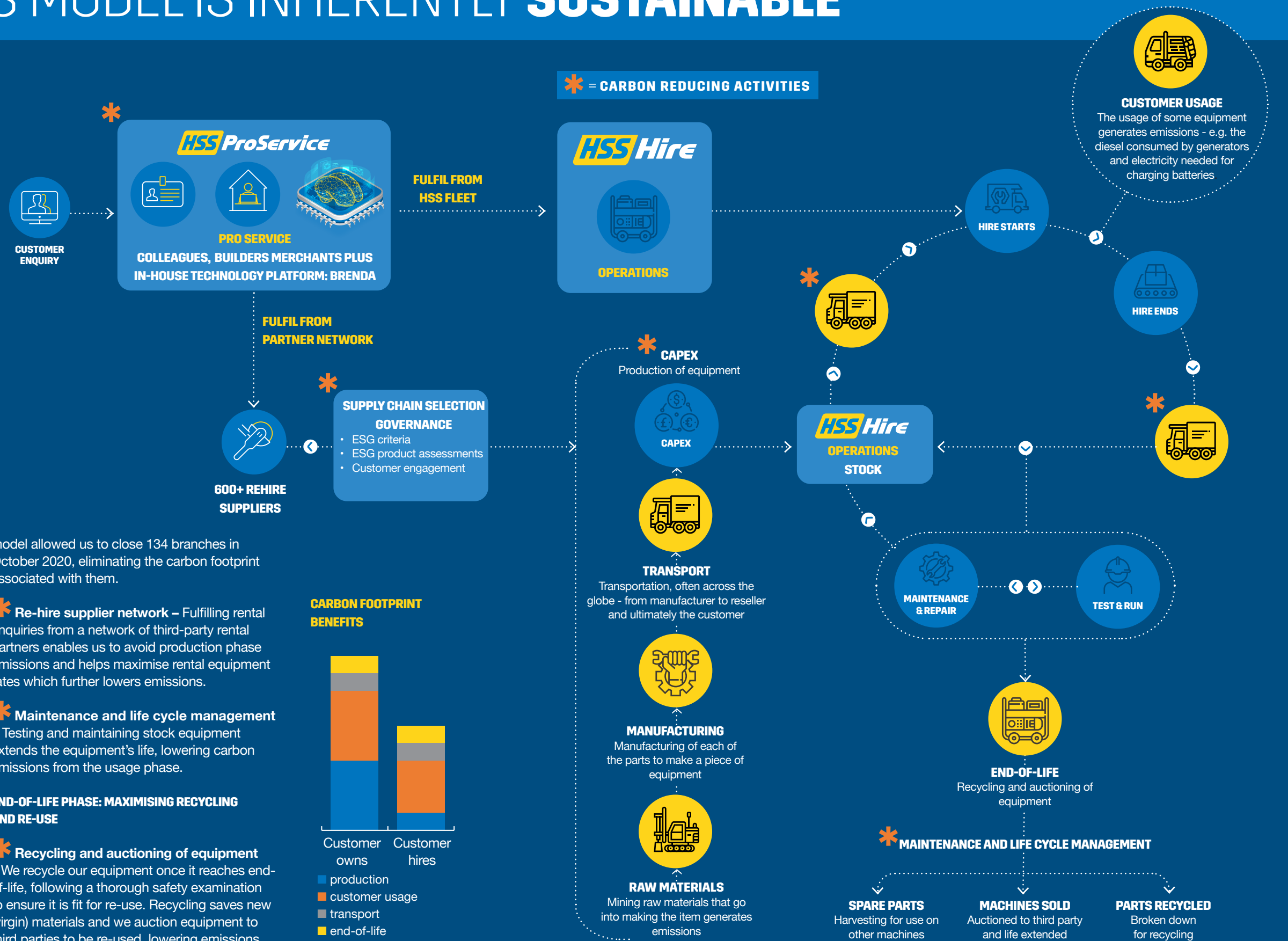
**\* Re-hire supplier network** – Fulfilling rental enquiries from a network of third-party rental partners enables us to avoid production phase emissions and helps maximise rental equipment rates which further lowers emissions.

**\* 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.

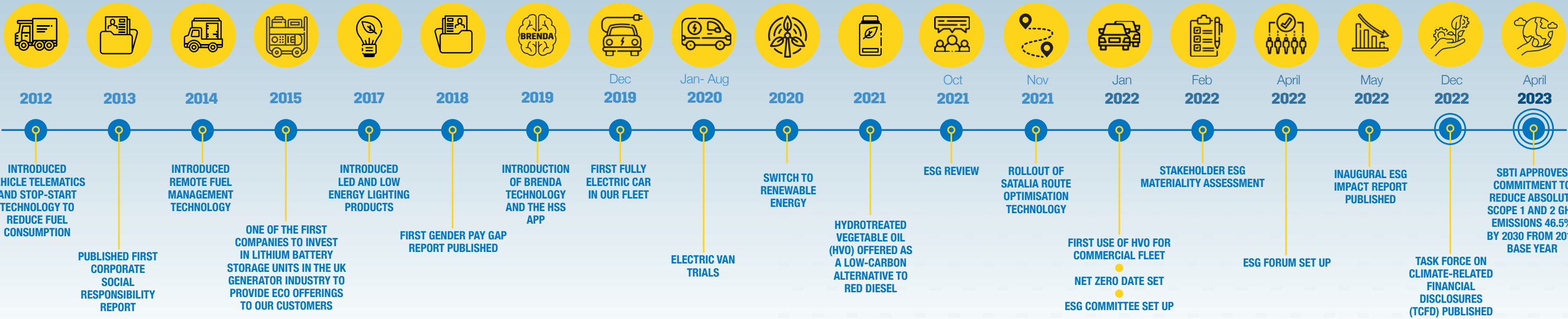
### CARBON FOOTPRINT BENEFITS





# 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. HSS supports the United Nations Sustainable Development Goals (SDGs) which aim to unite governments, businesses and non-governmental organisations to end poverty. Initiatives across HSS help advance a number of the SDGs set out by the 193 Member States of the UN. We have identified 6 core SDGs where we can make a particularly strong contribution towards a more sustainable future, notwithstanding the fact that we are committed to supporting all 17 SDGs.



## 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 industrialization 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 roadshows 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 a 92% response rate and 76% 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 gain valuable insight through engaging with a range of stakeholders, helping us prioritise critical issues and understand emerging opportunities and risks.



## MATERIALITY METHODOLOGY



For more details on the items covered, see page 88



# 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.





# OUR 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 information in the pages that follow.



## ENVIRONMENT

We will help tackle climate change.

### 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 for approval in 2022
- 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
- Approval of Science-Based Targets initiative in 2023



## SOCIAL

We will be a more inclusive company.

### OUR COMMITMENT

We will continue to lead the way promoting colleague health and safety, well-being and diversity.

### OUR TARGETS

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



## GOVERNANCE

We will continue to lead the way, promoting colleague health and safety, well-being and diversity.

### OUR COMMITMENT

We will 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
- Develop and disseminate ESG Policy
- Create an ESG Strategy and roadmap with goals and targets
- Become ISO 27001: 2013 certified
- Track ESG credentials for top 50% of supply chain partners by value
- 100% of all products are ECO classified and labelled by 2025
- Achieve IS O50001: 2018 accreditation in energy management

# ESG GOVERNANCE

The Board and Executive Leadership Team retain overall responsibility for ESG impact as part of our governance processes. We have two dedicated employee groups: the HSS ESG Forum (led by our CEO) and the HSS ESG Committee (led by senior managers from across all areas of the business), who are responsible for the delivery of our ESG programme.

The ESG Forum meets quarterly, engaging with colleagues across our

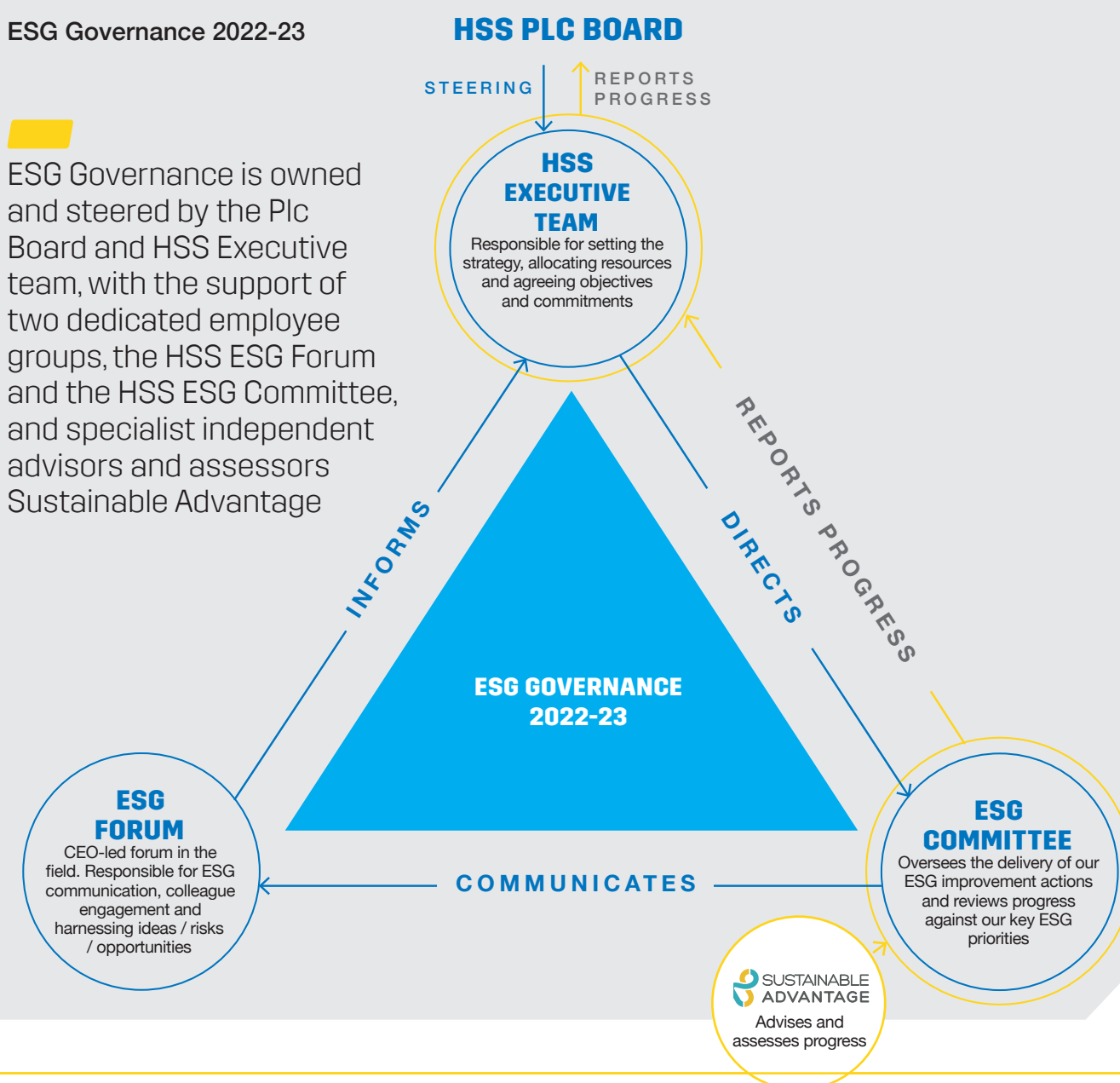
business, communicating our priorities, gathering feedback and identifying risks and opportunities. The ESG Committee meets monthly and oversees the delivery of our ESG improvement actions, reviewing progress against our key ESG priorities.

The responsibility for assessing and managing climate-related risks and opportunities lies with our Board and Executive Team and is supported by our

Risk and Assurance Director who feeds in to the Audit Committee. Our ESG policy covers the broad breadth of ESG and conveys to external and internal parties our position on key ESG aspects and what we expect from them as they engage with HSS.

## ESG Governance 2022-23

ESG Governance is owned and steered by the Plc Board and HSS Executive team, with the support of two dedicated employee groups, the HSS ESG Forum and the HSS ESG Committee, and specialist independent advisors and assessors Sustainable Advantage.





# 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

### TECHNOLOGY-ENABLED DECARBONISATION

### LIMITING AIR POLLUTION

### 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. With this report, we are announcing our most ambitious goal to date – HSS Group will reach Net Zero by 2040. This goal places us 10 years ahead of the recommendations put forward by the IPCC (and the UK government), demonstrating our leadership by adding speed and ambition to our Net Zero pledge. We will pursue viable solutions and align to the recommended carbon mitigation hierarchy set by the Science Based Targets initiative (SBTi) in our strategy with a clear focus on carbon emissions reduction.



## 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.

**BUSINESS AMBITION FOR 1.5°C**

# 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 first 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 customers picking items up and then using them.

## 2022 POSITIVE PROGRESS

HSS's gross carbon footprint for 2022 was 159,572 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e). Direct emissions coming from our operations for Scope 1 & 2 emissions were 10,471 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 149,358 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 £29.5m (+9.5%) 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 19% reduction in our Scope 1 transport emissions from our baseline year of 2019 to 2022. This is the result of two key proactive actions on our part:

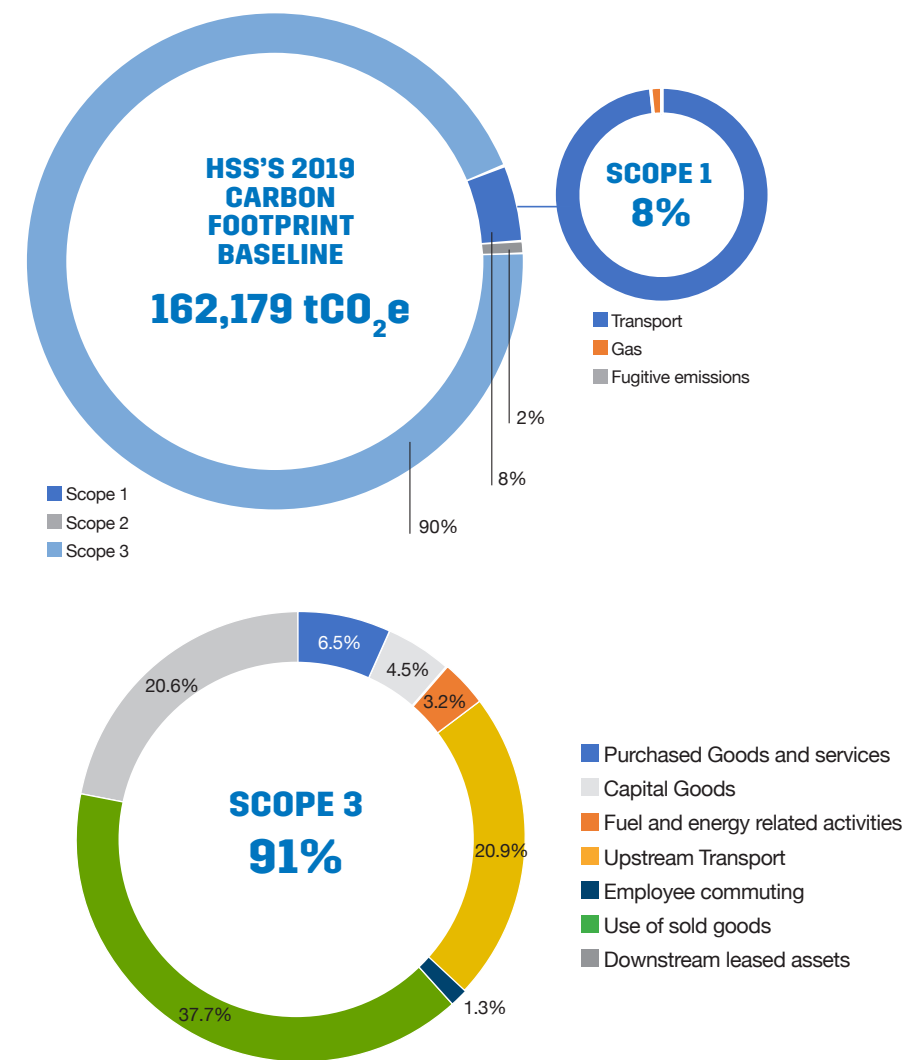
- Our innovative "Re-hire" model enables us to match our client locations to where our depots or our hire partners' locations are. This enables us to get the most efficient products using our hire partners rather than transport our products.
- We are utilising HVO fuel (Hydrotreated Vegetable Oil) which is a renewable diesel fuel replacement product produced by refining vegetable oils or animal fats. HVO is a more environmentally-friendly alternative to conventional diesel because it has lower greenhouse gas emissions and can be used in existing diesel engines without modifications.

**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 to 6.5 tCO<sub>2</sub>e.

**Scope 3** - Emissions created in our total value chain in 2022 make up 93% or 149,358 tCO<sub>2</sub>e. We continue to work collaboratively with supply chain partners and customers to reduce that impact. Our move towards electric-based products has meant that we have reduced our "use of sold goods" carbon emissions by 21%. All returned products are recharged in our locations with 100% renewable electricity.

## 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.



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, recognising that embedding a sustainable way of thinking in every decision we make will pay dividends. 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 in the first instance. Recycling programmes at each location increases our recycling percentage. Residual waste is sent to waste incineration plans where energy is generated and fed back into the grid.

## THE WRI GREENHOUSE GAS PROTOCOL DEFINES THE METHODOLOGY FOR CLASSIFYING GHG EMISSIONS.

**Scope 1** emissions are those greenhouse gases resulting from fuel combustion from sources we own or operate—like vehicles or natural gas for heating.

**Scope 2** emissions refer to those resulting from the use of electricity. Renewable energy generates minimal Scope 2 emissions, whereas burning coal, oil, or natural gas to produce electricity releases carbon dioxide and other greenhouse gases into the atmosphere.

**Scope 3** emissions refer to all other indirect emissions that occur in a company's value chain, including upstream and downstream activities.

## 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

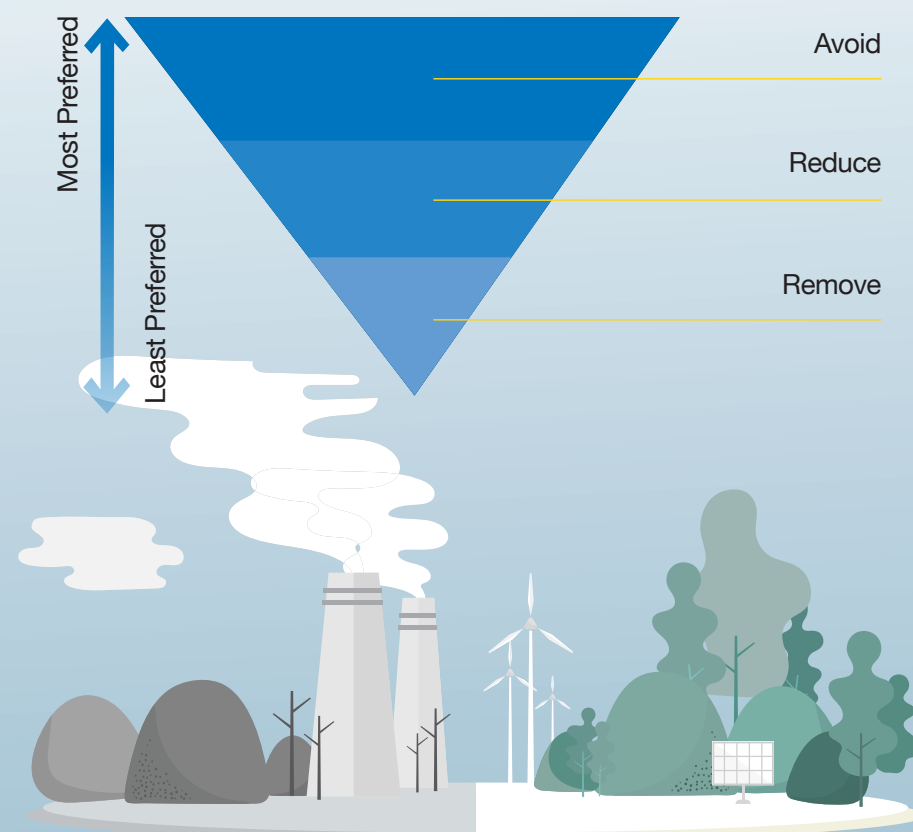
Our overall goal is to be carbon Net Zero by 2040, with the reduction of emissions the overwhelming focus of our plans.

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.

## 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



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





# TIMELINE TO DELIVER NET ZERO BY 2040

## 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

## 2025

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

## 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

BUSINESS AMBITION FOR 1.5°C

New Net Zero decarbonisation commitments and targets set that are submitted to the SBTi

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; and 4) Influence behavioural changes through training and policy amendments.

## OUR FLEET

Our fleet is made up of c340 company cars and c580 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.

## PROGRESS IN 2022

We have rolled out several trials, identifying ways to reduce emissions across our transport fleet. We continue to make good progress to reduce the carbon footprint of our company car fleet. 24% of our fleet is now electrified or hybrid. In 2022, we reduced the car fleet emissions by 20%, compared to 2021 through the introduction of zero and low emission cars. Over 100 delayed vehicle orders are expected to be delivered by the end of 2023, and a large portion of these orders are zero or low emission. This will mean that nearly 40% of our fleet will be electric or hybrid by the end of 2023.

We are targeting vehicles in our fleet that produce the highest emissions and replacing them with lower emission producing vehicles. A recent example

is the replacement of diesel small vans, with petrol hybrid estate cars. The limited range and recharging challenges restrict the adoption of the current electric options in this type of vehicle. The initial use of these cars returned an MPG in excess of 60mpg. Based on this successful trial, we are looking to order more of these vehicles.

Further to this, 45 diesel mobile service vans were replaced by low emission hybrid alternatives. These vans are always powered by an electric motor, which can either be charged from an external socket or via a range extending petrol engine.

We are exploring a range of larger electric delivery vehicles, including trucks to support our goal of reaching 10% EV vehicles by 2025. This has included a factory tour by the Senior Ops team of the new TEVVA electric truck factory in Tilbury, Essex. We have successfully introduced 5 dropside vans into our customer facing fleet. They have already covered 8000 miles, preventing over 3,000kgs of CO<sub>2</sub> being emitted into the atmosphere. We have ordered 15 more of these vans and they should be on fleet in late 2023. These vans have been positively received by the drivers and seamlessly integrated into the core fleet.

The range of current electric vans does restrict their use in some geographical areas, so we are seeking to rapidly modernise the diesel fleet to further reduce emissions. The introduction of almost 50 new vans in Q2 2023 reduced the average age of the fleet to less than 3 years old. All these vans have technology to restrict engine idling and are fully equipped with the latest telematics. The new Microlise telematics system is providing clear information that is being

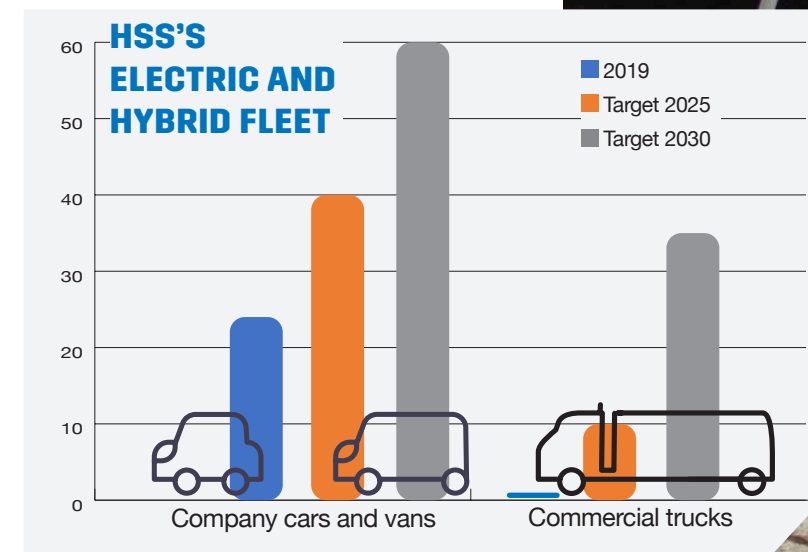
discussed with drivers to improve their fuel efficiency. The Greenband driving KPI measures how much of the driving has taken place with the engine revs in the optimal zone. This data provides clear feedback to the drivers on how they can drive more efficiently. There are similar measurements on harsh accelerations, heavy throttle, and engine idling.

The business has focused on engine idling, as the new measurements showed that across the fleet 10% of engine running time was classed as idling. A further insight was that 50% of this idling took place in HSS locations. The focus has achieved some good results and has recently reduced the idling to 7%.

We are a FORS Gold accredited fleet operator and thus all our drivers have completed training on fuel efficiency and low emissions driving.

The Electric Car Loan Scheme continues to be available and has encouraged colleagues to order low and zero emissions cars. Over 80% of current new car orders are for zero and low emission cars.

The rollout of fixed charging points to the depot network has made slower progress than anticipated due to legal and electricity network challenges. To maintain momentum, a trial of mobile charging solutions, such as the Juice Booster, have been taking place. These enable vehicles to be charged at 7-11kwh, as long as there is access to 3 phase electricity sockets.



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

All of our commercial vehicles are operated by HSS Operations and circa 80% of our company cars are within ProService.

Hence the shift to electric vehicles is important to both divisions. The cargo bikes and the Satalia software are most relevant to HSS Operations.

## 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. After successful trials in 2021 from some of our Customer Distribution Centres (CDCs), in 2022 we rolled out a tried and tested routing software called Satalia, to help optimise routes, minimise mileage per job and therefore reduce our carbon footprint.

Following successful trials in 2021 running from our 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 deliveries. This technology integrates seamlessly with our customer and driver apps, and when combined with the idling software also introduced last year – we are already seeing proven results in terms of reducing our carbon emissions from transport and an increase in customer satisfaction.

The result is that we reduced our mileage by c14%, saving on average, just over 195 metric tonnes of carbon emissions, and reduced our mileage by 252,103 miles, enough to drive around the world twenty-one times.

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



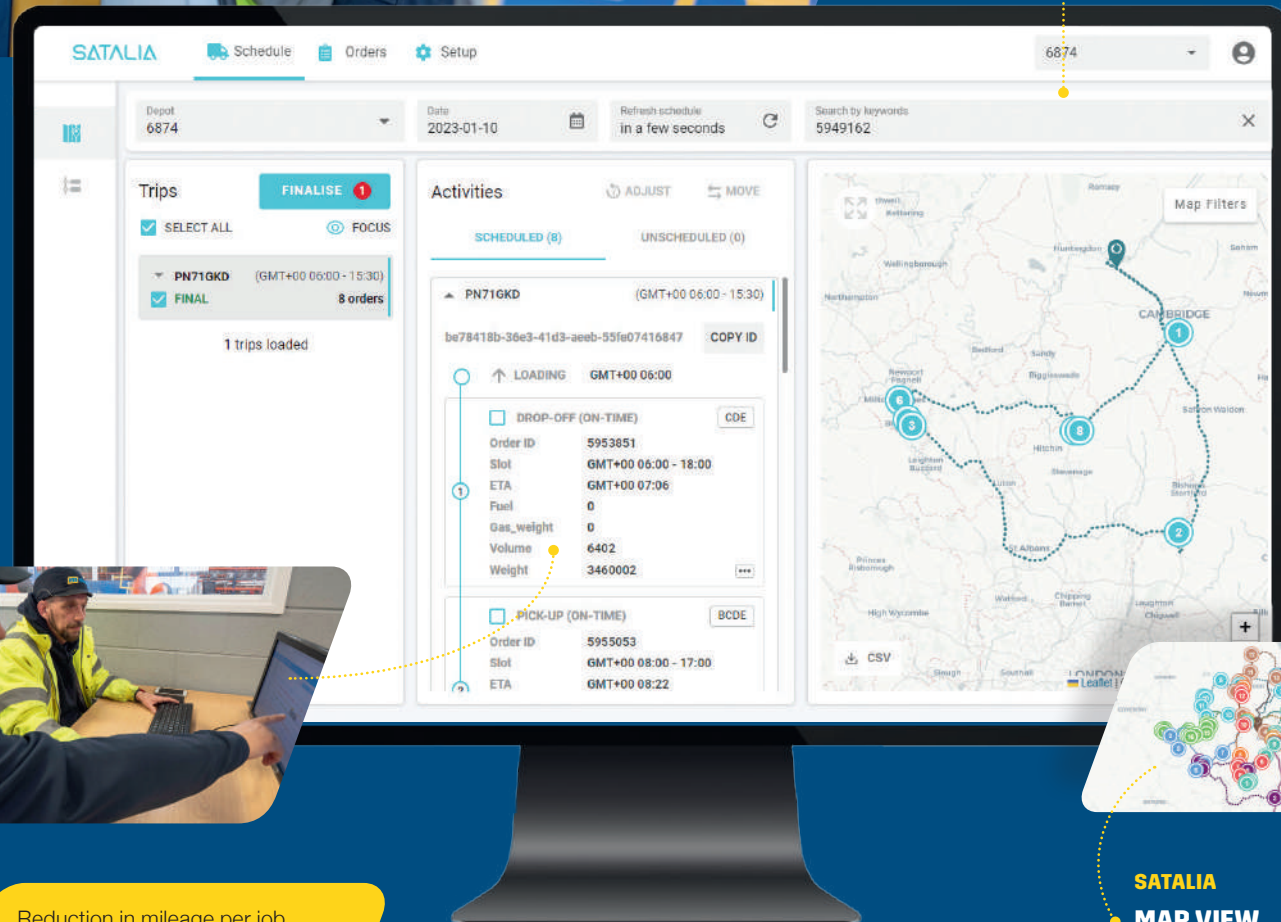
Reduction in mileage per job

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 hybrid (PHEVs) and electric vehicles (EV) where practicable.

The biggest challenge we face is that the range of EVs currently available is insufficient to be adopted nationwide. However, after analysing data from our Satalia software we have identified a number of locations which can

accommodate EVs without negatively affecting delivery and collection performance. By the end of 2023 we will have deployed 20 EV drop sides, 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 England, Wales, and Scotland, and have set challenging targets to reduce our carbon emissions even further.

We closely monitor energy use and resultant carbon emissions across all our sites. In 2022, energy carbon emissions reduced 47% compared to 2021 and are now 94% lower than our baseline in 2019 and 99% lower than in 2016.

## TRANSITIONING TO 100 PERCENT RENEWABLE ELECTRICITY

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 6.5 tCO<sub>2</sub>e.

We are also exploring electricity generation, we aim to trial solar panels at a number of locations by the end of 2024, where payback periods are acceptable within the terms of the respective leases.

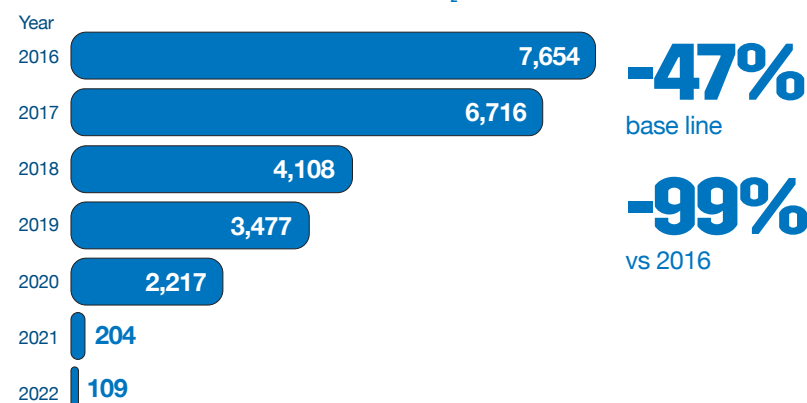
We also use a very small amount of natural gas and are looking to phase this out, or ultimately switch to renewable gas if this becomes a viable option.

## 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 kg CO<sub>2</sub>e PA



## WATER SAVING

Water saving is not always included in a policy for improved environmental performance, but HSS does have wash bays at many of its sites and hence a responsibility to efficiently manage what is still a limited resource. All water bills are now externally validated and water contracts for 49 sites have now been merged with Business Stream, which means that invoices and water data can be monitored through one portal for all sites. Additionally, another 45 sites which have water with different suppliers will be investigated in FY23 so that they also can be moved to the Business Stream portal.

## 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).

We are striving to minimise the volume of waste created in the first place but recognise the creation of waste is inevitable. As such we ensure that waste generated is either reused or recycled and any residual waste is diverted from landfill and sent to waste incineration plants where waste is converted into energy to power local communities.

## RESPONSIBLE WASTE MANAGEMENT

Managing our resources effectively is important to HSS given the finite resources we have on earth. As a responsible business, we follow the steps of the waste hierarchy – favouring prevention, reduction, and reuse, limiting what ends up in landfill. Through effective waste management and responsible recycling, we can reduce

our GHG emissions as waste sent to landfill has significantly higher carbon emissions. In 2022, 59% of our residual waste was incinerated to create energy. 29% was recycled with 12% going to landfill. 42 of our branches in 2022 were over 95% landfill avoidance.

We are continuing to convert our waste plastics into office products including chairs, tables and stationery. These products are then re-procured by HSS instead of buying new items, creating a circular economy.

Furthermore, we have continued with the closed-loop recycling programme whereby our plastic barriers are recycled at their end of life. These initiatives are reflected in the table on the next page.

## BIFFA PROJECT

To accelerate the journey in achieving our goal of recycling 60% of our waste by 2025, we have invested in a new bin and waste management system. This easy and simple to use system has been implemented in all 166 locations and the message has been reinforced by company-wide, mandatory e-learning modules alongside regular communications from executive level. Under this system introduced in partnership with Biffa, our colleagues separate their waste into two bins: dry mixed recycling (DMR) and general waste. This waste management system has been proven to increase recycling ratios by a minimum of 40% with other companies, therefore we are confident we will achieve what we've set out to do.

Our dry mixed recycling waste is collected and then separated into cardboard, plastic and metal at one of several state-of-the-art waste processing plants in the UK. These products are then recycled, thus reducing our impact on the environment and biosphere. We still adhere to the waste hierarchy as best as possible and prefer to avoid the production of waste all together, but in instances where this isn't possible we are taking the right action.

This system is easier, cheaper and proven to yield results and colleague feedback following its introduction has been overwhelmingly positive. Every colleague has a part to play in reducing our impact on the planet, but this step-change in our daily operation makes everyone feel like they're having a tangible and positive impact.

WASTE STREAM AND DISPOSAL TYPE	2020	2021	2022
Total waste consumption (metric tons)	1,033	1,085	915
Diverted waste (metric tons)	652	647	539
Landfill waste (metric tons)	240	216	107
Recycled waste (metric tons)	94	123	265
Hazardous waste (litres)	97,700	101,170	81,200
Total waste to energy - incineration (%)	63%	64%	59%
Total waste recycled (%)	23%	24%	29%
Total waste to landfill (%)	9%	11%	12%
Total waste reused (%)	0.2%	0.1%	0.1%
Total reusable processed fuel oil (PFO)	4%	1%	0.3%
Landfill diversion rate (%)	90%	89%	88%



## 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.



## TARGETS HIGHLIGHTS

### 2025

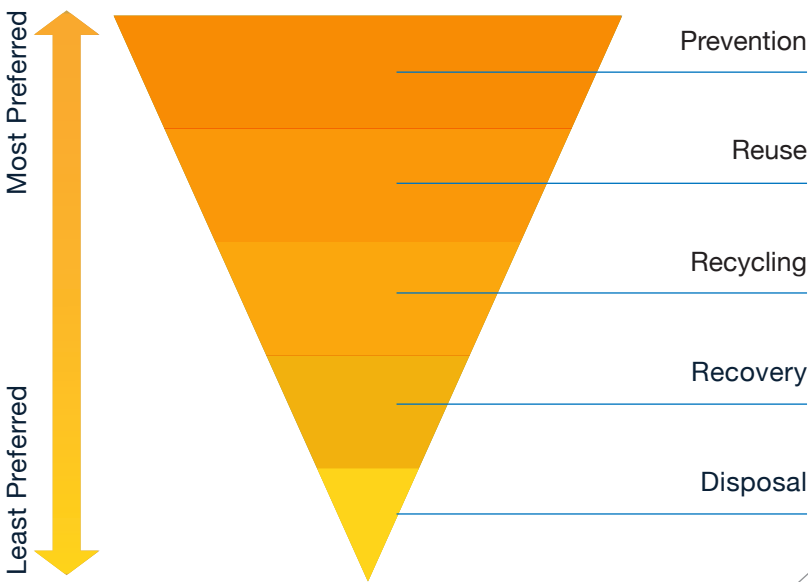
- Achieve 100% reporting on all waste streams
- Reduce general waste production by 20%
- Achieve 60% reuse and recycling rate of operational waste (office, CDCs, branches)
- Divert 95% of waste from landfill

## 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

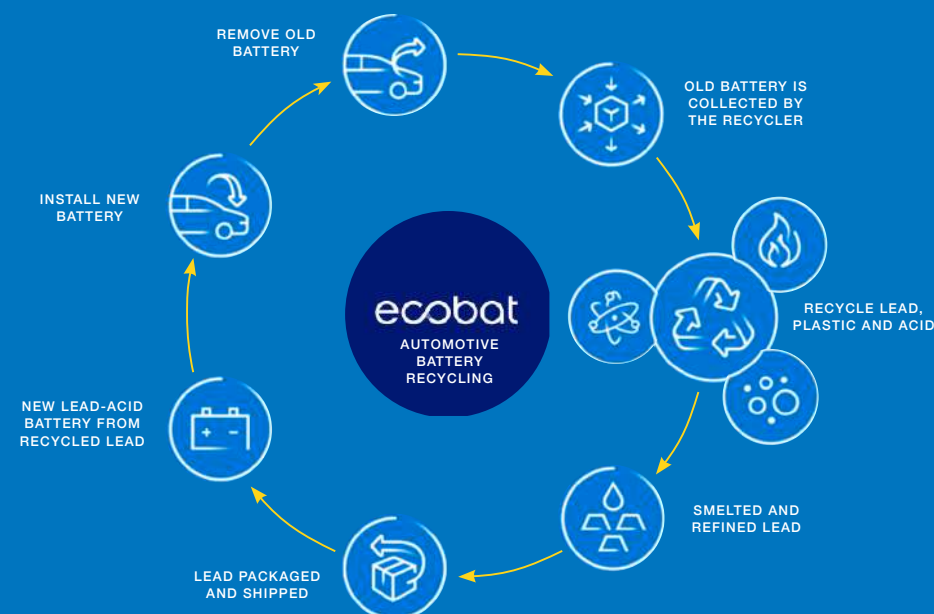
We work closely with our hazardous waste disposal partner to ensure that items like waste oils are recovered, reused, or converted into electricity in accordance with their zero-landfill policy.

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, 81,200 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 has achieved: 59% Waste to Energy, 29% Recycling, 11% PFO and 0.1% Reuse. A specialist battery recycler carefully disposes of our lead acid battery waste.

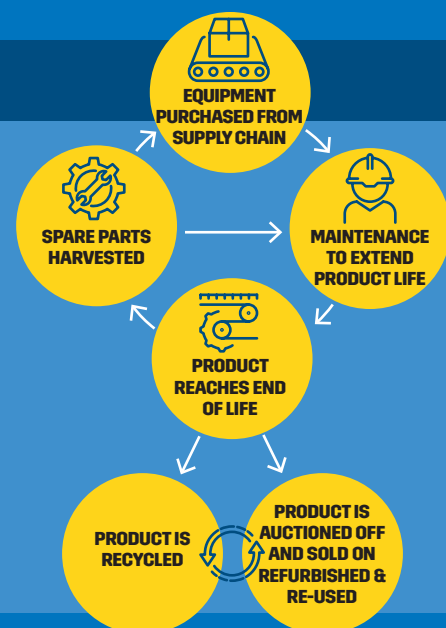
Lead acid batteries have a high recycling and recovery rate (up to 97%). Battery recycling follows a closed-loop lead recycling process as seen in the diagram.



### HIRE EQUIPMENT END-OF-LIFE

As our products reach the end of their hire life they are assessed and then either dismantled for spare parts or refurbished in one of our workshops. Where this is not viable, these products are either recycled or disposed of.

In 2022 we sold 94.2% or (£13.9m) of our end-of-life hire equipment, following checks to ensure it was safe. One example of selling for reuse: our old generators are sent to Ukraine, Middle East and Africa, where they get a second lease of life, benefiting communities with no or limited access to energy supplies.





# SOURCING AND INCREASING ACCESS TO SUSTAINABLE PRODUCTS

Through our supplier partners we have access to 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

Throughout 2022 we continued to expand our network of rehire suppliers so that we are able to provide the largest selection of eco-friendly products to our customers available on the market. We currently have 700+ suppliers which enables our customers access to over 44,000 products. In line with the changing needs of our customer base, we've shifted our focus much more to eco-friendly options and can now offer our customers the very latest electric, solar, hybrid and hydrogen powered equipment alongside the very latest Tier V emissions standard engines. Equally as important is the equipment we actually own, and following successful trials in 2021, HSS became

the first national tool provider in the UK to offer the latest Hilti Nuron range which utilises a single interchangeable 22v battery platform that can be used across the entire range. Nuron products are guaranteed to exceed or at least match current petrol powered alternatives, which are delivered fully charged from entirely renewable sources from HSS locations.

## EXTENDING PRODUCT LIFESPAN

We have a strict and rigorous test and run process supported and tracked by our in-house asset management system, that every product goes through when returned from the previous hire. This means that our products are always in the best possible condition and that their lifespans are extended to 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 send 94% of our fleet to auction, 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 practicably and safely as possible, whilst avoiding the need to purchase and have new machines manufactured by the end of 2023, 84 of our generators will be Stage V.

## SUPPLYING LOW-CARBON FUEL

## TO OUR CUSTOMERS / LOW-CARBON FUELS TO POWER OUR GENERATORS

We have made great strides in our efforts to explore low-carbon fuel for our customers and to power our generators and are constantly exploring the viability of new technologies as they emerge.

Throughout 2022 we have seen a sharp increase in demand for hybrid 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. An added benefit of this technology is the significant reduction in noise pollution also. When combined with telematics, solar panels and even a wind turbine, emissions can be reduced by over 40% on average.

We are also closely monitoring the feasibility of powering our hybrid generators with alternative fuels. There has been great progress made in LPG powered generators which produce less CO<sub>2</sub>e than traditional fuels, however there are also exciting developments in hydrogen and even glycerin which are completely emission free fuels. Our

position in the market, with thousands of customers and hundreds of suppliers mean we are right at the forefront of new technology and we pride ourselves on our ability to keep our finger on the pulse of ground breaking innovations and new technologies as they enter the UK market.

A good example is HVO fuel. In 2021 we trialled the use of HVO fuel as a direct replacement to diesel that reduces more than 90% of carbon emissions. As a result of this trial, in 2022 we began and continue to offer our customers HVO as a direct alternative to diesel either to power our generators or other plant equipment on their sites.

Having access to a wide range of eco-friendly products will do nothing to improve our downstream Scope 3 emissions unless our customer base begins to hire them in lieu of older more polluting equipment. Demand is already changing, however our in-house self-service ordering app makes it easier than ever to help our customers meet their own goals. Soon we will be rolling out an update that prompts our customers to consider eco-friendlier options during their ordering process.

We understand the particular challenges of decarbonising the industry in which we operate, however we are prepared to face the challenge in an ambitious but realistic way, and firmly believe that an acute awareness of new and emerging technologies alongside making it easier than ever for our customers to hire them via technology, is pivotal to reaching our Net Zero goal.

## 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.

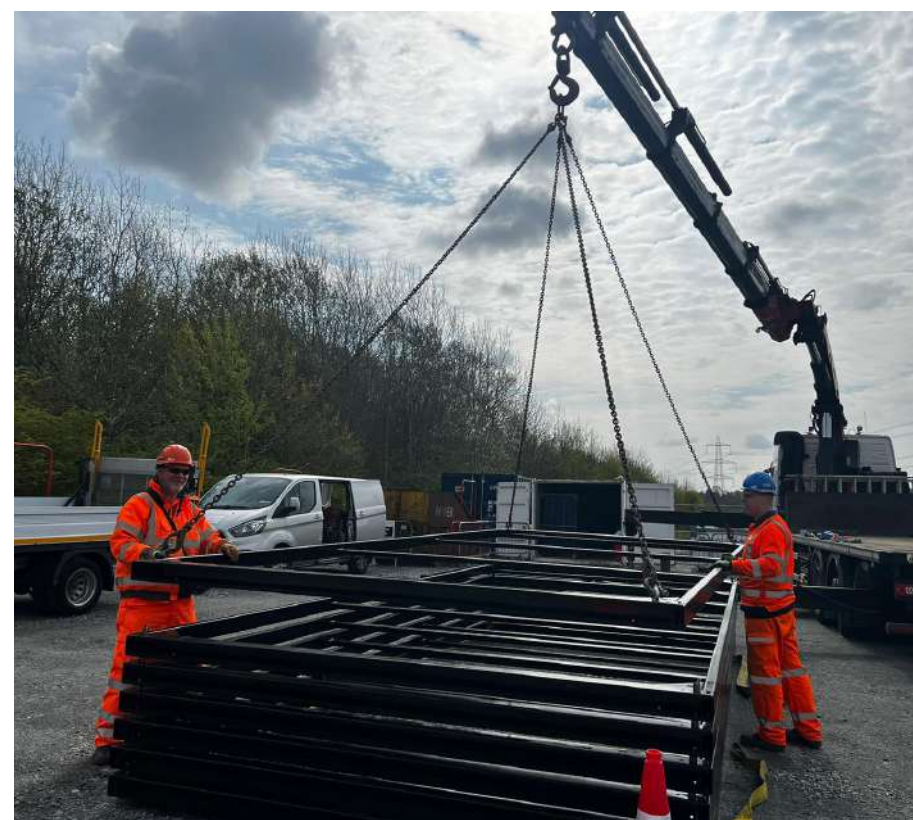
## AMBITION

We will integrate ESG as a strategic focus into our supplier procurement process and establish end-to-end visibility on product and environmental performance and continue to move towards ECO 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

The HSS Group has always adopted a risk-based approach to procurement, including ESG risks to evaluate and select suppliers based on our Supplier Code of Conduct. Recently however, we have updated and improved this by implementing an updated Supplier Code of Ethics and Conduct Policy by which all suppliers must agree to adhere during the onboarding process.

Our rigorous procurement and third-party selection process ensures that we only work with suppliers that commit to our core ESG principles including health and safety, upholding human rights, anti-corruption, anti-bribery, responsible business practices, human rights, safe and legal labour conditions and compliance with all regulatory laws.

However, we have strengthened our procurement selection process even further still. All necessary documentation is centrally stored, and suppliers are suspended as soon as relevant

documentation expires, until up to date copies are received.

Suppliers now undergo an updated desktop audit depending on the equipment they provide as a part of the onboarding process, and we have dedicated more resource for trained and competent auditors to conduct physical audits on our suppliers.

## CHOOSING RESPONSIBLY PRODUCED ITEMS

In 2022 we sent out our first ever mandatory ESG desktop audit to all 700+ of our suppliers, both for procurement and rehire. This in-depth 50+ question audit covered a wide range of ESG related topics pertaining to both our suppliers' as a business and their products, including whether they have a Net Zero plan or can provide full Life Cycle Analysis for their products.

The end result is that we now have a benchmark of our entire upstream value chain of their ESG credentials at

business and product level. We have made the decision to make this audit an annual requirement so that we can begin to track their improvements and align closer with suppliers who share our ESG values and goals, therefore encouraging progression within our industry.

## ASSESSING AND MONITORING HIGH-RISK SUPPLIERS

ESG criteria is now integrated into all phases of the supplier engagement cycle (see graphic below) including positive supplier screening and preferring suppliers with above average sustainability credentials.

Furthermore, all new UK based rehire suppliers will undergo a physical audit within 3 months following successful completion of an onboarding desktop audit. We have ranked our suppliers on a risk-based matrix depending on the type of equipment they provide and auditing frequency broadly correlates with the risk matrix, providing no exceptional circumstances such as a near miss on

site. To support this we are introducing a Rehire Supplier Auditing Policy. ESG criteria is embedded into the desktop and physical audit documents, this way we can ensure that the results from the aforementioned ESG desktop audit are a true reflection of what our suppliers have self-attested to.

## SUPPLIER TIERING SYSTEM

So that we can effectively drive change amongst our supply chain and improve the high levels of service and quality that we expect, in 2023 we will introduce a supplier tiering system.

When introduced, our in-house technology will prefer suppliers with a higher ranking and the matrix we're developing will take into account, service, quality of equipment, commercials and of course ESG rating. This way we will financially incentivise our suppliers to come with us on our ESG journey.

The ranking will be completely open and transparent, our suppliers will know where they are in the ranking and what they will need to do in order to rise, or the reasons they may have dropped via communication with our buyers and supply chain managers.

## ALIGNING SUPPLIERS TO HSS VALUES AND GOALS

Our supply chain has a major impact on our own emissions and we understand that to reach our goals we urgently need to bring our providers into closer alignment with our ESG strategy and targets.

Our approach to trading with our suppliers has always been collaboration. This has a number of benefits including trust, transparency and relationship building. However, now that we have an ambitious but realistic SBTi validated Net Zero glide path it's imperative that we extend that collaboration into the world of ESG also.

We manage and maintain our supplier relationships and commercial agreements through our buyers and supply chain managers. These colleagues regularly hold documented

review meetings covering service levels, commercial agreements, invoicing etc. – due to the key role they play in aligning our supply chain with HSS values and goals, these colleagues have attended meetings and talks with our dedicated Group ESG Lead, MD and ESG Manager. This means that they can now have meaningful conversations

around our suppliers ESG initiatives and strategy, as ESG is now covered in review meetings.

We plan to extend our colleagues awareness of our own ESG goals and the part they can play in helping achieve them, through mandatory e-learning modules in 2023.

## Extending product life span

We take time to only source and invest in equipment that is robust enough to last in the hire industry. For example, our popular floor sander model is selected for its tough body, which means parts inside are protected and can easily be repaired or replaced as wear and tear dictates, whilst reusing the main body components of the product itself. This allows us to extend the useable life of the product to "years" on average, during which time it will go out on hire around 23 times per year, typically spanning a number of days on each occasion.

## Floor sander

**539**

In our fleet

**13,256**

Customers hire one per year on average

**24**

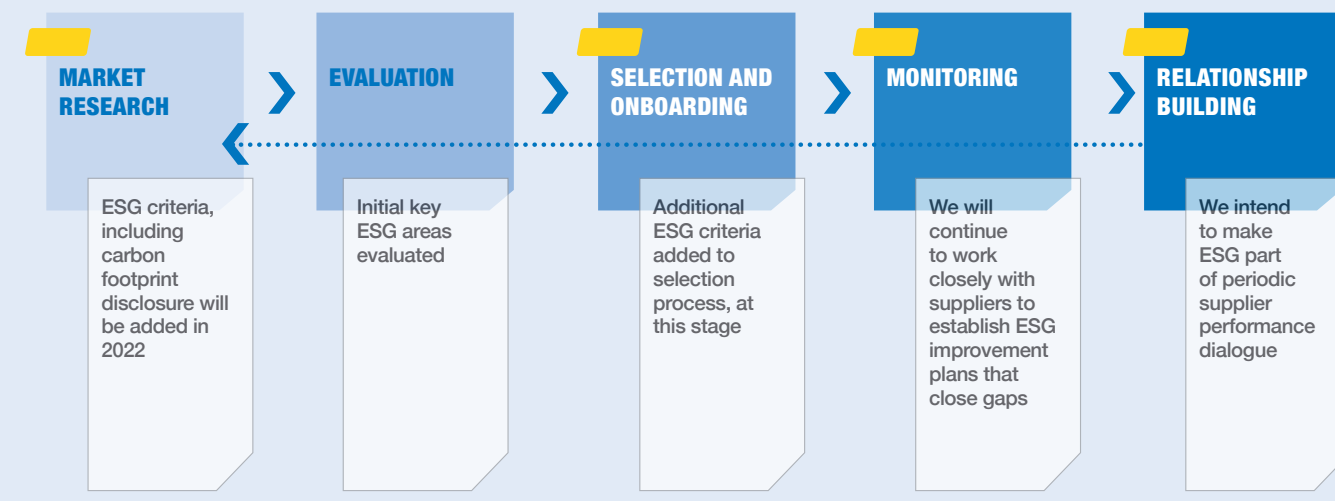
Hires for each sander per year



Harvested for spare parts and recycling

Auctioned to second hand market

## SUPPLIER ENGAGEMENT LIFE CYCLE ON ESG FOR SUSTAINABLE PROCUREMENT





# TECHNOLOGY-ENABLED DECARBONISATION

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

## TECHNOLOGY-ENABLED DECARBONISATION

We are in a unique position to leverage our technology platform to expedite our journey to Net Zero. As a digital leader in the hire market, we believe technology has a central role to play in helping us, and the hire market, reach Net Zero. For the last four years we have embraced technology to enhance the customer experience. Our underlying technology platform, Brenda allows intelligent decision making across our entire operating model, from improving responsiveness and reducing costs for

## HSS TARGET OPERATING MODEL, POWERED BY TECHNOLOGY

### HSS PROSERVICE

HSS ProService is our customer-facing sales acquisition division. Through our website, our customer app, HSS Pro POS and our ProService platform, we offer our customers a one-stop shop for a full range of building services. HSS ProService can also 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 'FULFILMENT MODEL'

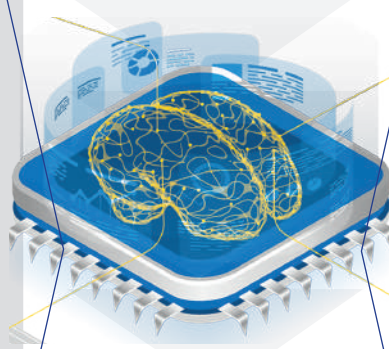
HSS Operations makes sure our customers get the equipment they need, when and where they need it in the quickest, most efficient way possible. Focused on customer service, utilisation, and fulfilment rates.

### TECHNOLOGY STACK

**BRENDA TECHNOLOGY** Our Brenda technology ecosystem has been designed to provide tailored interfaces to meet the needs of different users – large customers, SMEs, suppliers and colleagues.

**WEBSITE - HSS.COM** Through our website we offer our customers a one-stop shop for a full range of building services.

**CUSTOMER APP** Provides access to our website for customers on-the-go via their mobile devices, particularly suitable for customers ordering from their work site.



**SPANNER** Our in-house asset management software automates the entire fulfilment process, ensuring that all products are safe and ready for hire in good working order from a convenient location.

**SATALIA** 3rd party route optimisation software. Used by the transport teams to route our vehicles in the most efficient way possible.

**PRISM** In-house stock distribution software. Sources equipment for new orders and rebalances available stock.

## TECHNOLOGY ENABLED DECARBONISATION AND SUSTAINABILITY

- HSS ProService provides insight to suppliers that allows them to maximise equipment utilisation, and thus resource efficiency.
- ESG performance data of suppliers is recorded including carbon footprint, energy performance, raw materials, and end-of-life disposal. This data enables HSS to exert supply chain influence to improve ESG practices.

- An efficient rental and re-hire model powered by technology promotes a distinct consumption model for customers that inherently reduces carbon emissions.
- The Satalia software ensures that the most efficient route optimisation is carried out for all deliveries between our distribution centres and our suppliers' locations to customers – reducing fuel and thus emissions.
- ESG performance data is readily available for customers to help them choose products that have a lower environmental impact.



customers to making colleagues more efficient and improving their performance, reducing carbon footprint, and enhancing shareholder returns. We live in a world where technology means efficiency, and in our case, this efficiency also results in lower carbon emissions due to fuel and increased resource utilisation.

The hire market in the UK is digitally immature and highly fragmented, consisting of a small number of large providers and over 1,000 smaller independent businesses, most of which operate from single sites. Our technology is revolutionising the hire markets, for supplier and customer alike. We outline on page 42 how our operating model and new business divisions, HSS ProService and HSS Operations – powered by our technology platforms – helps us drive sustainability in our business and value chain.

### CUSTOMER CARBON REPORTING

The most important step on the journey to Net Zero is the first one – measuring your current emissions. In our 2019 (base year) we produced c146,682

tCO<sub>2</sub>e in Scope 3 emissions, 53% of which was connected to the use of good we provided to our customers, by far the largest contributor of our total emissions.

Recognising this fact, we've placed a tremendous amount of time and effort into building a revolutionary technological tool: customer carbon reporting.

Piloted with our largest customer in 2022 and scheduled for launch in the second half of 2023, using information gathered from our team of researchers, we are collating use emissions data for all 44,000+ products available to our customers. This means customers will be able to see the emissions they produce via HSS from use of equipment and transportation, allowing them quick and easy analysis and providing them with the best possible tool to reduce their emissions.

Taking this a step further, the information we've obtained also allows our in-house technology to suggest eco-friendlier alternatives to the products they require and estimated carbon and fuel savings.

Until manufacturers are in a position to provide full Life Cycle Analysis (LCA) for the products we are provided, we will continue to use our robust in-house hybrid calculation method for the purpose of customer carbon reporting, with a view to gradually replacing this data with manufacturer provided full LCA.

We believe that by providing this information downstream ourselves, this will apply pressure upstream and encourage an acceleration in all our suppliers providing the full carbon cost of equipment from cradle to grave.

These tools, in conjunction with our supplier ESG audits and regular supply chain review meetings with ESG on every agenda, will establish our sector-leading ESG ambition. This will also enable our customers to make informed, real-time, data driven decisions on how to reduce CO<sub>2</sub> emissions.





## CASE STUDY

### – CUSTOMER CARBON REPORTING

#### 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.

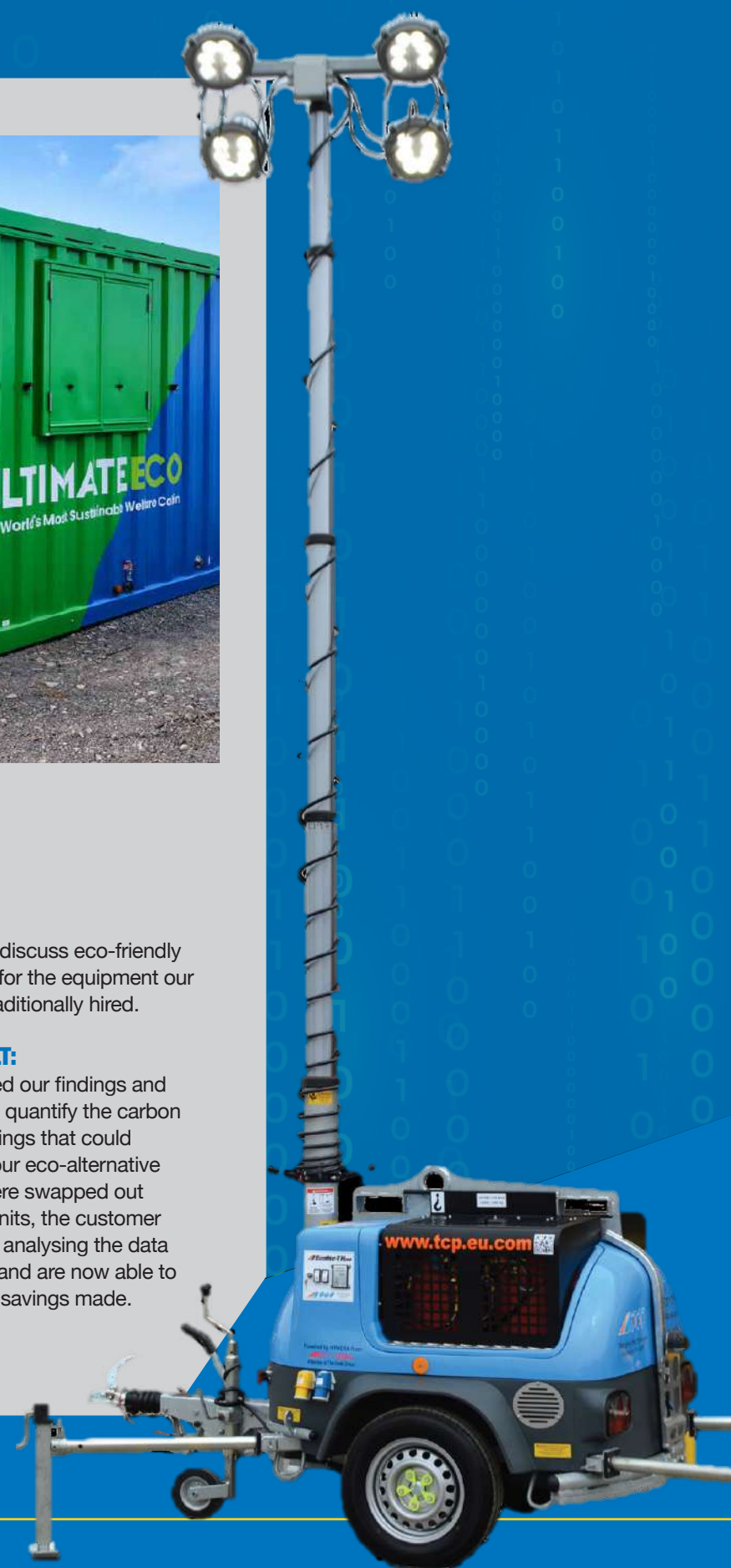
#### WHAT WE DID:

Following the successful pilot of our customer carbon report we immediately started to analyse and dissect the data. Due to the large data base we've amassed we were able to quickly

identify and discuss eco-friendly 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 eco-alternative products 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

### – ROADSHOWS



#### THE OPPORTUNITY:

When meeting our customers, we identified a clear need for them to understand the wide and ever-growing range of new and eco-friendly products available, we also recognised that time is valuable and not all of our customers were able to take a day or two out of their diaries to travel and attend a single venue for a small selection of equipment.

#### WHAT WE DID:

We decided that the best course of action was to run as many regional roadshows as we could accommodate, reducing travel time for our customers and

showcasing a wide range of products from both our national and regional suppliers, making the best use of their time.

#### THE RESULT:

This culminated in nine roadshows across the length and breadth of the UK, reaching a number of our customers and salesforce, broadening their knowledge of new and innovative equipment available. Showcasing the practicable steps they immediately take to help reduce our customers carbon footprint whilst delivering the service and performance they expect as standard from HSS.



# LIMITING AIR POLLUTION



Pic nationalarchives.gov\*

## CASE STUDY

### HSS PARTNERSHIP WITH RVT GROUP – LIMITING AIR POLLUTION

#### THE OPPORTUNITY:

The hulls of Hunt Class Mine Counter Measure Vessels are primarily non-metallic and consist of glass reinforced plastic. As a part of the day-to-day operation of keeping the country safe, Royal Navy vessels require periodic short-term maintenance. This presents additional hazards harmful to health if exposed during repairs such as zinc dust, GRP dust and styrene fumes.

#### WHAT WE DID:

Alongside our specialist partners we facilitated mechanical ventilation and control measures which protect the long-term health of those whilst performing

periodic maintenance of the ship. This was achieved by capturing the hazardous particles at source utilising quick release, anti-static ducting to improve the inside air quality of the ship, minimise the risk of fires and limit air pollution.

#### THE RESULT:

The scheduled maintenance was completed on time and all those involved in the works were protected to the highest possible standard by limiting the air pollution of this particularly challenging and unique environment. The vessel returned to her duties protecting the UK at home and abroad as scheduled.



## BUILDER MERCHANT LOCATIONS

We have a unique and comprehensive network of builder merchant locations, allowing us to offer a national network following the closure of 134 branches in 2020. As of December 2022, we have 68 builders' merchants open, through 20 regional partners, with a further 6 to 10 locations in the pipeline for 2023. However, the commercial benefits of partnering with HSS is huge for the builders' merchant network as they get access to HSS's customers and technology. By accessing our technology platform, all our partners automatically get access to HSS ProService and Satalia. This means that they also receive the sustainability benefits including fuel efficiency and lower emissions due to effective delivery route optimisation. Partners are able to adopt industry-wide best practices in ESG as they are also subject to HSS's rigorous procurement selection

*"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



*"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



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

Lords builders' merchant



## WHAT THIS MEANS FOR HSS OPERATIONS...

The Builders Merchant network is utilised by our HSS Operations business which operates our physical branch network. The builders merchant model has allowed HSS Operations to significantly reduce its building footprint and associated carbon emissions over the last two years.





## CASE STUDY

### HSS PARTNERSHIP WITH HEATHROW AIRPORT LIMITED (HAL) – SOURCING SUSTAINABLE PRODUCTS

#### THE OPPORTUNITY:

Historically Heathrow would illuminate the Northern Perimeter Road with diesel lighting towers, providing crucial additional lighting on the road. This was not cost effective, and the lighting towers required a weekly diesel refill. This approach greatly impacted Heathrow's plans to be Carbon Neutral.

#### WHAT WE DID:

In the summer of 2021, HSS Hire worked in consultation with Heathrow to identify alternative Lighting Towers for the Northern Perimeter Runway that could minimise carbon footprint. After conducting extensive research

and working closely with our extensive supplier network, we sourced solar powered lighting towers for HAL. The diesel-powered lighting towers were replaced immediately by solar powered lighting towers.

#### THE RESULT:

This approach reduced their carbon footprint associated with lighting towers to zero and reduced costs associated with diesel as refills were no longer required. The lighting units are located in a prime location and display Heathrow's commitment to reducing their carbon footprint by using sustainable products.



## CASE STUDY

### GRENfell TRIBUTE – LIGHTING TERMINAL 5 – ENGAGING WITH OUR SUPPLY CHAIN



#### THE OPPORTUNITY:

On the anniversary of the Grenfell tragedy, Heathrow wanted to show their continued support. Heathrow collaborated with Mitie to illuminate Terminal 5 and the control tower green.

#### WHAT WE DID:

Heathrow initially sought quotations from a professional studio lighting company based at Pinewood studios, unfortunately this quotation was not financially viable. Following consultation with our supply chain, HSS managed to

equip our existing Lighting Towers with studio grade green gel paper attached to the LED panels which produced striking results.

#### THE RESULT:

Using our experience and a little creativity we helped Heathrow deliver a display of solidarity that could be seen for miles. This approach worked so well, we replicated and adapted the lighting towers during Breast Cancer Awareness week, illuminating the terminal pink to raise awareness for another worthy cause.



# SOCIAL

OUR SOCIAL JOURNEY

OUR COLLEAGUES

COLLEAGUE COMMUNICATION

EQUALITY, DIVERSITY AND INCLUSION

COLLEAGUE HEALTH AND WELL-BEING

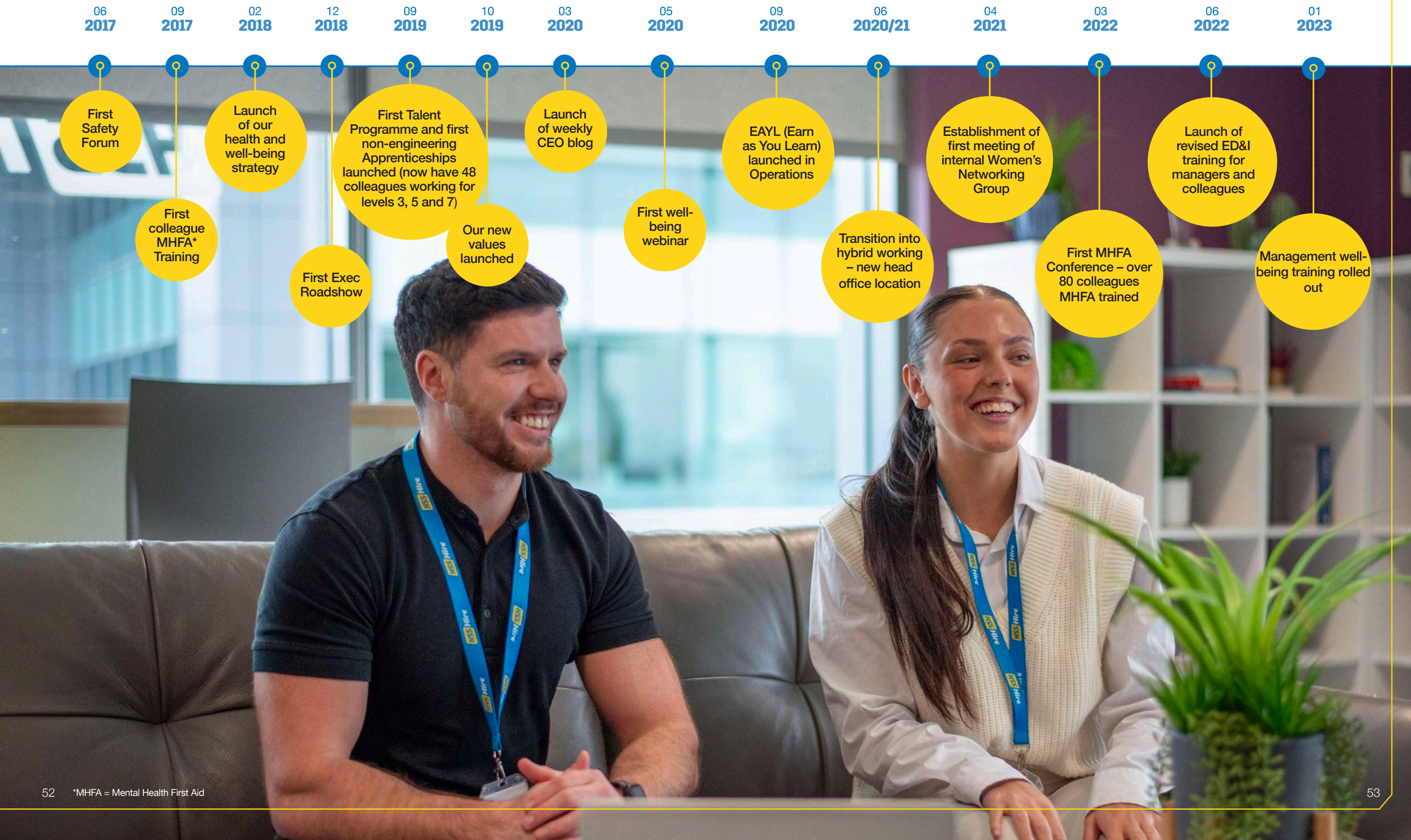
WORKFORCE HEALTH AND SAFETY

LEARNING AND DEVELOPMENT

COMMUNITY ENGAGEMENT



# OUR SOCIAL JOURNEY





# OUR PEOPLE STRATEGY

During 2022 we have continued to evolve our people strategy to attract 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 and investing in equipment and technology that makes the job easier and supports more flexible working
- Investing in colleague well-being, as well as their training and development
- Building a strong employer brand and talent acquisition processes that helps us attract the right talent from the market

Our people-related strategic commitments aim to make HSS an employer of choice. These commitments focus on the issues of diversity, equality & inclusion, well-being, health & safety, as well as 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 home

life and in turn makes HSS a place where colleagues can have a long and rewarding career.

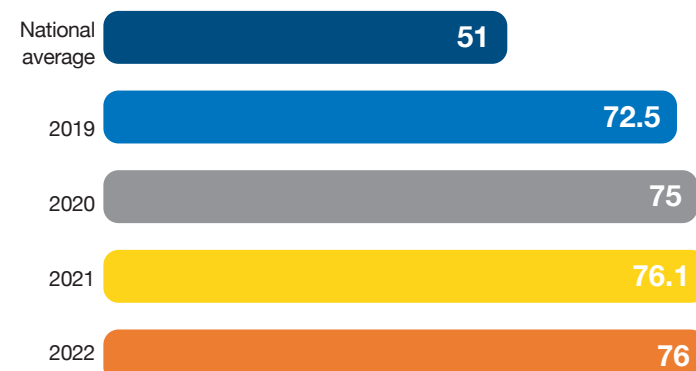
All colleagues have access to our company intranet, HSS World, which aims to keep colleagues engaged and informed on all areas of our business, as well as giving them easy access to policies and procedures. Our dedicated HR portal, MyView, is a complementary one-stop service where HR data relevant to 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 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.

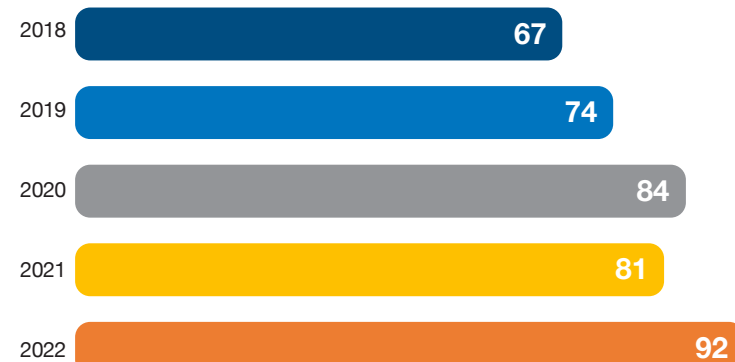
## MEASURING ENGAGEMENT

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 2022 showed further improvement in colleague engagement, which has now risen steadily since our first survey in 2016. We have maintained our engagement score of 76% which is significantly

### 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



higher than the national average of 51%. Our response rate of 92% is a significant increase on our last survey which was 80%, a good reflection of our workforce engagement, demonstrating that colleagues are very willing to share their views and concerns with us.

One area that saw a four point increase was "My Future", which reflects the work we have undertaken in the past year to introduce new upskilling and development courses across various teams and departments of our business. This includes Earn as you Learn and talent development programmes, all aimed at helping our colleagues to create long term careers with HSS.

## SURVEY RESULTS FEED INTO OUR PEOPLE STRATEGY

Results and actions from the annual engagement survey are shared with colleagues throughout the following year. This includes Group level actions, as well as more tailored, team-specific actions completed by the team 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 internal 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

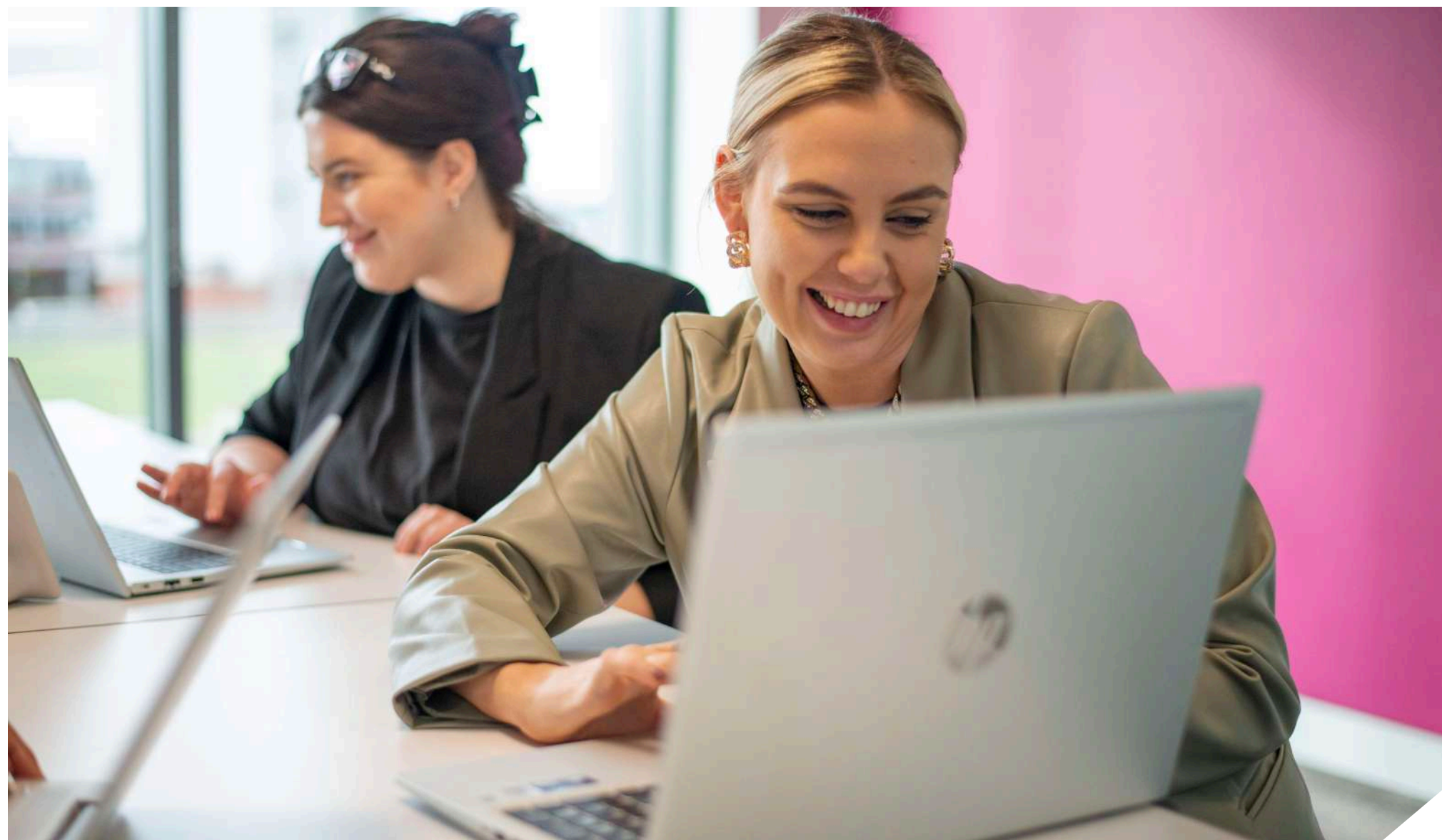
At HSS we are committed to keeping our colleagues updated and informed on all areas of our Group business and performance. We have a comprehensive regular schedule of communications activities, including email bulletins, a company newspaper, WhatsApp groups, an annual CEO-led roadshow, and weekly CEO 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

supported and valued, and feel like part of HSS, no matter where they work.

It is important that this conversation is two-way, with management engaging with colleagues to ask them their opinions and gain feedback. This ensures that the Board remains 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 workforce across our Group business, where every colleague is valued and rewarded fairly based on their skills and contribution. In 2022 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 Steerco and Colleague Councils created, reporting directly into CEO and Executive Team
- Line manager and colleague ED&I training completed up to Executive level
- Women's Internal Networking Group continues to grow, driving positive discussion and change across the Group
- Constant evolution of our employer brand to ensure we accurately

reflect our ED&I ethos and the diversity of our teams

- Clear ED&I targets and reporting across the Group

### 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 engagement 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 traditionally male dominated 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 Diversity, Equality, and Inclusion (ED&I) learning programmes but also informing our plans to 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 2022 we intend to expand our reporting and analysis to make better use of this data in informing ED&I activity moving forward.

### GENDER DIVERSITY

We recognise that while gender is just one of many areas of focus for ED&I, our efforts to date have focused on gender disparity because it is such a prevalent issue in our sector. The construction hire industry is traditionally male-dominated in the UK and Ireland, with men making up the majority of workers. The proportion of women in our business is 18%, which we are committed to increasing to 25% by 2025.

Throughout 2023 we intend to build upon our ED&I strategy and employer brand to help drive improvements in the makeup of our workforce. We believe that ongoing changes we are making to our working practices, such as more flexible, remote working and part-time opportunities, will help us to attract more women to our business and industry moving forward. We've also completed a comprehensive review of recruitment activity and materials to ensure we are using language and imagery which removes any gender bias and encourages everyone to apply.

### WHY IT MATTERS

Our approach to Equality, Diversity and inclusion 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 given 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



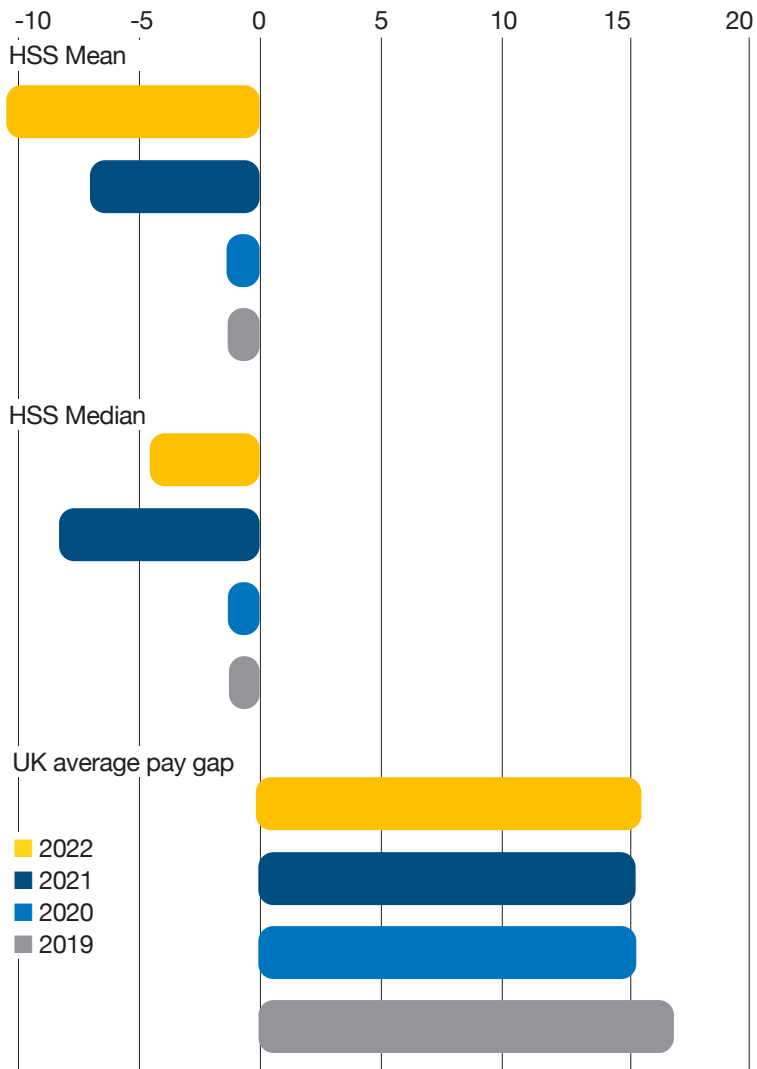
GENDER PAY GAP

We currently have a gender pay gap that is markedly better than the national average of 15.4%. Consecutive negative gender pay gap 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.



% GENDER SPLIT BY PAY BAND	2022	
	MEN	WOMEN
Upper (75-100%)	80.00%	20.00%
Upper middle (50-75%)	81.06%	18.94%
Lower middle (25-50%)	82.30 %	17.70%
Lower (0-25%)	84.43%	15.57%

GENDER PAY GAP (%)



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, 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 colleagues working at HSS. Additionally, a number of initiatives have been established to attract and retain certain critical skills, for example, Earn as you Learn schemes.

COLLEAGUE HEALTH AND WELL-BEING

Our colleagues are at the centre of everything we do and key to our success, so promoting and supporting a workplace that prioritises colleague health and well-being is crucial. Our well-being agenda is based around three core pillars – financial, physical, and mental well-being. We utilise insight from our engagement survey, EAP data, benefits partners, and HR team to deliver content around the well-being topics that matter most to our colleagues. For example, with the cost of living impacts most people are facing, we’ve seen an increase in calls into our EAP helpline around debt and money management. We’ve used this insight to ensure we deliver communications activity and support to help colleagues in this key area.

PROMOTING A CULTURE OF FINANCIAL WELL-BEING

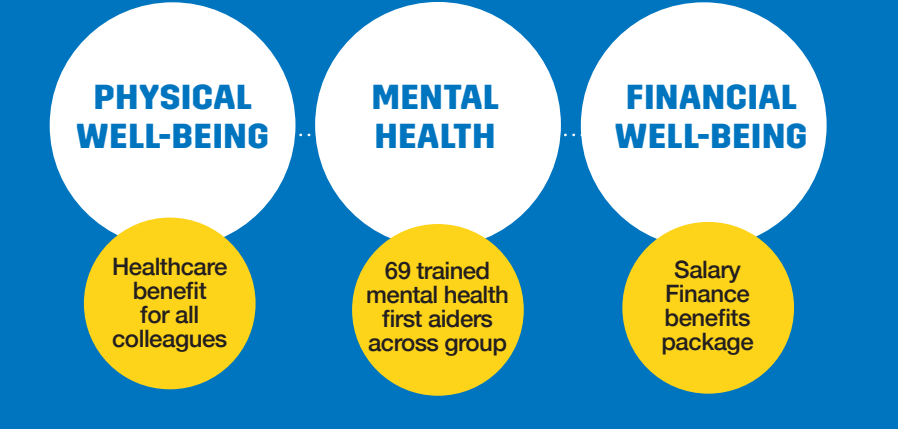
Financial well-being and responsible money management can be intrinsically linked to the mental and emotional well-being of our colleagues, so we make sure we have comprehensive support in place for colleagues, as well as signposting external organisations who can help.

Through our financial benefits provider Salary Finance, colleagues can access financial education materials, loan facilities and saving schemes. They have also supported us with communications education comms materials and webinars to help colleagues with budgeting and reducing household costs.

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,

THREE PILLARS OF WELL-BEING



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



## COLLEAGUE HEALTH AND WELL-BEING CONTINUED

### PROMOTING A CULTURE OF 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 comms campaigns on various topics, from anxiety and stress, to bereavement and pregnancy loss.

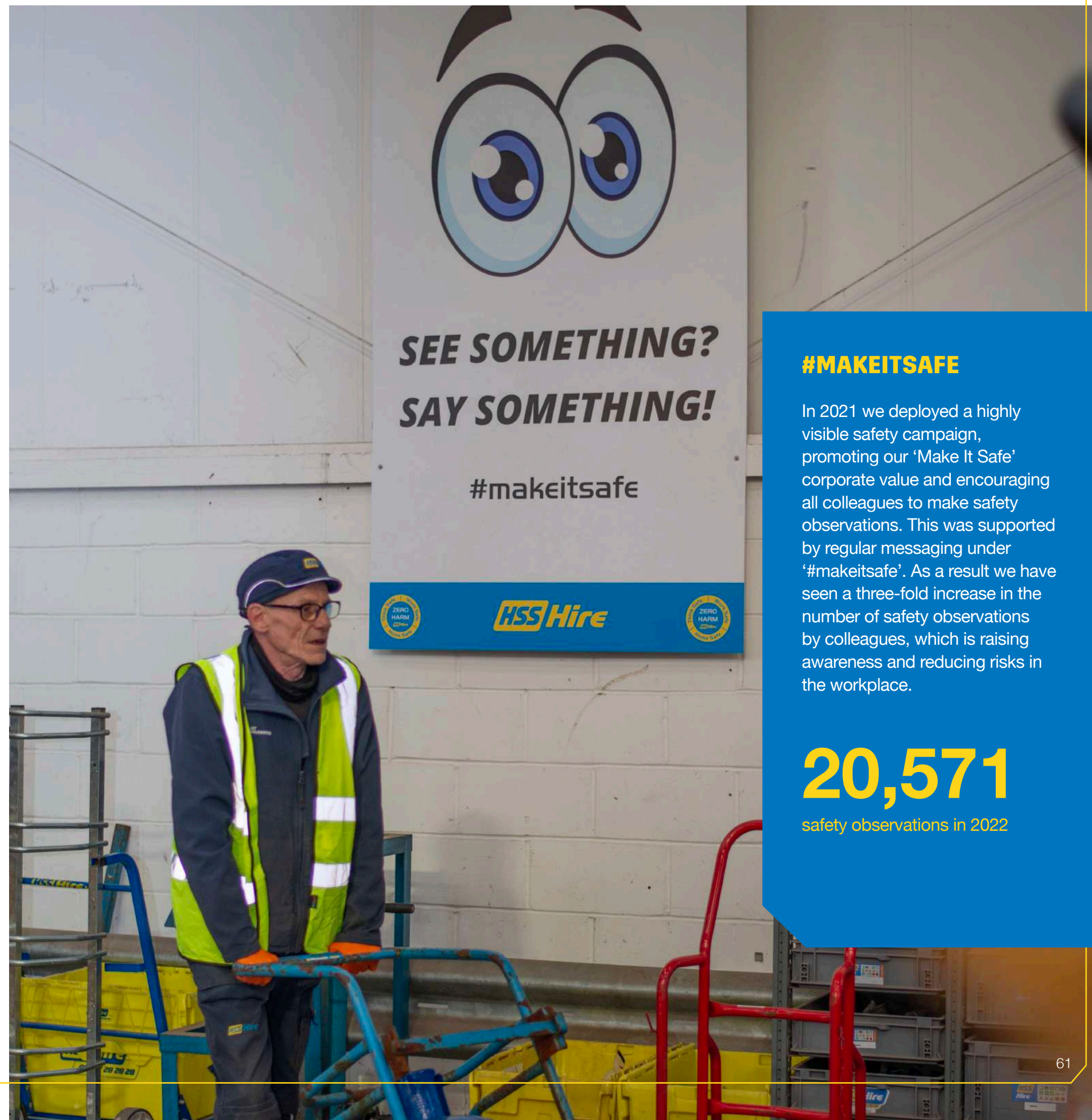
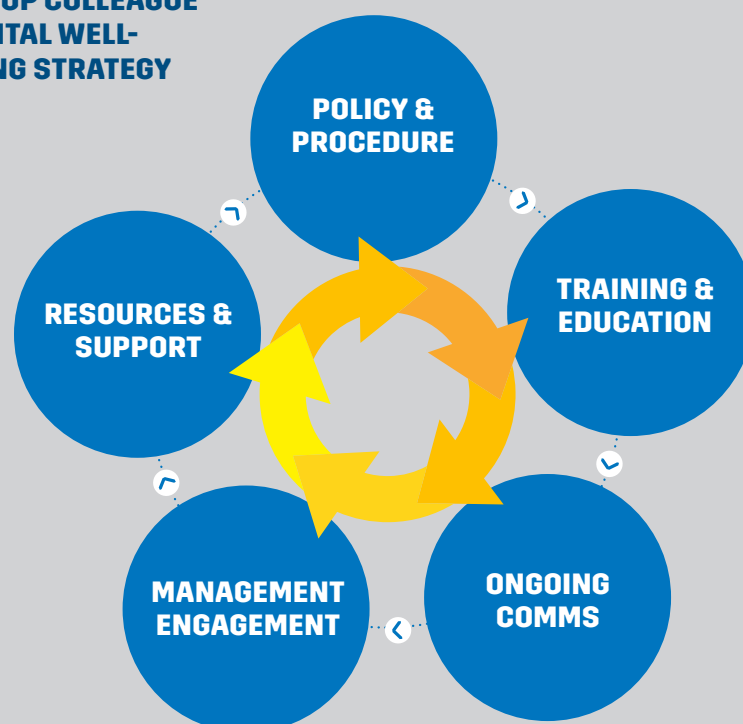
Our Group colleague mental well-being strategy comprises five key elements (see below) and by following this strategy, we aim to reduce the stigma associated with mental well-being and educate and empower our colleagues to seek support when required.

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 and pregnancy loss
- EAP provider who supports colleagues anonymously 24/7, 365 days a year
- Specially trained Mental Health First Aiders, guided by St John's Ambulance



### GROUP COLLEAGUE MENTAL WELL-BEING STRATEGY



### #MAKEITSAFE

In 2021 we deployed a highly visible safety campaign, promoting our 'Make It Safe' corporate value and encouraging all colleagues to make safety observations. This was supported by regular messaging under '#makeitsafe'. As a result we have seen a three-fold increase in the number of safety observations by colleagues, which is raising awareness and reducing risks in the workplace.

**20,571**  
safety observations in 2022



# 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.

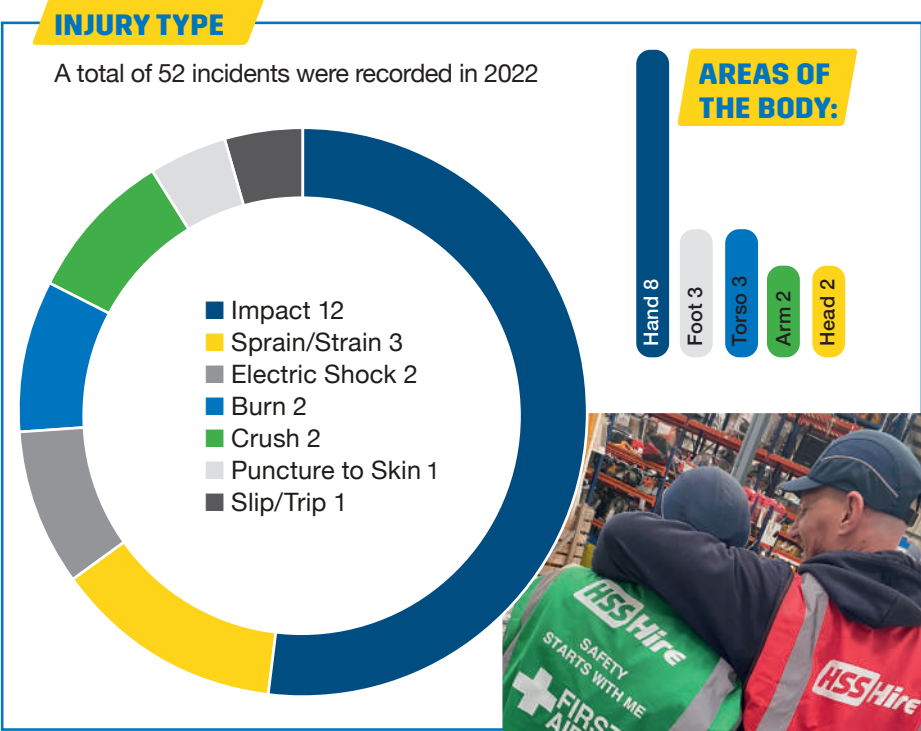
### INCIDENT RATE

In 2022 our RIDDOR rates have reduced, and we finished FY22 with only one RIDDOR for the reporting period, compared to five in 2021. This demonstrates the focus across the business to keep safety at the top of the agenda.

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 launched 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

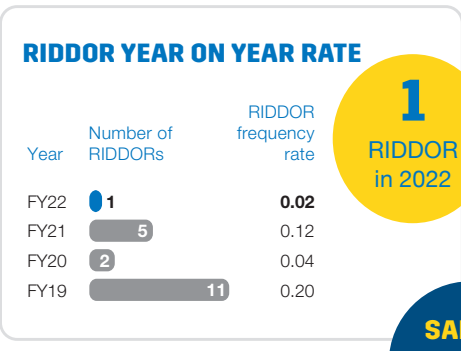
In the event of even minor incidents, we recognise the importance of clarity over what has happened to prevent further incidents. As a result, several locations have had CCTV upgrades in 2022, so we have visibility of any incident that occurs. A bespoke accident investigation training and awareness course was also produced, all assurance colleagues have been trained and this is being rolled out to operational management in 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 20,571 safety observations were recorded by colleagues in 2022.



**STEVE ASHMORE**

Steve Ashmore 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

To ensure 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 2022 - 4,652 of items were checked

- A total of 4,586 items passed the checks and remained available for hire.
- 166 checks resulted in the equipment failing the quality check process.
  - 49 items were deemed as major failures and returned to the workshop for repair.
  - 117 items recorded a minor failure during the checks made, and these were corrected during the checks and remained in available status.

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 52 customer incidents were recorded in 2022, up 12 on the 40 recorded in 2021.

Injuries were sustained on 23 of the 52 incidents which included:

• Impact	12
• Sprain/Strain	3
• Electric Shock	2
• Burn	2
• Crush	2
• Puncture to Skin	1
• Slip/Trip	1

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

• Hand	8
• Foot	3
• Torso	3
• Arm	2
• Head	2





# LEARNING AND DEVELOPMENT

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

## INDUCTION TRAINING

We've recently completed an extensive review of all our induction training, adapting and aligning it to our new business model and strategy. Utilising existing colleague insight and experience, we've created e-learning and induction packs which ensure new 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 – this programme covers a wide range of topics including policies, processes and systems to equip new managers with the information they need to be successful in their role.
- Management & leadership development –this includes three levels of development focusing on our core management subjects, pitched and delivered for the three levels of experienced managers, new managers and aspiring managers of the future.
- Managers intranet portal – one central location on our company intranet, HSS World, which outlines the seven steps of the colleague lifecycle and what the management responsibilities are at each stage, complete with videos, guides, and links to other relevant information.

## SALES DEVELOPMENT

As our product and service offering continually evolves and diversifies, we have developed and implemented several training programmes for our sales teams which support growth and develop knowledge in these areas. This includes a comprehensive 7-day sales induction for all new colleagues joining our central sales team, and a series of upskilling workshops for existing sales colleagues. This training is 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 45 colleagues on different programmes, ranging from Level 2 Credit Controller to Level 7 Senior Leader. At the recent 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 as well.

## 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.

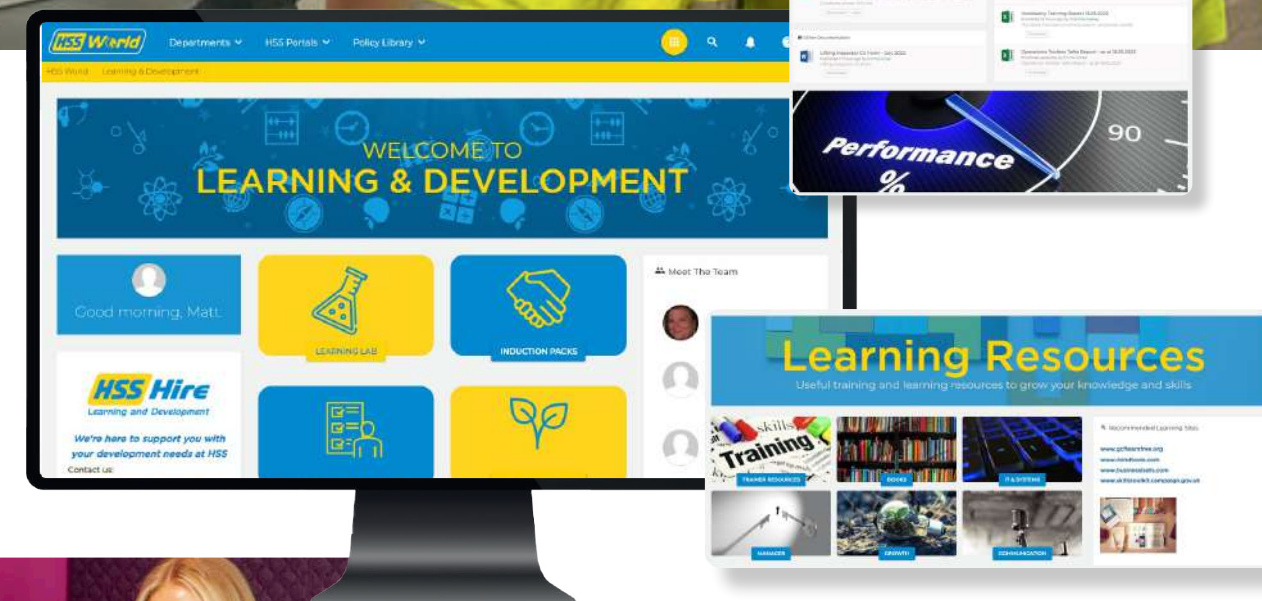
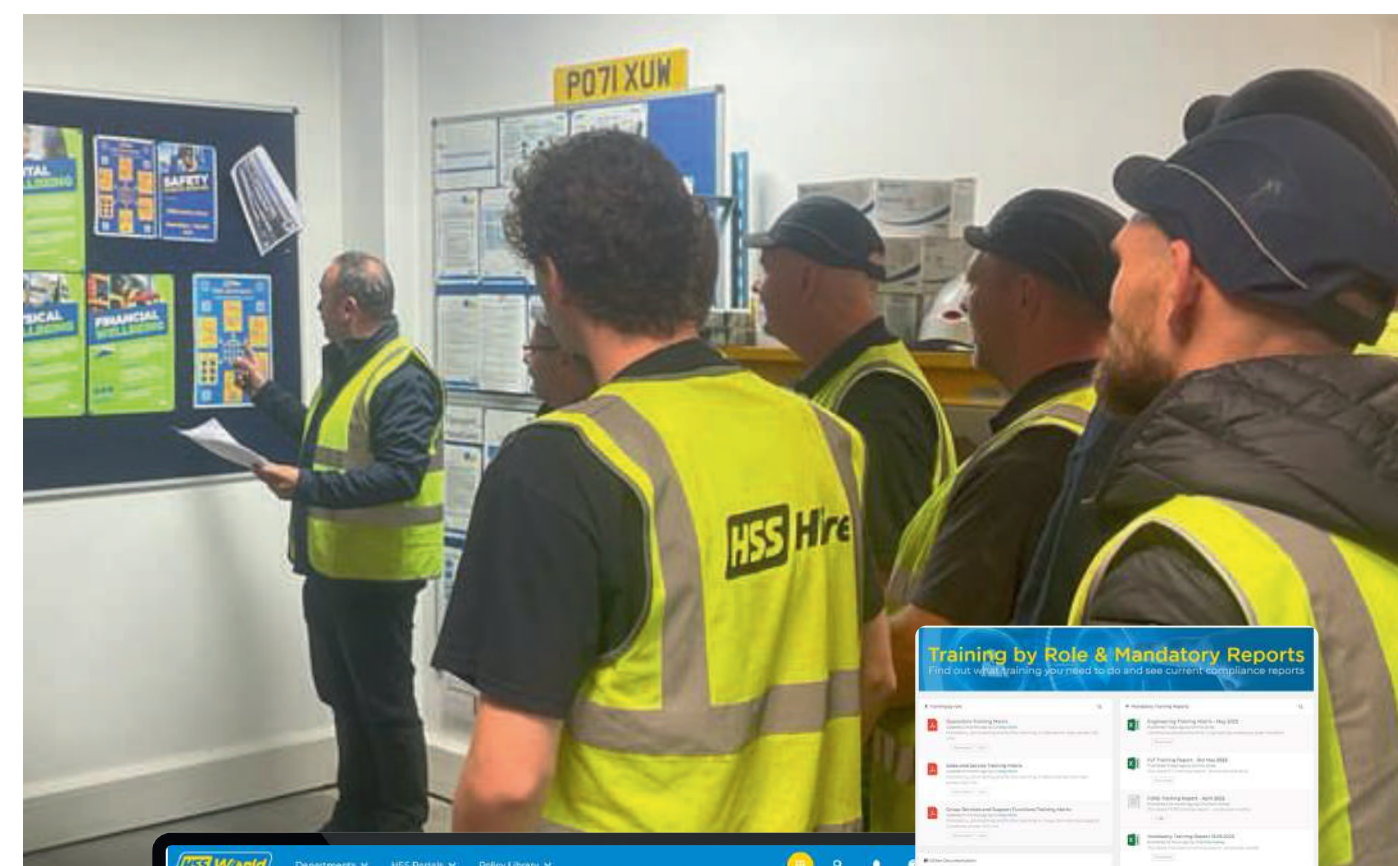
With a constant focus on quality and additional development within our driver Earn as You Learn career plan, we have also identified and trained some of our Class 2 drivers to become Driver Assessors. These colleagues act as ambassadors for our driver population, provide added support and guidance to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

## WHAT'S HAPPENING NEXT...

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

**45**

colleagues in active apprenticeship programmes



## ONLINE COURSES DELIVERED

2021	2022	2023 (to April)
<b>21,489</b>	<b>23,203</b>	<b>9,909</b>

## CLASSROOM COURSES DELIVERED

2021	2022	2023 (to April)
<b>329</b>	<b>1295</b>	<b>457*</b>

\*HSS is moving onto delivering more courses online



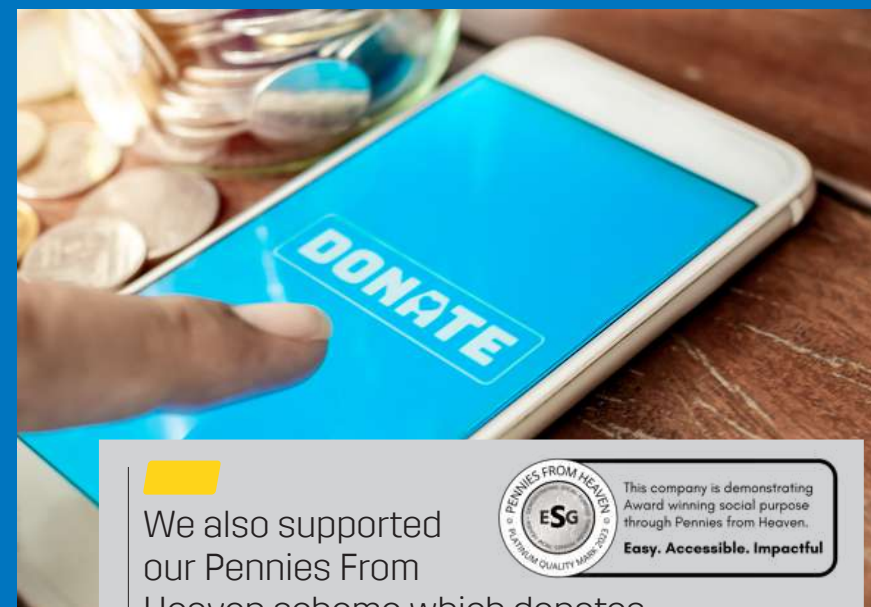
# COMMUNITY ENGAGEMENT

## OUR COMMUNITIES

We continued to be a corporate partner of the Lighthouse Club in 2022, an organisation which provides mental, financial, and physical well-being support for construction industry workers and their families. Our relationship with the charities we support is reciprocal and extends beyond simply raising money. We regularly engage with the Lighthouse Club and men's mental health charity, Andy's Man Club, to collaborate on well-being content for our colleagues, such as webinars and podcasts.

At a local level, we're proud to say our colleagues regularly support local community initiatives in their area, often in collaboration with our customers and supply chain partners. For example, we donated free of charge event equipment

to a family fun day hosted by West Park Leeds RUFC to raise funds for Lia's Wings, an air ambulance charity which provides essential support to critically ill children in the UK. We also continued our Pennies From Heaven scheme which donates the spare pennies from colleagues' monthly salary to charity. Our colleagues chose Cancer Research UK as the charity they wanted to receive these funds, and in 2022 we again received the platinum award from Pennies From Heaven to recognise our colleagues' generous donations throughout the year, totalling just over £7,600.



We also supported our Pennies From Heaven scheme which donates the spare pennies from colleagues' monthly salary to charity.



In line with our values we are committed to giving back to the communities we work in, ensuring we have a positive impact and add value where we can. Through our procurement partnership with Commercial, we were able to contribute towards its £732,000 social value fund, through its Commercial Foundation. Commercial donates a portion of the profits generated by our orders to its 'No Limits' programme, which supports young people looking to get into work through placement opportunities, upskilling and mentoring. Over 86% of those who complete the programme move into employment, education, or further training.





## CASE STUDY

### - GREEN CORRIDOR, COMMUNITY ENGAGEMENT

#### THE OPPORTUNITY:

Heathrow's Charity 'Green Corridor' delivers specialist education for young adults (post-16) to help close the employment gap for those who have Special Educational Needs (SEN). They create opportunities for those living in the West London area and surrounding counties. Green Corridor have a unique Learning and Development Centre adjacent to Terminal 5 at Heathrow where they offer horticulture and catering facilities to help young people with SEN gain qualifications, independence, and confidence.

#### WHAT WE DID:

Green Corridor were developing the landscape at their centre to provide

more horticultural learning areas.

To demonstrate our support, we donated free equipment such as Excavators, Rotivators and Power Tools to help resurface those areas. Additionally, the charity intended to make woodworking fun for the learners, which again required essential new tools. HSS donated brand new equipment to ensure that learners had all the necessary tools to deliver better woodworking skills.

#### THE RESULT:

All the new equipment helped volunteers support learners to learn new skills, gain new qualifications and confidence for years to come.

## CASE STUDY

### - RANDOX, SUPPORTING CUSTOMERS THROUGH COVID



#### THE OPPORTUNITY:

In early 2021, Randox, one of the leading partners in the UK Government's testing programme for COVID-19 were tasked with the implementation of high-volume, secure testing centres at many of the UK's busiest aviation gateways. The aviation sector has suffered greatly from the onset of the global pandemic, but movement of people continued. Randox aimed to provide a solution that could deliver testing centres at airports.

#### WHAT WE DID:

After careful consideration with Randox, HSS were selected as the partner of choice to help deliver this programme in conjunction with Randox appointed onsite contractors. Using our expertise in understanding the equipment types, suppliers and installation methods, within just 5 weeks we aimed to deliver:

- 70 welfare accommodation units

- Lighting towers & generators
- Fuel management
- Marquees and roofing
- Fencing and barriers
- Full site-setup

We appointed an agile-expert-led management team which was bolstered by our dedicated Airports hire desk.

#### THE RESULT:

HSS and Randox successfully delivered support at several aviation locations and a further testing centre at the Liverpool One Shopping centre. Randox are highly satisfied with our approach and rolled out the testing centres in phases as footfall at airports gradually increased. Our flexibility, determination, experience, and enthusiasm as a leading site-setup partner has delivered unrivalled results and we look forward to continuing our journey with an industry leader in COVID testing facilities.



## 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 34 years he is still looking for the next development opportunity and following the promotion of our Workplace Apprenticeship scheme in our colleague newsletter HIYA earlier this year, Martin has now undertaken 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**

**TCFD DISCLOSURES**

**KPIs/ DATA TABLES**

## **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 2021.

**Selected area of board and committee oversight in 2022**

	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

HSS 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.

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.

## 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 sound 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. In 2022, Safety and Environmental, Social and Governance (ESG) risk were included as new 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 will be 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).

## 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.

## WHISTLEBLOWING

The HSS Group has a formal grievance and whistleblowing process and policy, whereby any colleague may, in complete

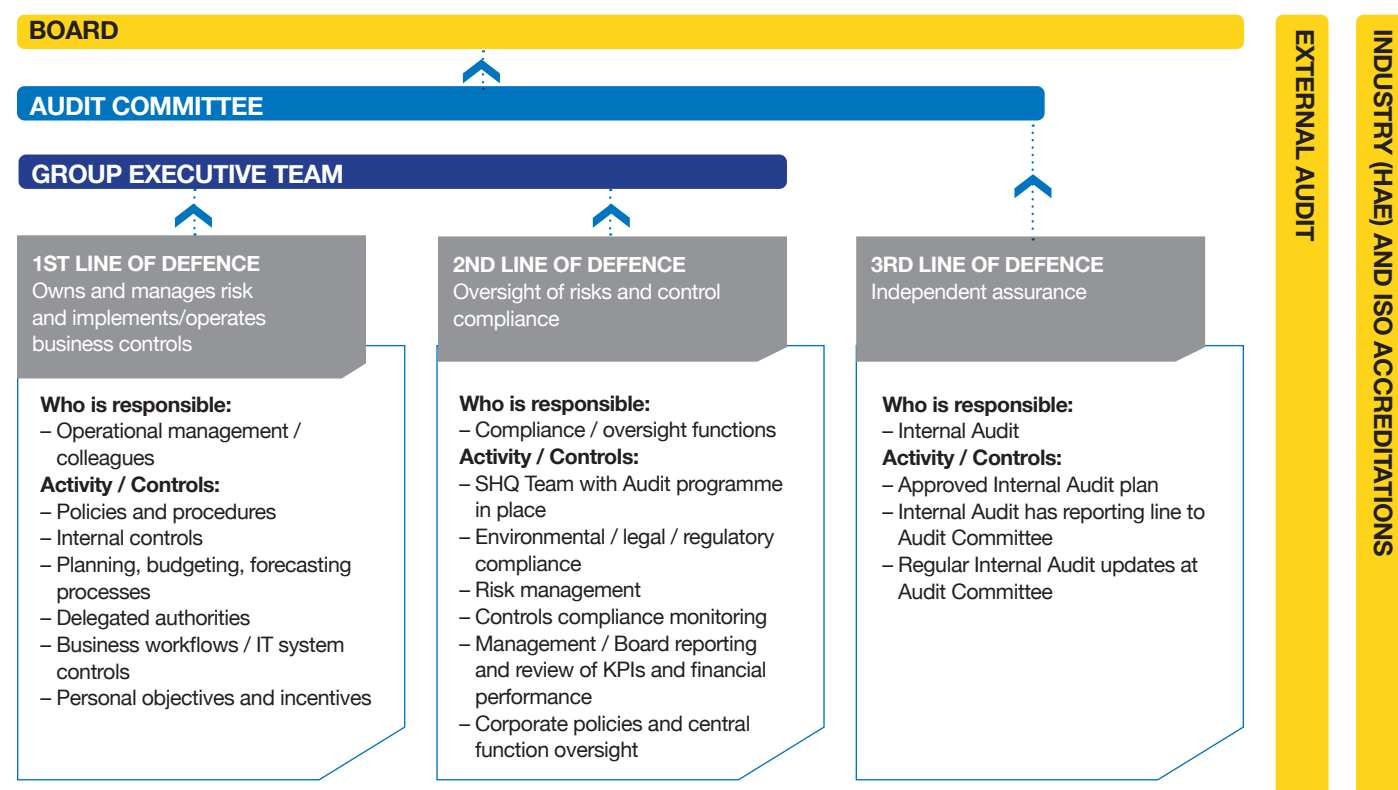
anonymity, contact certain nominated members of senior management to raise any concerns. These concerns are then investigated independently, and the results shared with the whistleblower for further discussion if appropriate / possible. This process is communicated to all colleagues at every location 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 FRAMEWORK



## 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.

## RISK MANAGEMENT TRAINING

MANDATORY COURSE	YE 2022
Colleague induction	95.70%
Bribery & corruption	94.40%
Modern slavery	92.60%
Cyber security 2022/23	70.40%
GDPR	92.20%
Secure it	75.80%
Tackling tax evasion	91.70%
ADR/dangerous goods	81.10%
Fire safety	87.50%
Manual handling	86.40%
<b>Overall compliance</b>	<b>87.00%</b>



# 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 human rights 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

The UK equipment hire industry is worth an estimated £6 billion a year and is a digitally immature industry, where less than 3% of orders are made via digital channels compared to 15%+ in other sectors. Information held on colleagues, customers and suppliers is highly sensitive and therefore valuable to perpetrators of cybercrime.

At HSS, cyber security isn't just about protecting our business, it's about protecting our customers and employees, giving them the tools and training to feel safe while using our solutions. Which is why we have increased the spend on tooling to mitigate risks and cyber threats.

Much like Health and Safety our digital transformation is about working to create a healthy, safe and secure working environment. Which is why we have implemented our Cyber Security "Operation Shield" Awareness program where we train our staff to be the Shield reinforcing our cyber resilience and being the shield to protect our customers. This is to ensure we not only continue working within the law and associated regulations but always pursuing best practice.

We are committed to the development, implementation, continual improvement and the management of data governance within our business. This

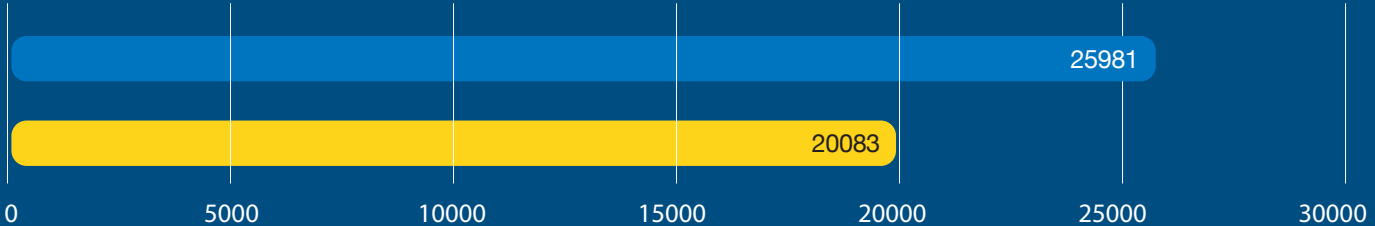
starts with Human Resources to ensure colleagues are adequately trained with the tools necessary from the beginning of their employment through to induction plans and mandatory training.

As the criminal's strategies become more sophisticated so too do ours. Mandatory cyber security training is reviewed and refreshed on an annual basis as well as The Operation Shield Awareness program and monthly awareness packs. We also conduct targeted phishing simulations and enact comprehensive disaster recovery plans once per year. We support staff where they need it most, providing our staff the cyber Health & Safety training they need.

HSS Group implements the highest standards for cyber security operations. We are Cyber Essentials-accredited and have successfully completed our Security objective published last year to gain ISO 27001. As a Group we aim to continue our maturity advancement in cyber security; focusing on continued improvement and making 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.



## MALICIOUS MAIL TRACKING



12 Simulated Phishing Exercises completed

1998 GDPR Training Courses Completed 22/23

25,000+ Malicious emails mitigated 22/23

1827 Cyber Security Training courses completed 22/23

## 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

by 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.





## TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

### TCFD

Climate change presents one of the most pressing challenges that has been confronted in modern times and is already happening. 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 the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). We aim to be transparent to all our stakeholders on the risks we face and the way we strive to mitigate them. Using a standard format enables us to explain the process for responding to these challenges in a purposeful and comparable way. We have utilised 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, in line with our 2023 roadmap and onwards.

In this, our first disclosure, we are voluntarily adopting early TCFD. We are embedding climate-related considerations into our operations, under the direction 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's 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.

It is clear that business as usual is not good enough.

### GOVERNANCE

At HSS, we recognise that customers and investors are increasingly asking for 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 bit. The targets and actions detailed in this report strive to provide detail and clarity on the steps HSS is taking within the organisation to respond to the climate emergency.

During FY22, HSS has been integrating climate risk into our business model and ensuring that we have in place a strong and resilient corporate governance regime. This will ultimately enable us to reach 'full' TCFD disclosure.

### BOARD LEADERSHIP

HSS has embedded oversight of climate-related risks at the highest level of our Company. Responsibility for assessing and managing climate-related risks and opportunities lies with our Board, supported by the EMT and the Risk and Assurance Director.

Therefore, the Board, will drive and be accountable for all climate-related risks and opportunities. This reflects the urgency with which we believe the climate emergency should be addressed, but also the emphasis that we are placing 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. Whenever the Board or the Board committees meet, climate change will be on the agenda. This will include periodic reviews of the performance of the Company's climate metrics and targets.

### 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 of climate-related risks using current climate data and associated financial data, for example data to support the financial implications of climate risks and opportunities. Currently, we have added the various elements of climate risk into key risk 11 (ESG). However, over time the various elements may either be integrated into our other principal key risk areas or added to a specific climate risk register as appropriate.

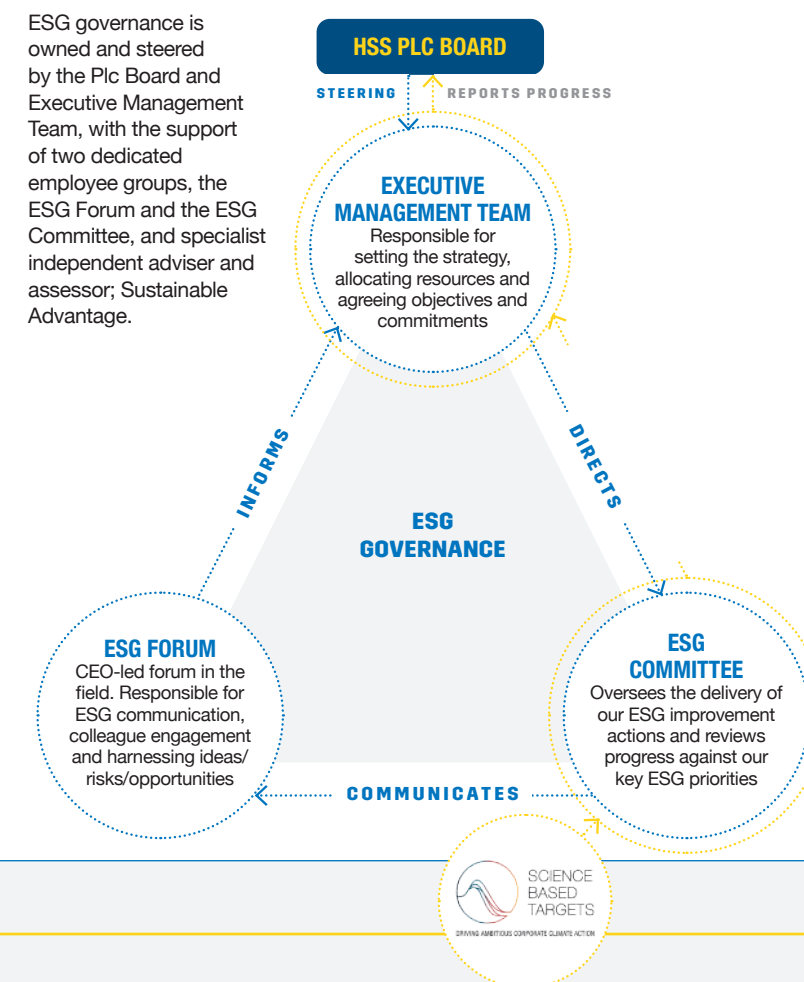
HSS's Remuneration Committee will ensure that climate targets are embedded into our incentivisation scheme over time, starting in FY23. The Committee will oversee the development of the Company's management incentivisation schemes, which will evolve to promote and reward sustainable value creation. HSS will be including specific climate targets and goals in the management incentivisation model. This will include setting clear key performance indicators (KPIs) that will impact executive compensation.

### MANAGEMENT LEVEL OVERSIGHT

While the Board will retain oversight of all climate-related issues, we recognise the importance of creating a structure that enables it to make informed decisions. HSS's EMT will have overall responsibility for handling day-to-day risk management. The Group's risk register will be maintained by HSS's Risk and Assurance Director and will be reviewed on a quarterly basis. This will enable the EMT to advise the Board on how the Company should adapt its business strategy by considering climate change risks and opportunities. The EMT is reviewing whether to develop a specific climate risk register, or whether it would be more effective to integrate climate risk into the Company's existing enterprise risk register.

#### EMBEDDING ESG GOVERNANCE THROUGHOUT THE GROUP

ESG governance is owned and steered by the Plc Board and Executive Management Team, with the support of two dedicated employee groups, the ESG Forum and the ESG Committee, and specialist independent adviser and assessor; Sustainable Advantage.





TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) CONTINUED

STRATEGY AND RISK

HSS has considered climate-related risks and opportunities in the following time frames. Our short-term horizon is zero to two years, our medium-term horizon is three to five years, and our long-term horizon is five to ten years. When considering the impacts of physical risks, a longer horizon of more than ten years is used.

When determining future risks and exposure to HSS’s business, two future scenarios have been considered:

A less than 2°C emission scenario pathway. This scenario represents a transition to the 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.

A 4°C emission scenario pathway. In this scenario, and particularly by 2050, the impact of climate change on physical risks in the UK would start to have a much greater impact on the business.

TRANSITION RISKS

The table below highlights transition risks recognised by HSS in four key areas: Policy and Legal, 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.

KEY – TIMEFRAME

- Short
- Medium
- Medium to long
- Long to very long

TRANSITIONAL RISKS (<2°C FUTURE)

	Risks	Impacts
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 to become obsolete such as diesel fuels and generators.
	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.
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.
	Strain on supply chains impacting the ability to provide low-emission technology.	Increased competition for low-emission equipment, increasing the difficulty to acquire or longer lead times. This could result in loss of revenue and loss of competitive advantage.
MARKET	Increased energy and fuel prices could negatively impact demand for fuel-based products.	Increased fuel and energy costs could impact areas of the potentially lower returns and obsolete fleet associated with fuel-based products.
	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.
REPUTATION	The Company not meeting SBTi and 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 houses and reputation decreases as a result.

PHYSICAL RISKS

HSS’s operations are based in the UK and Ireland (UK&I), with branches, CDCs and facilities located across the countries. 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 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

PHYSICAL RISKS (4°C FUTURE)

	Risks	Impacts
ACUTE	Increased flooding risk to key sites or locations prone to flooding.	Disruption to business operations, ability to deliver, provide services and return equipment. Damage to sites, assets and equipment.
CHRONIC	Increasing UK summer temperatures and hottest days.	This could put the workforce at greater health risk.

because 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.

CLIMATE-RELATED OPPORTUNITIES

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

TRANSITIONAL OPPORTUNITIES (<2°C FUTURE)

	Opportunities	Impacts
POLICY AND LEGAL	Regulatory changes to the use of high-emission technology or transport methods.	Opportunity to proactively implement ahead of likely policy changes and secure new business areas for HSS.
	Opportunity to highlight emission reporting completed throughout the value chain to stakeholders and action taken to mitigate climate change.	Emission credentials and reduction targets will become more valuable to clients, customers and investors. This is an area where HSS can add value and maintain its position as a leader.
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.
	Supply chain opportunity to secure relationships with low-emission technology providers.	HSS can establish early supplier relationships strengthening the ability to deliver new technology.
	Investment in low-emission technology.	Investment in this area allows the ability to meet customer demand and emissions reduction targets, and meet climate-related goals.
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.
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.

PHYSICAL OPPORTUNITIES (4°C FUTURE)

	Opportunities	Impacts
ACUTE	Increased flooding risk to UK locations that are prone to flooding generates additional business.	HSS can provide products and support services to regions affected by increased flooding.
CHRONIC	Increasing UK summer temperatures and increasing hottest days recorded generates additional business.	The Company can provide products and support services to regions affected by increasing temperatures.

CLIMATE-RISK MITIGATION

HSS recognises that the transition risks shown are the most material risks to the business. Key areas of these risks are associated with emissions and the transition to new technology. As a result, we have completed an evaluation of Scope 1, 2 and 3 emissions within the business. This has highlighted hotspots and key areas of focus to reduce exposure to high-emission equipment and technologies.

We have also committed to science-based targets with a pathway of reduction in place. This proactive stance on climate change will ensure exposure to climate-related risks is reduced. It will also put HSS in a good position in the event of more ambitious UK government policies on climate change to achieve a <2°C emissions pathway. The EMT will advise on climate-related risks and build this into HSS strategy to mitigate future impacts.

Physical climate-related risks are focused within the UK&I and so the impacts of increased flooding and increased summer temperatures in the future can be expected. These will be considered as part of the EMT risk management process for current and future sites and locations.



## RISKS AND OPPORTUNITIES

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 and FY22, we have worked to develop a baseline for a range of metrics including GHG emissions, energy, and waste management. In FY23, we are planning to expand the Scope 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-emission 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. In accordance with Carbon Reduction Commitment (CRC) Energy Efficiency Scheme reporting (pre-2019) and now Streamlined Energy and Carbon Reporting (SECR) compliance, HSS has been disclosing Scopes 1 and 2 emissions since 2012, allowing for trend analysis. From a FY19 base year, our historical GHG emissions disclosures will now also include Scope 3 emissions.

An overview of our GHG emissions and energy consumption data for FY21 and the 2019 base year can be found in the table on page 22. All our targets and disclosures clearly specify the timeframe by which they will

be realised, 2030, and the base year of FY19 against which they are measured.

## TARGETS

HSS has set a near-term Science-Based Target (SBT) to reduce our Scopes 1, 2 and 3 in line with the SBTi's Net Zero Standard. We have committed to reducing absolute Scopes 1 and 2 GHG emissions by 46.2% by 2030 from a FY19 base year. In particular, we commit to increasing annual sourcing of renewable electricity from 7.6% in FY19 to 100% by 2030. This is aligned with a 1.5°C degree emissions pathway. To go further, we have also committed to reducing absolute Scope 3 GHG emissions by 27.5% by 2030 from a FY19 base year. This commitment is 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 fleet to electric 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. 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 a 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, in FY21, we conducted a thorough review of our overall ESG governance approach and worked with an independent ESG consultancy to better integrate the management of ESG. As part of the review process, a

comprehensive assessment conducted by an external assessor, spanning over 60 ESG areas, provided us with a detailed overview and benchmark of our overall ESG maturity with tailored recommendations to improve performance in each critical area. HSS received an overall ESG maturity score of 61% and 80% by end 2022, both years classed as ESG excellent and including a re-base to include 11 more topics at the start of 2023. By December 31, 2023, HSS is aiming to reach a target ESG maturity score of 90% by implementing the recommendations in the action plan.

**BUSINESS AMBITION FOR 1.5°C**

HSS has 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.

**SCIENCE BASED TARGETS**  
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



DATA PERFORMANCE METRICS SUMMARY

Data is presented below for HSS Group across UK and Ireland, including divestment (e.g. All Seasons Hire).

PERFORMANCE METRIC	Unit	2022	2021	2020	2019
Environmental performance					
GHG Emissions					
Total direct emissions (Scope 1)	metric tons (t) CO <sub>2</sub> e	10,165	9,821	9,787	12,325
Total indirect emissions (Scope 2) – location based	metric tons (t) CO <sub>2</sub> e	1,011	1,312	1,965	3,073
Total indirect emissions (Scope 2) – market based	metric tons (t) CO <sub>2</sub> e	6	188	-	2,840
Value chain emissions - waste, business travel, grey fleet (Scope 3)	metric tons (t) CO <sub>2</sub> e	278a	53b	48b	332a
Value chain emissions - all additional categories (Scope 3)	metric tons (t) CO <sub>2</sub> e	149,080d	-d	-d	146,682c
Total Gross carbon emissions - location based	metric tons (t) CO <sub>2</sub> e	160,577	11,133	11,752	147,014
Total Net carbon emissions - market based	metric tons (t) CO <sub>2</sub> e	159,572	10,010	11,752	162,179
GHG intensity - market based (turnover) e	tCO <sub>2</sub> e/£m revenue (1&2)	31 e	33 e	39 e	49 e
GHG intensity - market based (turnover) f	tCO <sub>2</sub> e/£m revenue (Full)	479 f	- d	- d	528 f
Energy consumption					
Total energy consumption	kilowatt hours (kWh)	5,842,499	6,904,183	9,428,951	11,806,259
Total electricity	kilowatt hours (kWh)	5,227,177	6,177,136	8,921,521	11,079,212
Total renewable electricity	kilowatt hours (kWh)	5,193,587	5,290,355	8,921,521	232
Total gas	kilowatt hours (kWh)	615,322	727,047	507,430	727,047
Total propane	kilograms (kg)	14,550	15,282	15,876	28,032
Waste consumption					
Total waste consumption	metric tons (t)	915	1086	1033	1,522
Diverted waste	metric tons (t)	539	695	652	919
Landfill waste	metric tons (t)	107	123	94	147
Recycled waste	metric tons (t)	265	256	240	393
Reused waste	metric tons (t)	1	1	2	0
Total Reusable processed fuel oil (PFO)	metric tons (t)	2	11	46	63
Total hazardous waste (waste oil)	litre (l)	81,200	101,170	97,700	111,100
Total waste to energy (incineration)	percentage %	59%	64%	63%	60%
Total waste to landfill	percentage %	12%	11%	9%	10%
Total waste recycled	percentage %	29%	24%	23%	26%
Reused waste	percentage %	0.1%	0.1%	0.2%	0%
Total processed fuel oil (PFO)	percentage %	0.3%	1%	4%	4%
Landfill diversion rate	percentage %	88%	89%	90%	90%

PERFORMANCE METRIC	Unit	2022	2021	2020	2019
Social performance:					
Total number of employees	FTEs and PTEs	2027	1903	2330	2603
Gender – female/total	% based on headcount	18%	18%	15%	15%
Pay gap (mean)	percentage (%)	-10%	-7%	-1%	-1%
Pay gap (median)	percentage (%)	-4%	-8%	-7%	-7%
Ethnicity – BAME/total	% based on headcount	11%	10%	10%	11%
Colleague engagement score	percentage (%)	76	76	75	72
Total Recordable Frequency Rate (RIDDOR)	Frequency Rate	0.02	0.12	0.04	0.2
Total Number of RIDDORS	RIDDORs Per FY	1	5	2	11
Safety observations	Logged observations	20,571	23,814	8,020	-
Nett Promoter Score	NPS Score	44	38	44	45
Training Courses Delivered (All types)	Qty of Courses Delivered	23,203	21,489	-	-
Training Hours (All colleagues, all types)	Total Number of Hours	33,721	24,261	-	-
Training Hours per colleague	Average per colleague	16.2	11.9	-	-
Governance					
Training on Mandatory Business elements, Standards & Compliance	% Mandatory Courses Up to date	87%	84%	-	-
Whistle Blowing Incidents Reported	Incidents reported	5	1	5	9
Number of Supplier Audits ( With ESG Elements included)	Total Number of Audits	355	-	-	-
Ratio of Completed Supplier Audits ( With ESG Elements included)	% ratio Targeted/Completed	88%	-	-	-
Dedicated Budget for ESG (Non product)	Budget Allocated FY £k	146	119	110	-
Dedicated Headcount for ESG	Eq Full time HC FY	2	1	0.5	0

- a. 2019 & 2022 Partial Scope 3 based on SECR only,
- b. 2022 additional report areas waste & business travel (Scope 3) & Refrigerant losses (Scope 1)
- c. 2019 is the base year where full Scope 3 calculations have been completed, 2019 Gross, Net emissions and GHG intensities have been rebased due to divestitures in 2021
- d. data not calculated for years marked with – (data for 2022 is being calculated as part of the Net Zero report due in June 2023)
- e. GHG Intensity ratio is based on Scope 1 and 2 only
- f. GHG Intensity ratio is based on the full Net Zero
- “-” = New KPI or Not recorded in previous that period



MATERIALITY ISSUES TABLE

The following table summarises items that were included in the materiality assessment with our stakeholders.

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

### UN SUSTAINABLE DEVELOPMENT GOALS (SDGS)

HSS 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

3

GOOD HEALTH AND WELL-BEING

7

AFFORDABLE AND CLEAN ENERGY

8

DECENT WORK AND ECONOMIC GROWTH

9

INDUSTRY, INNOVATION AND INFRASTRUCTURE

12

RESPONSIBLE CONSUMPTION AND PRODUCTION

13

CLIMATE ACTION

89





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An intelligent approach to energy, waste & sustainability

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