



**HSS HIRE GROUP PLC**

# **ESG** IMPACT REPORT

June 2022

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# 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 a capital-light, fast-growing, low carbon and increasingly technology-led business.

## ABOUT THIS REPORT

This is our inaugural Environmental, Social, and Governance (ESG) report, which takes a materiality-based approach to our ESG strategy and disclosure. It outlines how we're driving positive environmental, social and governance impact throughout our business while at the same time providing an 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 2021 financial year and includes data, performance highlights, and progress, unless otherwise noted. It also includes key targets set in 2021.

## SCOPE:

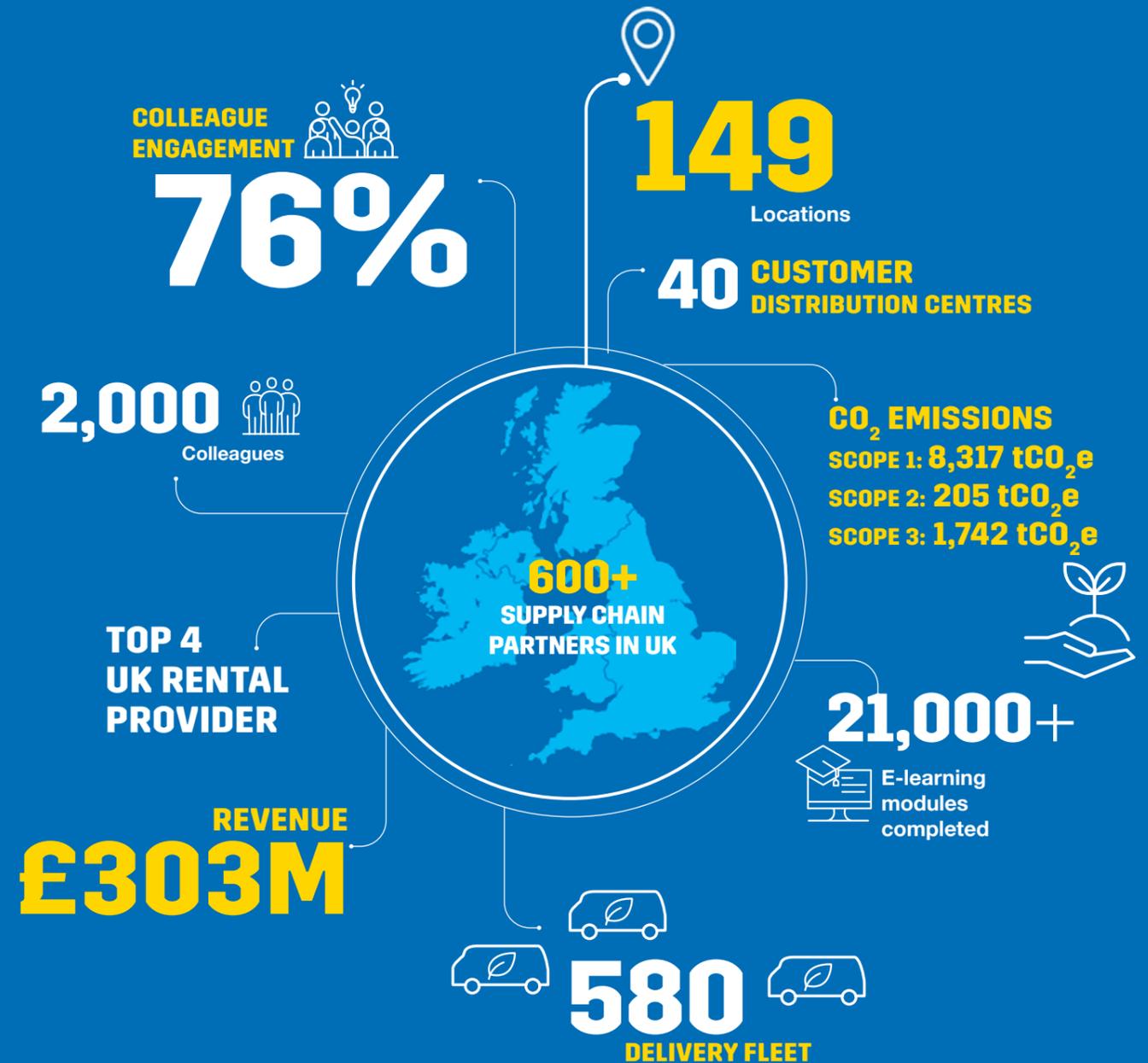
HSS Group operations covers all 149 locations in the United Kingdom and the Republic of Ireland. The HSS Hire Service Group Plc active trading groups in 2021 were as follows:

- HSS Hire Service Group Limited
- HSS Training Limited
- All Seasons Hire Limited
- Laois Hire Services Limited (Eire)
- Abird Limited, and
- Apex Generators Limited (Scotland)

The Group completed the strategic divestures of Laois Hire and All Seasons Hire in 2020/21 and whilst activities related to them are included in this report, they are excluded from the Net Zero calculations and carbon reduction plan.

## 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 wellbeing 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.

In recent years we have continued to make significant progress within ESG across several areas, including colleague engagement and welfare, health, safety, as well as year-on-year reductions in carbon emissions. In 2021 we decided to take stock of our progress, engaging with a specialist ESG consultancy, Sustainable Advantage, to review our current ESG performance and help HSS develop an ambitious ESG strategy for our business.

As part of their role, they conducted a materiality assessment on our behalf to understand how ESG impacts our stakeholders, what matters most to them and what they expect from us as their partner. A common area of concern for all stakeholders is climate change. Our ESG consultants have worked alongside our team to understand how our business generates carbon emissions, not only within our own operations, but also within our upstream and downstream value chain. Greenhouse gas emissions are the leading cause of global warming and HSS are determined to do everything we can to halt climate change. We have calculated our baseline carbon emissions, created a carbon reduction strategy and set a net zero date, all in alignment with strong growth aspirations. In fact, the rental model as an industry, is at the forefront of the carbon reduction movement. 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.

As we embark on an exciting new phase of growth, I look forward to seeing the positive impact our new ESG strategy will 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 PROSERVICE:

- **Data for suppliers** – Access to data insight allows suppliers to fulfill 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.

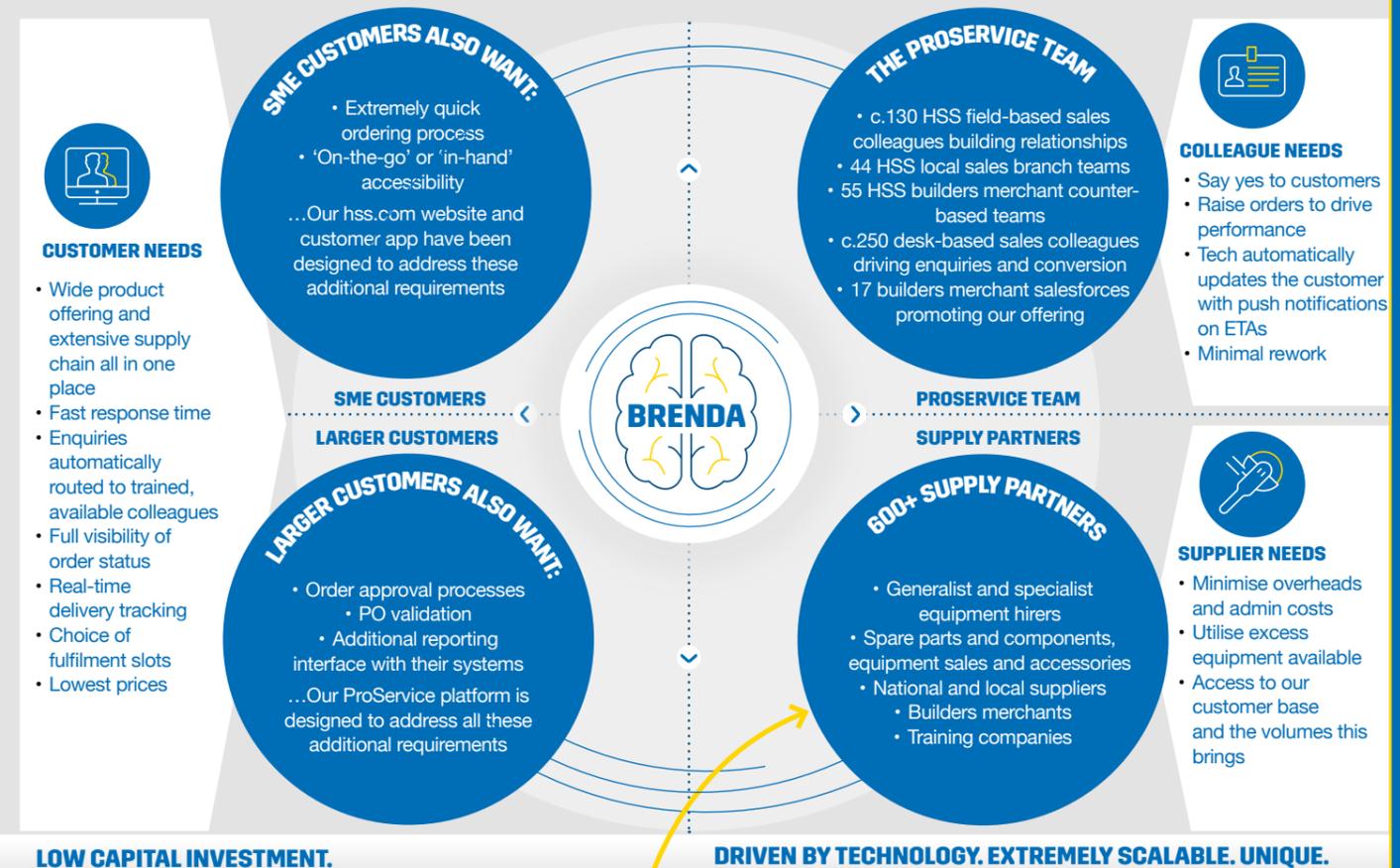
**Key**

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



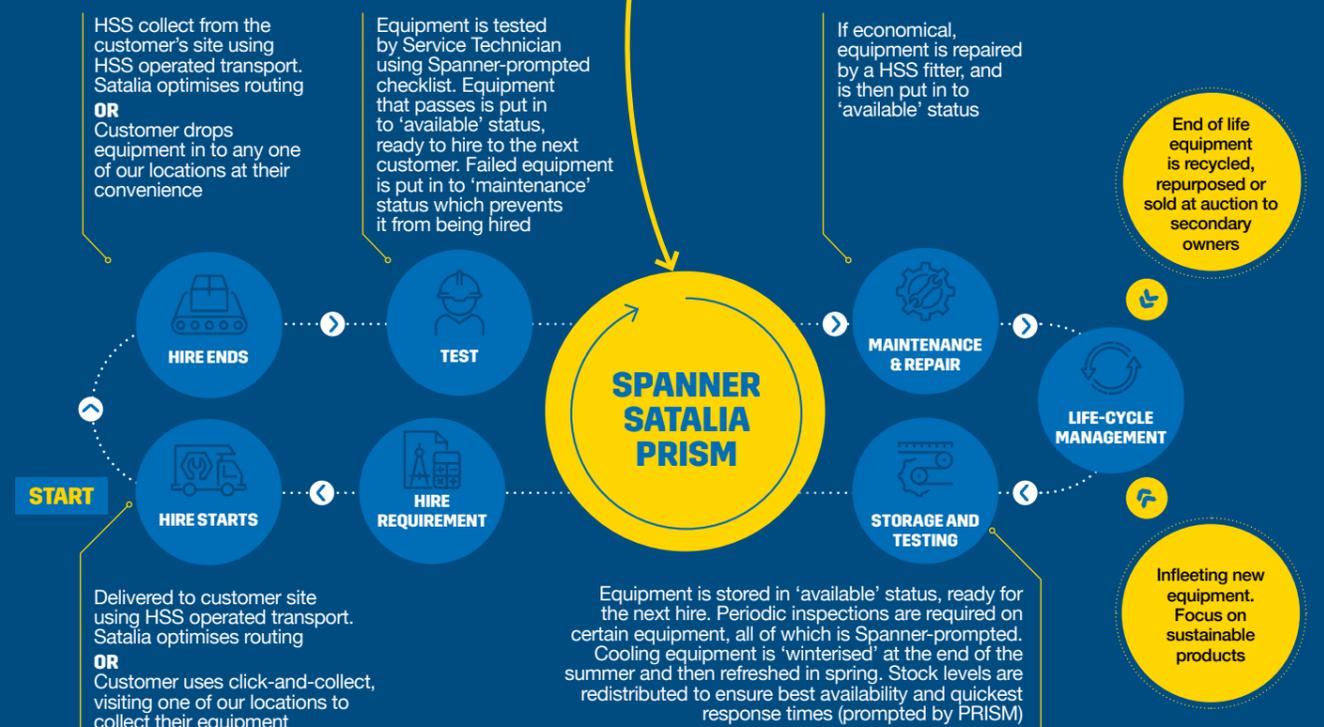
## ACQUISITION MODEL HSS PROSERVICE

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



## FULFILMENT MODEL HSS OPERATIONS

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:

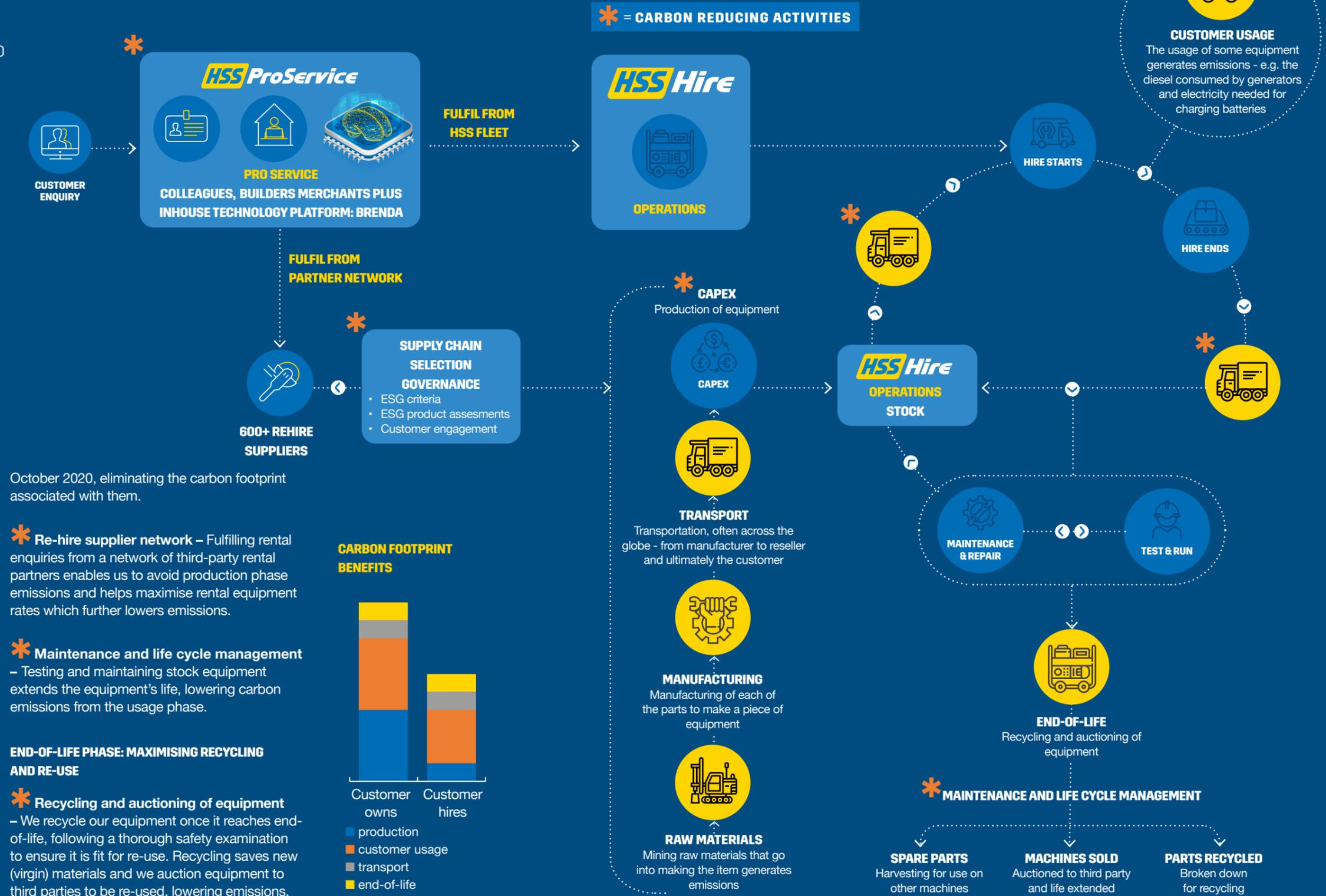
### PRODUCTION PHASE: AVOIDING AND MINIMISING PRODUCTION AND CARBON EMISSIONS

**\* 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

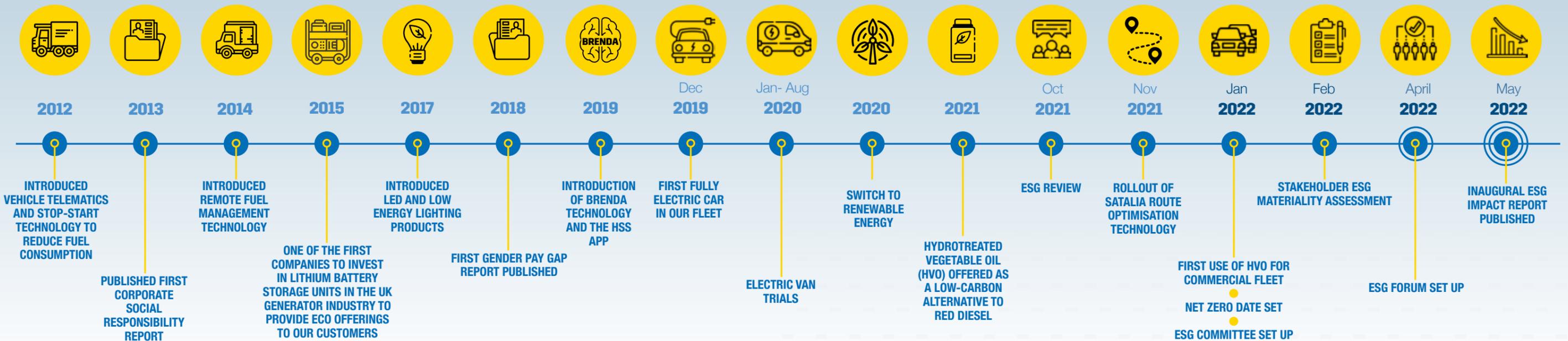
**\* Recycling and auctioning of equipment** – We recycle our equipment once it reaches end-of-life, following a thorough safety examination to ensure it is fit for re-use. Recycling saves new (virgin) materials and we auction equipment to third parties to be re-used, lowering emissions.

### 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 UN Sustainable Development Goals (SDGs) which aims to unite governments, businesses and non-governmental organisations to end poverty.

Initiatives across HSS help advance a number of the Sustainable Development Goals set out by the 193 Member States of the United Nations. We have identified 6 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.

 <p><b>GOAL 3:</b> Ensure healthy lives and promote well-being for all at all ages</p>	 <p><b>GOAL 7:</b> Ensure access to affordable, reliable, sustainable and modern energy for all</p>	 <p><b>GOAL 8:</b> Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>
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**HSS'S GOAL:** Ensuring good health and wellbeing of our colleagues through our benefits and support and package and health and wellbeing programme

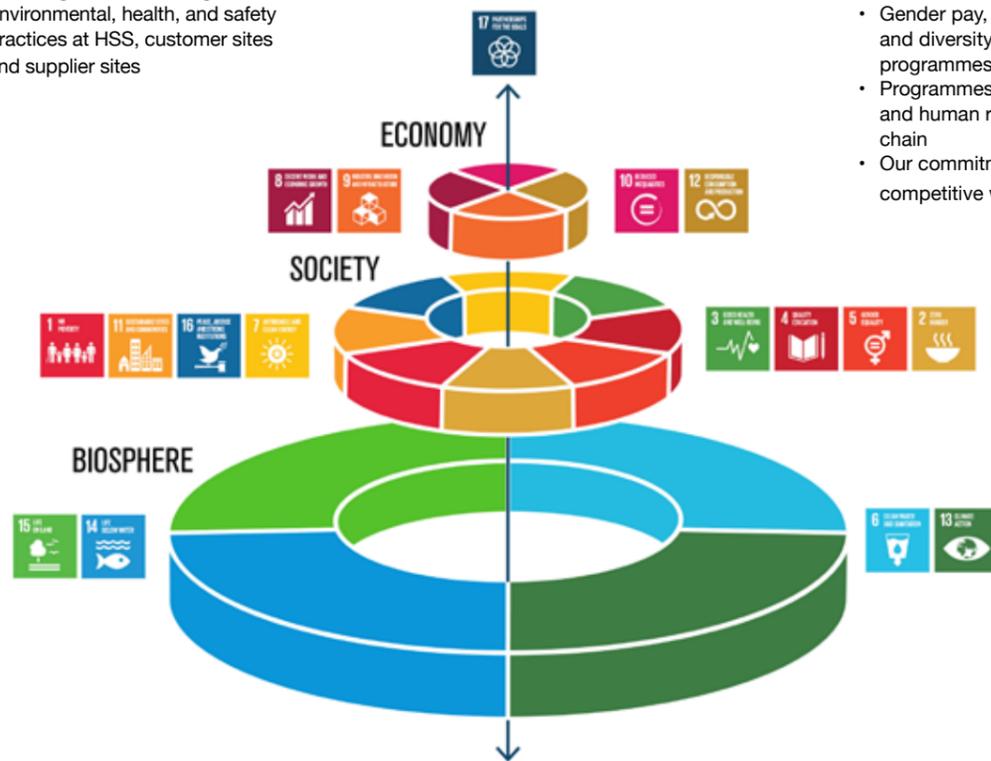
- HSS'S SUPPORTING INITIATIVES:**
- Our work to promote health and wellbeing with our colleagues
  - Environmental, health, and safety practices at HSS, customer sites and supplier sites

**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

**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



 <p><b>GOAL 9:</b> Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p>	 <p><b>GOAL 12:</b> Ensure sustainable consumption and production patterns</p>	 <p><b>GOAL 13:</b> Take urgent action to combat climate change and its impacts</p>
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**HSS'S GOAL:** Building resilient infrastructure and fostering innovation through our market-leading technology

- HSS'S SUPPORTING INITIATIVES:**  
Job creation and economic contribution

**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

**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 wellbeing, 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 wellbeing, 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 81% response rate (with over 1600 responses). 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.

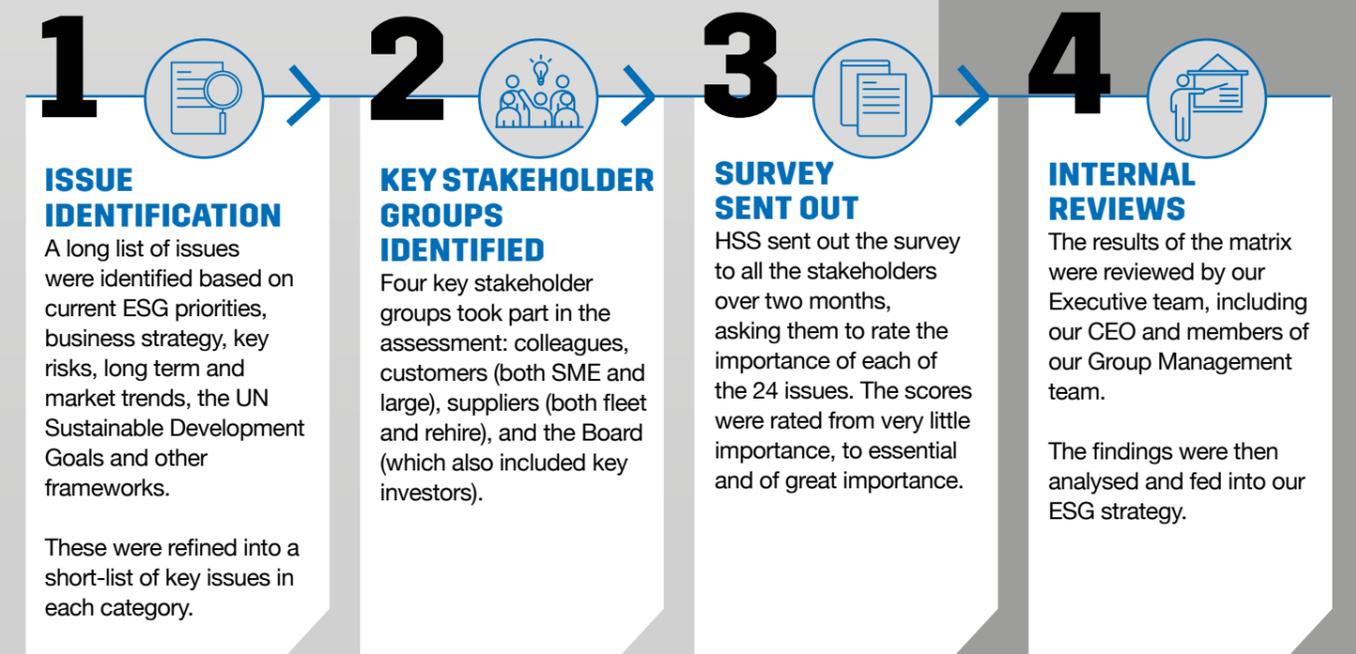
An ESG materiality assessment is the process by which we engage with our key stakeholders and to understand what ESG means to them, how it affects their key areas of focus. We then map these against the business strategy to ensure there is alignment. In our 2022 materiality assessment, ESG priorities

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. 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



# 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.

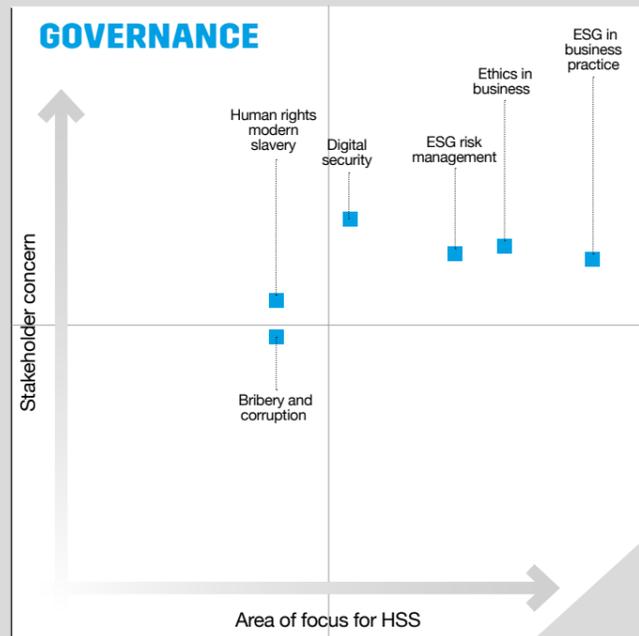
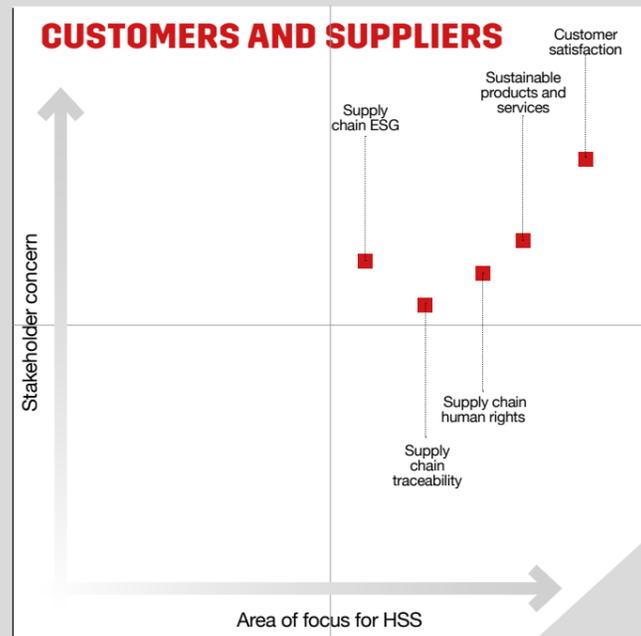
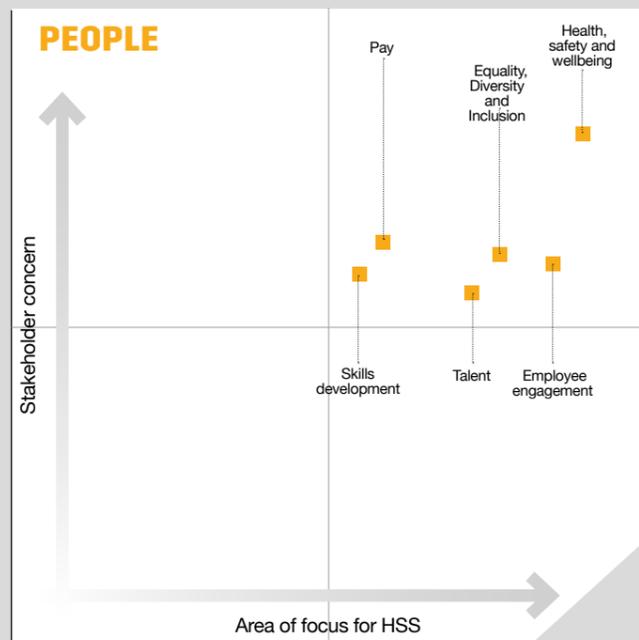
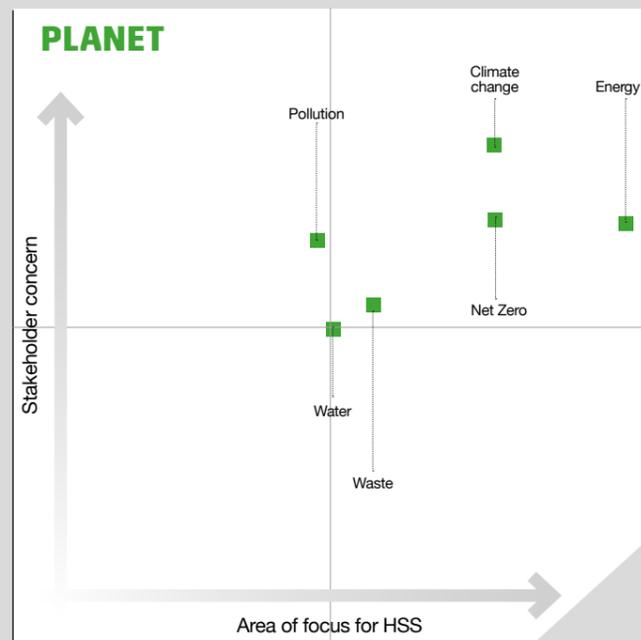
## KEY ESG FOCUS AREAS:

**PLANET:** ENERGY, WASTE

**PEOPLE:** HEALTH, SAFETY AND WELLBEING

**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.

### 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.

### 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.



# 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 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

## 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
- Targeting zero RIDDOR environment
- 25% female colleagues by end of 2025
- Create a community investment policy

## GOVERNANCE

We will continue to lead the way, promoting colleague health and safety, wellbeing 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,

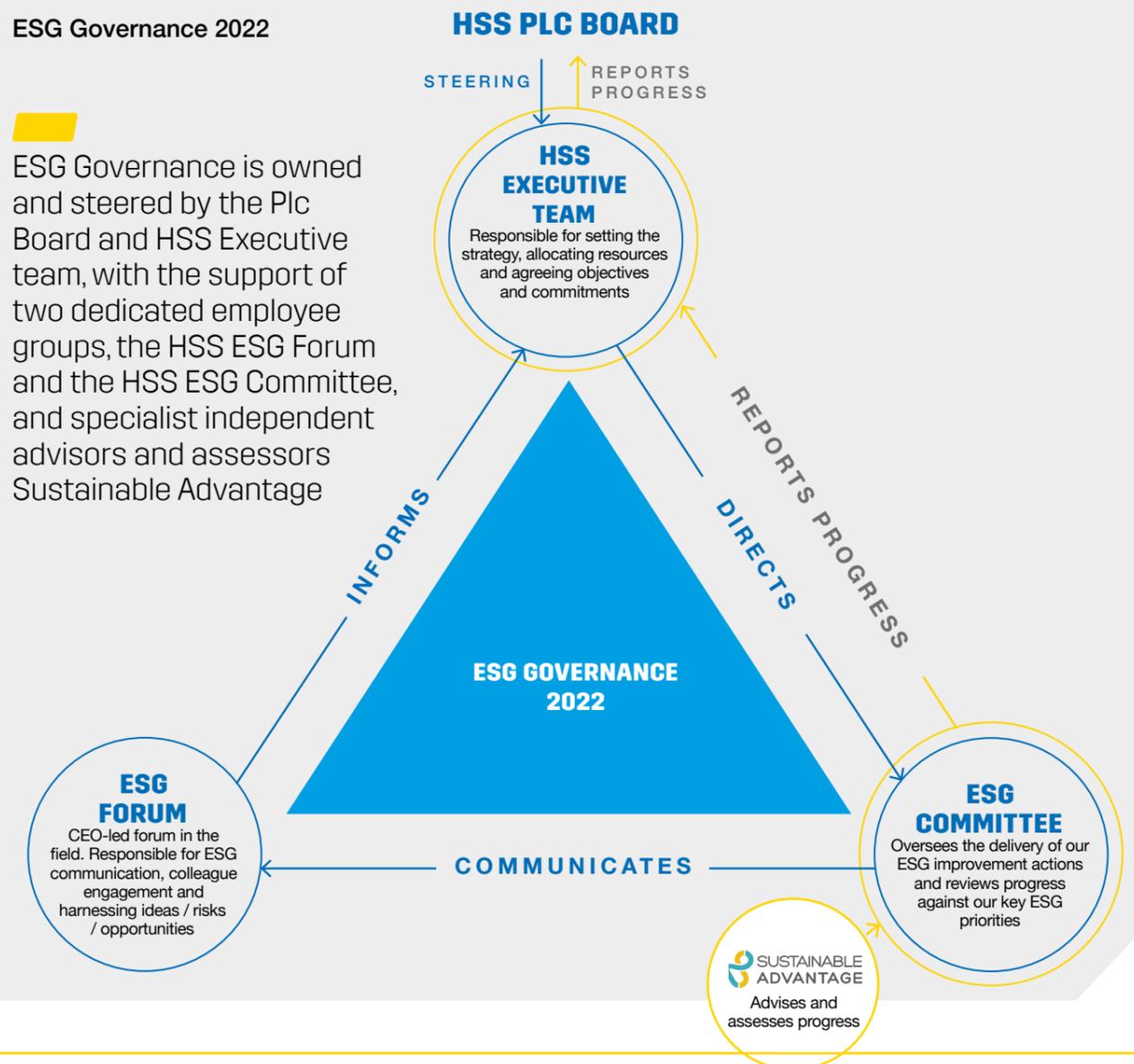
gathering feedback and identifying risks and opportunities. The ESG Committee meets monthly and oversees the delivery of our ESG improvement actions, reviewing progress against our key ESG priorities.

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

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

## CLIMATE CHANGE

HSS'S COMPREHENSIVE CARBON FOOTPRINT

CARBON REDUCTION PLAN

TIMELINE TO DELIVER NET ZERO

TRANSPORT EMISSIONS

ENERGY EMISSIONS

WASTE MANAGEMENT

SUSTAINABLE PRODUCTS

ENGAGING WITH OUR SUPPLY CHAIN

LIMITING OUR AIR POLLUTION

BUILDER MERCHANT LOCATIONS

# CLIMATE CHANGE

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

Climate change is one of the greatest challenges of our time, impacting access to natural resources and livelihoods of people across the world. 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, including from companies. This is echoed by the goals of the Paris Agreement which is the first-ever universal, legally binding, global climate change agreement. The science is clear, and it requires the reduction of Greenhouse Gas (GHG) emissions in line with the Paris Agreement and achieving 'Net Zero' emissions ahead of 2050 to avoid a climate catastrophe. HSS is committing to industry leading decarbonisation targets. We believe 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 only achieve our climate goals by engaging with our stakeholders and taking decisive action together – leading by example, sharing best practice, collaborating to develop solutions, advocating for policy change and inspiring action in all parts of society. 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.

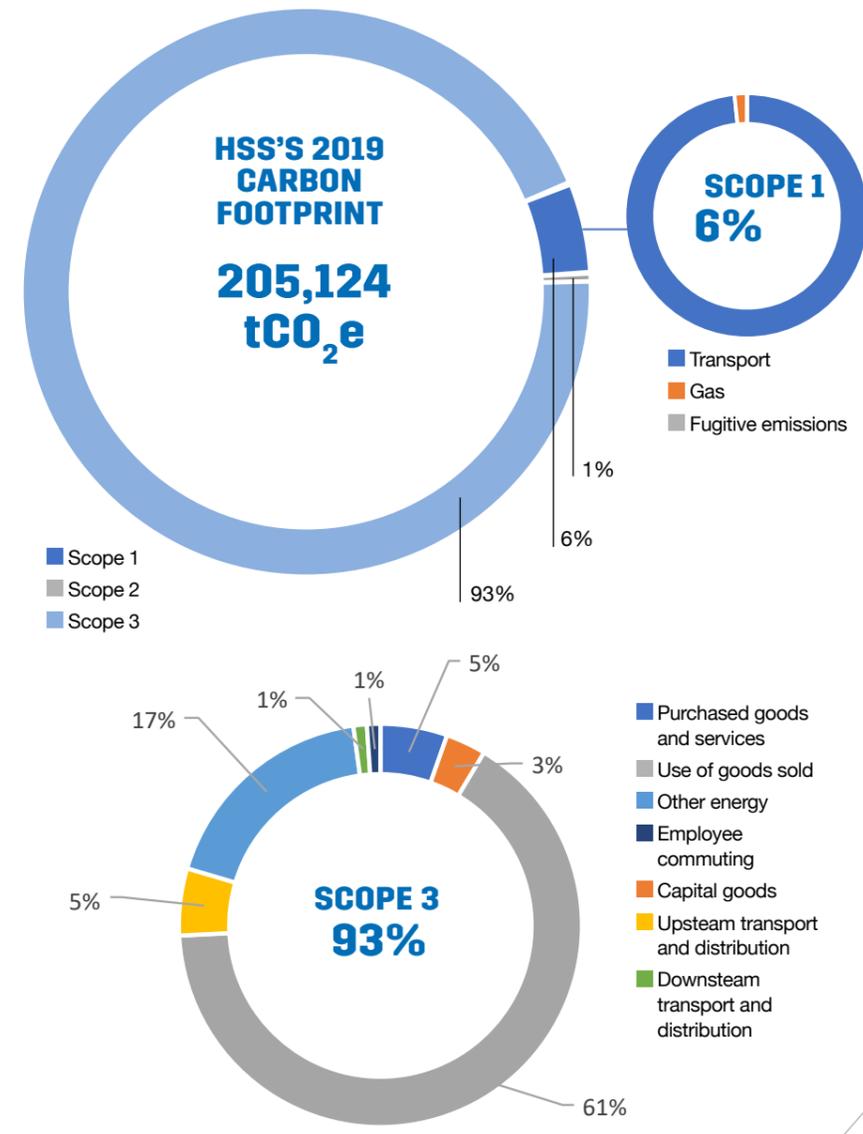
# HSS'S COMPREHENSIVE CARBON FOOTPRINT

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, customers picking items up and then using them. Our base year is the financial year ended 31 December 2019 and we have set our reduction targets from this baseline.

HSS's gross carbon footprint for base year 2019 equalled 205,124 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e).

- Direct emissions coming from our operations for Scope 1 emissions were 12,325 tCO<sub>2</sub>e.
  - Scope 1 emissions are primarily made up of emissions from company owned or leased transport fleet (6%) and gas and fugitive emissions which are negligible.
- Indirect Scope 2 emissions amounted to 3,073 tCO<sub>2</sub>e.
  - Our Scope 2 emissions result from the purchase and use of electricity. Our purchased electricity makes up only 1.5% of our emissions.
- Emissions created in the value chain as a result of HSS's business activities make up 93% of emissions.
  - Our Scope 3 emissions are primarily those incurred by our customers putting diesel fuels through the equipment they hire from us.
  - Scope 3 methods are constantly evolving, and we will continuously strive to provide more accurate data every year going forward. As the methods and data improve, results can also be expected to be adjusted in the future.

We will be submitting our Scopes 1, Scope 2, and Scope 3 emissions reduction targets to the Science Based Targets initiative this year (2022), to formally validate that our GHG emission targets are consistent with the levels required to keep global warming below 1.5 degrees.



## 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

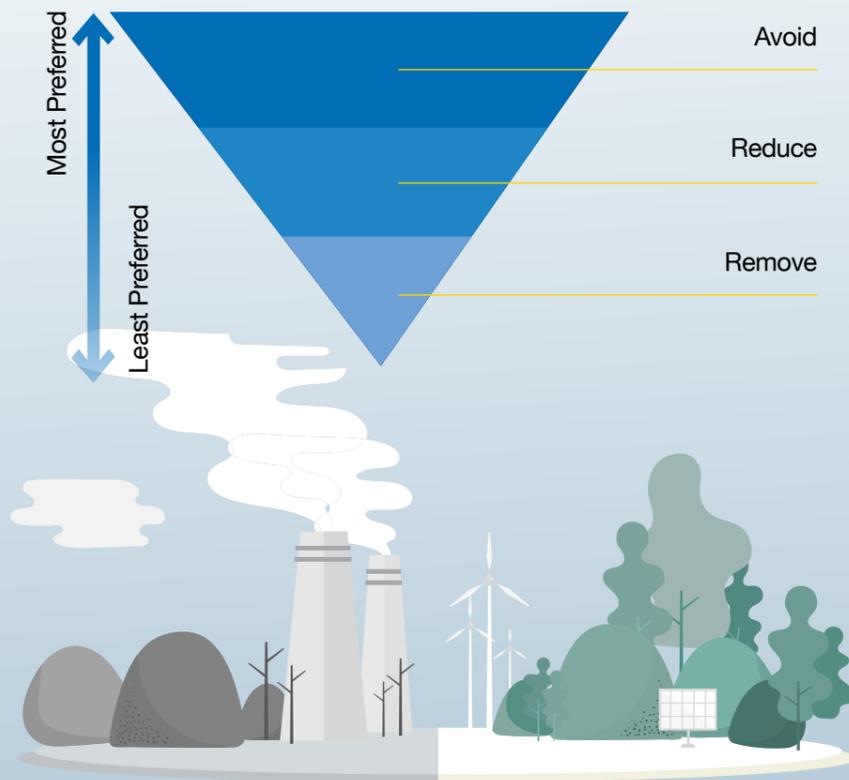
Our overall goal is to be carbon Net Zero by 2040, with the reduction of emissions the overwhelming focus of our plans.

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
  - 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
- Key**
- Scope 1
  - Scope 2
  - Scope 3



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 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



Net Zero ambition launched

2022



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

2023



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

2024



Increase hybrid and low-carbon generators available for hire

2025



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

2030



Aligned with a Science Based Targets 1.5-degree pathway

Absolute reduction of scope 1 and 2 emissions by 45%

2040



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; 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 2021

We have rolled out a number of 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, with that number set to increase significantly as we aim to reach 40% by 2025. We are targeting vehicles in our fleet that produce the highest emissions and replacing them with lower emission producing vehicles. For example, we have replaced six 4x4 pickups (that produce an average 231g of carbon emissions) with SKODA Kodiaq SUVs (average 147g of carbon emissions). We will eventually move to fully electric vehicles where the technology allows i.e. where current payloads and travel distances can be accommodated.

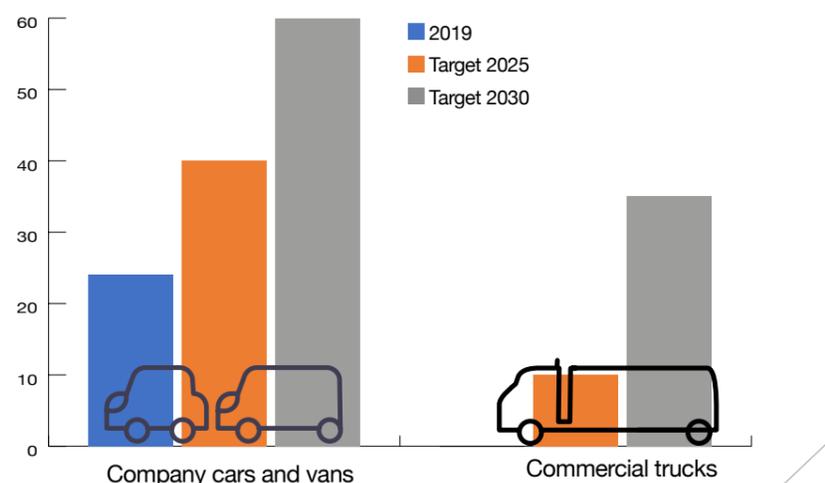
We are exploring a range of larger electric delivery vehicles, including trucks to support our goal of reaching 10% EV vehicles by 2025. Our delivery vehicles are heavily reliant on diesel fuel. We launched the trial of Hydrotreated Vegetable Oil (HVO) as an alternative carbon efficient fuel source for a small number of vehicles. HVO fuels reduce carbon emissions by up to 90%. We have also introduced five hybrid diesel-electric delivery trucks into our commercial fleet this year. We will continue to monitor the performance of these vehicles and explore the feasibility of introducing more environmentally friendly vehicles to our fleet. All our commercial vehicles are now a minimum of EURO 6 standard, with 9% of them being fuelled by Diesel-RDE and we are a FORS Gold accredited fleet operator and thus all our drivers have completed training on fuel efficiency and low emissions driving. In addition, we have reduced idling times through a driver education programme and the adoption of anti-idling technology in new vehicles.

All vehicles are fitted with telematics as standard. The telematics package used was updated in 2021 to provide additional information on driver behaviour and fuel consumption in addition to its core function of route efficiency. We are additionally trialling a mobile refuelling solution that refills our vehicles while they are parked at our CDCs. This reduces the additional mileage associated with going to fuel stations. This trial is taking place at Beckton, Heathrow, Bristol, Solihull, and Manchester with initial feedback being positive.

A substantial portion of our emissions comes from employee commuting. To reduce these emissions we have changed our company car policy to encourage colleagues to switch to electric and hybrid vehicles. Furthermore, we have a company Electric Vehicle (EV) loan scheme whereby colleagues can try out an EV for a limited period before deciding on their permanent company vehicle. This has proven popular, and we expect to see greater take-up next year as many drivers near the end of their current leases. To support the transition we have introduced charging points at our head office and will increase the number of charge points each year.

Also to help reduce the emissions impact of employee commuting we have shifted to a permanent hybrid working solution for our head-office colleagues, relocating to a smaller more fit-for-purpose location and giving colleagues much greater flexibility to work from home.

## HSS'S ELECTRIC AND HYBRID FLEET



### 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 aim to continue to rapidly decarbonise our fleet. Our approach to decarbonising our fleet will continue to evolve as new technologies become available on the market.



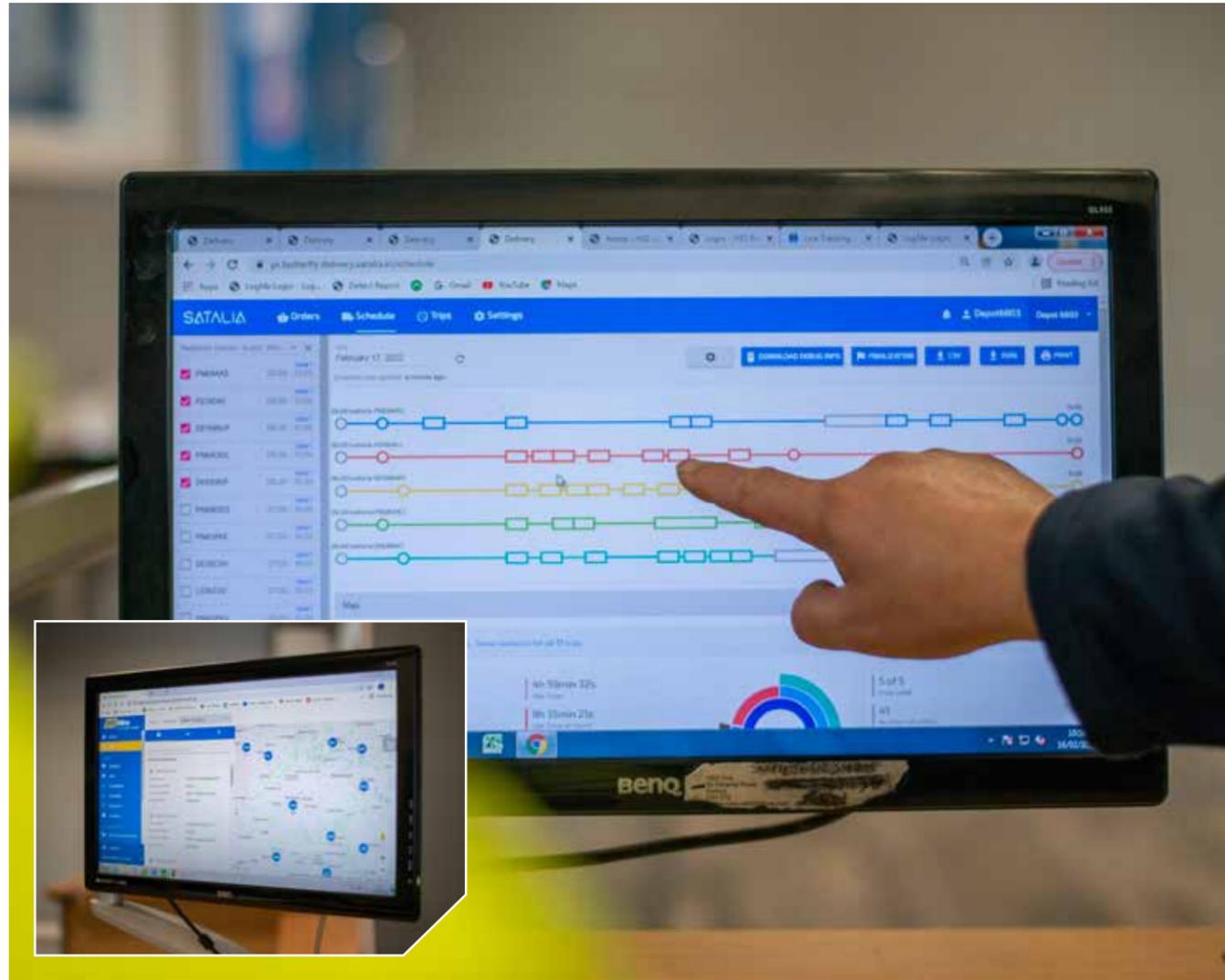
## TARGETS HIGHLIGHTS

- 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



\*Carbon emissions data provided by supplier



**SATALIA DELIVERY**

We introduced Satalia Delivery – a tried and tested third-party routing and scheduling system to our CDCs in late 2021 to optimise the efficiency of our deliveries. Using technology, and integrating seamlessly with our customer and driver apps, Satalia Delivery interrogates all current orders to determine the most effective route fulfilment, specifying which drivers should deliver which tools to each customer and by which route. This has improved our service levels and revenues by increasing the number of orders we can fulfil in any given day providing our customers with more accurate timeframes as to when they can expect their deliveries. Importantly, it also reduces the time our vans spend on the road, lowering fuel costs and miles driven and reducing carbon emissions.



**CARGO BIKES**

In 2020 we trialled several cargo bikes for certain deliveries in central London to minimise the number of vehicles that are in operation in major cities. This trial was so successful that in 2021 we purchased an e-cargo bike which is now in use at HSS Kings Cross. We are now trialling a larger bike from EAV Cargo at HSS Old Kent Road CDC as we continue to assess its suitability for delivery of small tools and hire equipment.



# 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 2021, energy carbon emissions reduced 91% compared to 2020 and are now 97% lower than in 2016.

## TRANSITIONING TO 100 PERCENT RENEWABLE ELECTRICITY

In 2021, we moved all our sites to 100% renewable electricity in England, Wales and Scotland and are targeting to do the same in Ireland this year. Our goal is to procure 100% renewable electricity, across all our sites by 2025 and to continue procuring electricity from renewable sources going forward. We are also exploring electricity generation and we aim to trial solar panels at a number of locations by the end of 2023, where the payback periods are acceptable within the terms of the respective leases.

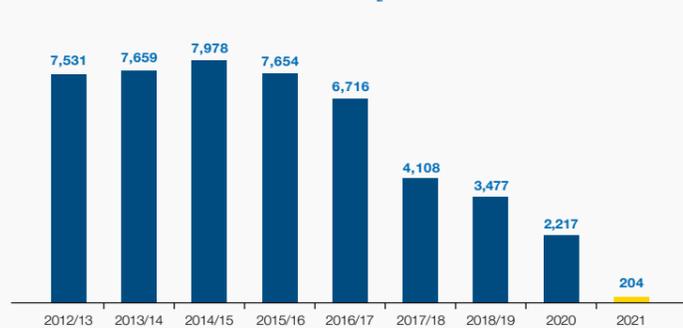
We also use a very small amount of natural gas and are looking to phase this out where possible, or ultimately switch to renewable gas if this becomes a viable option.

## 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



Source: Maloney Associates



## 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. By the end of 2022 the aim will be to have all sites on a single water contract for better management, which will include the installation of automatic meters so that any abnormally high usage or leaks can be immediately investigated and stopped, saving water and cost.

### 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.

## 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

# WASTE MANAGEMENT

Our aim is to reduce the volume of waste we generate in the first instance. We're working towards zero waste to landfill within our operations, where all waste is 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 2021, 64% of our residual waste was incinerated to create energy. 24% was recycled with 11% going to landfill.

All HSS premises have waste recycling stations in place to segregate waste efficiently. We segregate paper, cardboard, clean clear shrink wrap, plastic, pots, tubs, trays and tins in addition to construction and demolition waste, hard plastic, metal, and wood waste. In 2021 we disposed of 1,085 tonnes of waste, (diverting 89% from landfill). Fifty-six of our branches are already achieving zero waste to landfill status. We aim to target all the other branches to achieve 95% zero waste to landfill in the near term across all sites. We will be introducing waste e-learning

modules during 2022 to ensure all staff are aware of the waste we generate and how to segregate and recycle these efficiently. We are also rolling out clear and consistent signage across our estate for our staff, customers, and supply chain partners.

We are currently working with a specialist company who are converting our waste plastics into office products including chairs, tables, and stationery. These products can then be re-procured by HSS instead of buying new items, creating a circular economy. We are trialling the use of cardboard bailers in our larger depots with a view to rolling these out across our network of depots if successful. Bailing cardboard into mill sized (500kg) or half mill-sized (250kg) bales allows for the efficient collection of our cardboard via curtain sided vehicles which can collect up to 20 tonnes a time. This significantly reduces the number of collections required, and hence has a dramatic reduction in transport carbon emissions. In 2021, we entered a new recycling scheme to responsibly recycle our plastic barriers. Working in partnership with BCS Group, we joined its closed loop recycling programme which has so far helped us to divert 150 barriers, or 1.55 tonnes of plastic, from landfill.

## PACKAGING

Fortunately, we have limited amounts of packaging arising from the equipment we buy, given the size and type of products. We supply these items to our customers in the same state, keeping packaging requirements to a minimum. Some products do arrive in packaging, and we are working with these suppliers to limit this without compromising the integrity of the equipment, given the transportation and material handling process involved. Our goal is to reduce packaging volumes and eliminate single

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



use plastics from our operations as far as possible. Our aim is through these efforts to reduce our waste generation by 20% before 2025. One of our suppliers Swift, has already identified a new way to package our items without using any plastic bags. This has removed circa 27,000 plastic bags ending up in general waste.

We recently introduced the Ecopack, a fuel container used to store and transport fuel in a more environmentally

friendly manner than traditional plastic drums. The Ecopack utilises the latest packaging technology to provide a recyclable cardboard outer container, with a foil bladder contained within. The result is a significantly reduced waste footprint that reduces non recyclable waste levels as well as the physical space required – saving on journeys and carbon emissions.

## 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

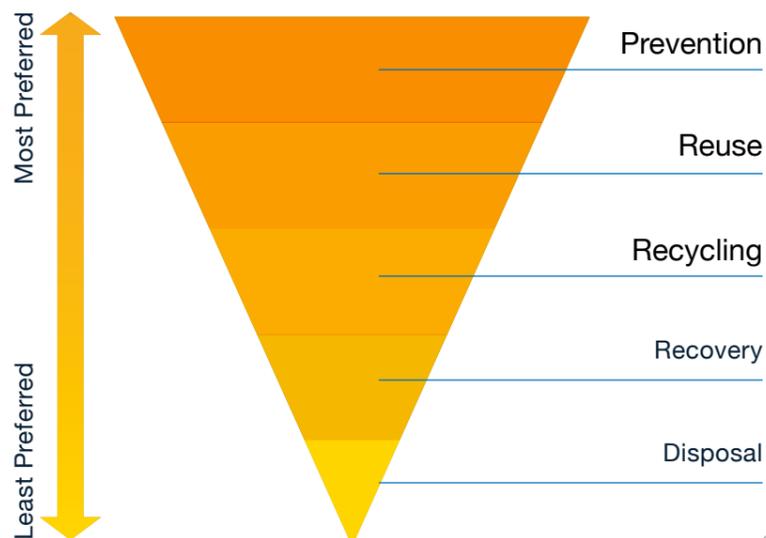
- Achieve 100% reporting on all waste streams
- Reduce general waste production by 20%
- Achieve 60% reuse and recycling rate of operational waste (office, CDCs, branches)
- Divert 95% of waste from landfill

## 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.

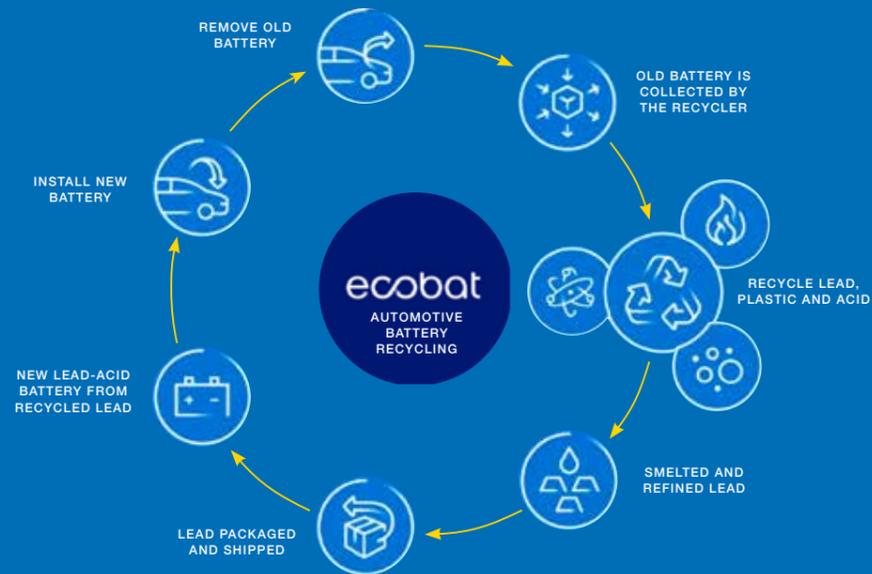
## WASTE HIERARCHY



**HAZARDOUS WASTE**

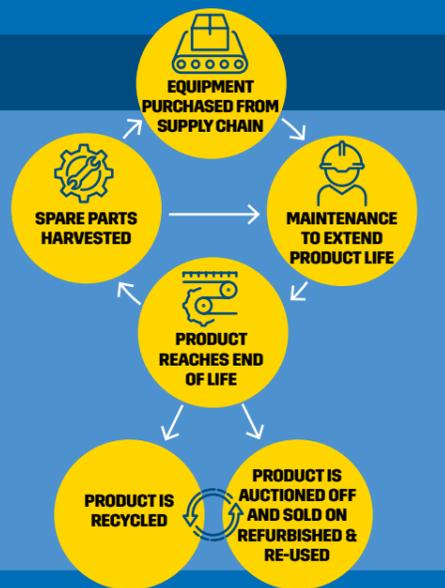
We work closely with our hazardous waste disposal partner to ensure that items like waste oils are recovered, reused, or converted into electricity in accordance with their zero-landfill policy. Our hazardous waste stream includes air filters, antifreeze, lead acid batteries, contaminated / mixed fuels, contaminated plastics / packaging, drummed sludge, metal filters, fuel filters / fuel contaminated materials, oily rags & absorbents, and spent aerosols. During the year, 101,170 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: 48% Waste to Energy, 40% Recycling, 11% PFO and 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 2021 we sold 93% of our end of life hire equipment following checks to ensure it was safe. In many instances our old generators are sent to the 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

Our products are inherently sustainable with a circular economy model at the heart of our business model. Hire equipment is used again and again by multiple customers, maximising equipment utilisation.

## SOURCING ENERGY EFFICIENT, FUEL EFFICIENT AND LOW-CARBON PRODUCTS

To improve energy efficiency and maintenance, we are trialling a number of LED lighting products, replacing the traditional lamps found in products such as portable lighting and lighting towers, as well as introducing hybrid energy technology, where a battery is used alongside a small engine, rather than the traditional large diesel engines. These products solve our clients' hire needs and at the same time minimise environmental impacts such as local pollution and noise. We will be allocating 20% of our capital expenditure for the sourcing of new, innovative, and environmentally friendly products by 2025. With this commitment, we are signalling to our suppliers and the market that we care

about the environmental, social, and supply impacts of the hire equipment we source. It also demonstrates the close relationship we have with our clients and that we are listening to their changing preferences.

## BUILT TO LAST

We only source and invest in equipment that is robust enough to last. For example, our popular floor sander model is selected for its robust body, which means parts inside can easily be repaired or replaced as wear and tear dictates, whilst reusing the main component of the product itself. This allows us to extend the useable life of the product to over six 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.

## EXTENDING PRODUCT LIFESPAN

When sourcing equipment, our priority is always to procure high performing products that are durable and that have longevity. Every piece of equipment returned is tested by a service technician using our in-house asset management software, Spanner. Equipment that passes is put back into the Spanner system with an 'available' status and is then ready for hire to the next customer. Failed equipment is marked with a 'maintenance' status which subsequently prevents it from being hired. If economical, equipment is repaired by a HSS fitter, and is then marked to an 'available' status. By routinely testing and maintaining all equipment that is returned, we ensure that its lifespan is extended, and our Return on Capital Employed (ROCE) is maximised. We have more than

200 well-trained fitters and service technicians based in our locations or in mobile service vehicles.

## A MORE TRANSPARENT SUPPLY CHAIN

We believe that our first responsibility is to always meet our customers' needs by supplying them with the equipment they need. Finding a sustainable product shouldn't be difficult and therefore we are now embarking on a journey to identify and label the 'ECO' credentials of all our products, to bring greater product choice and transparency to our customers. This essentially means that when customers come to hire equipment from us, they can evaluate not just product performance but also their environmental impact. This will enable customers to make an informed choice about the equipment they hire, helping them reduce their own carbon footprint when choosing an 'ECO' product. We aim to classify and label all our ECO products by 2025, in accordance with ISO 14021. We will go further and gather ESG credentials for the top 50% of our supply chain partners by value. This information will eventually cascade to our customers as our supply chain becomes more transparent.

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

We have a large fleet of generators for hire that provide the most reliable source of backup power for our customers. Often, we also supply fuels such as diesel and petrol to our customers along with the equipment they hire. Diesel fuel accounts for a significant percent of HSS's overall emissions. Therefore finding solutions to reduce our reliance on traditional diesel fuels will represent a substantial contribution towards our commitment to reach net zero. The most immediate opportunity to reduce the use of diesel fuels and thus carbon emissions is to validate and implement alternative, lower-carbon fuel sources for our generators. Low-carbon fuels can range from biofuels (such as HVO) and

fuels based on blue and green hydrogen, providing a variety of potential solutions. In 2021, we trialled the use of HVO fuel as a direct replacement to diesel that reduces more than 90% of carbon emissions. We will continue this trial and aim to increase the supply of HVO or similar low-carbon alternative fuel, for our generators by up to 16% by 2025.

We also successfully trialled a number of hybrid generators and now typically have over 40 on hire on any given day. Hybrid generators often combine diesel with a battery or power source and reduce diesel consumption by up to 40%. We are monitoring inverter generator technology closely and believe that will potentially result in a feasible solution that delivers greater fuel efficiency and lower carbon emissions. In the meantime, we are looking to add Stage V Generators to our fleet. They are compliant with EU emissions standard, limiting carbon emissions and reducing air pollution. Batteries already supply short-term backup power needs, filling in the gap between the grid and the time it takes to power up diesel generators. In the future, we expect batteries with longer duration to entirely replace diesel generators. We are also looking to understand how hydrogen fuel cells could also be used for backup power. As we explore new technologies, in parallel, we aim to increase the percentage of hybrid generators gradually in our fleet to 6% by 2025 as we replace old fleet. We look forward to sharing more progress on this journey along the way.

## 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.

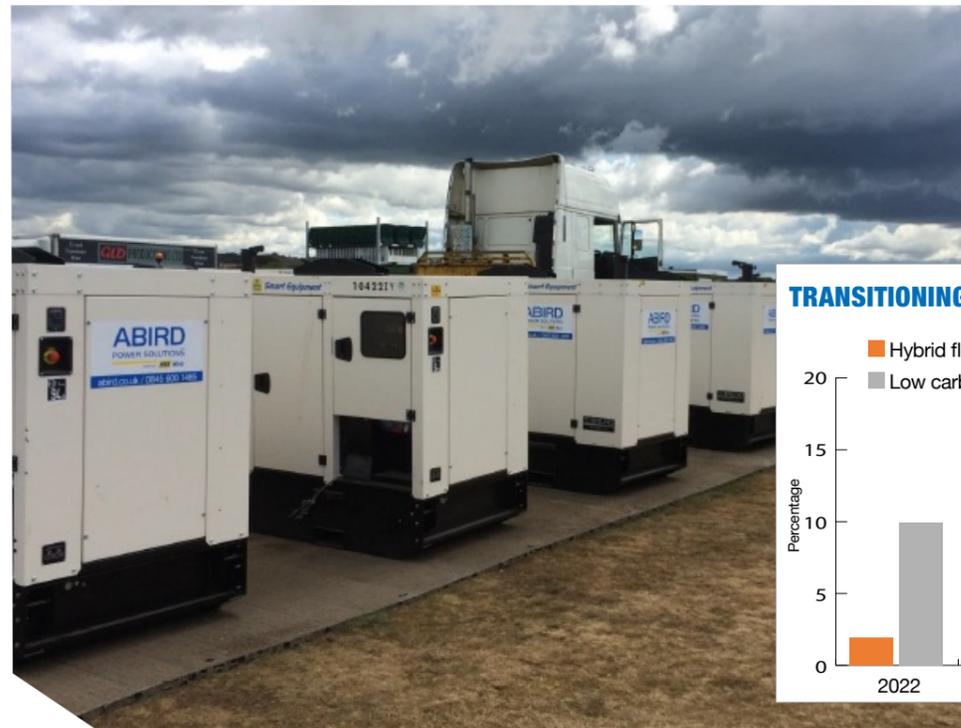
## AMBITION

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.

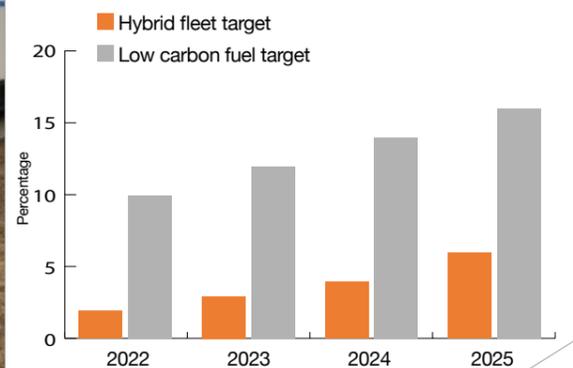


## TARGETS HIGHLIGHTS 2025

- 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)



## TRANSITIONING OUR POWER GENERATION FLEET



# ENGAGING WITH OUR SUPPLY CHAIN AND PARTNERS

We are committed to reducing our Scope 3 emissions by engaging with our supply chain. While we do not have direct control over most emissions in our Scope 3 category as they are generated by third-party suppliers, they represent 93% of our overall emissions.

## Product lifecycle

### The sustainable nature of hire

- » Procurement processes select robust kit, built to last
- » High maintenance standards extend usable life
- » Responsible disposal ensures nothing is wasted
- » Procure items that have a higher recycled content
- » Procure items that are more easily recycled

### 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

Our clients span every sector within the UK, and as such their rental requirements vary greatly. This means that we need to stock a wide range of items to cater for every need. We rely on manufacturers around the world to produce cost effective products of the highest quality that we then hire to our clients. We have built up a database of suppliers within the UK, Europe and worldwide from whom we source these products. Our scale coupled with a close working relationship means we are seen as a preferred client with shortened delivery.

### NEW SUPPLIER SELECTION

The HSS Group adopts a risk-based approach to procurement, including ESG risks to evaluate and select suppliers based on our Supplier Code of Conduct. We operate a rigorous procurement selection process to ensure we only work with suppliers that commit to our core ESG principles that include health and safety, upholding human rights and reducing impact on the environment. Our Group Procurement Policy stipulates responsible business practices such as anti-corruption, compliance with all regulatory laws, ensuring safe and legal labour conditions, minimising environmental impact, and conforming to health and safety criteria.

### CHOOSING RESPONSIBLY PRODUCED ITEMS

We collect ESG data from our suppliers' businesses and will now be extending this to cover a range of additional ESG areas where we purchase and / or hire from them. A circular economy is an

## SUPPLIER ENGAGEMENT LIFE CYCLE ON ESG FOR SUSTAINABLE PROCUREMENT



inherent function of our business model. We are aiming to extend this concept further into every aspect of our business, helping us reduce our overall carbon emissions. Where possible, this means sourcing equipment that is made from responsibly sourced materials, i.e., not from scarce resources or with a high recycled content. From a life cycle point of view, we also recognise that sourcing hire equipment that minimises the amount of finite primary materials used during production further reduces their product carbon footprint. In most cases, recycled components have a lower carbon footprint than primary materials. We also care about whether the equipment is recyclable at the end of their useful life.

### ASSESSING AND MONITORING HIGH-RISK SUPPLIERS

We aim to integrate ESG criteria into all phases of the supplier engagement life cycle (see graphic above) including positive supplier screening and

preferring suppliers with above average sustainability credentials. Manufacturers from Europe and the Far East are fully audited with a robust audit trail before we agree any commercial terms, including proof of ISO accreditation, multiple site audits and signing up to our terms which include ESG core principles. We are now extending this audit trail to include additional ESG criteria, such as carbon footprint disclosure, materials used to manufacture equipment, end-of-life recovery and / or recyclability.

In 2021, we have added additional sustainability requirements to our Supplier Code of Conduct to support our bold net zero ambitions. This means that going forward, our biggest suppliers will now be required to disclose their own carbon footprint. We started this process in 2021 by sending out surveys to our biggest suppliers to understand their carbon footprint. We will roll this out to more suppliers and extend the survey to include carbon reduction plans in the future as well as offsetting. We believe that in order to reach our carbon reduction goals, collaboration with our suppliers is fundamental.

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

The commitments in this section apply to both HSS ProService, who have an extensive supply chain of hire providers, and to HSS Operations, who purchase equipment for their fleet from manufacturers and distributors.

**TECHNOLOGY ENABLED DECARBONISATION**

We are in a unique position to leverage our technology platform to expediate 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 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 below how our operating model and new business divisions, HSS ProService and HSS Operations – powered by our technology platform – helps us drive sustainability in our business and value chain.

**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.

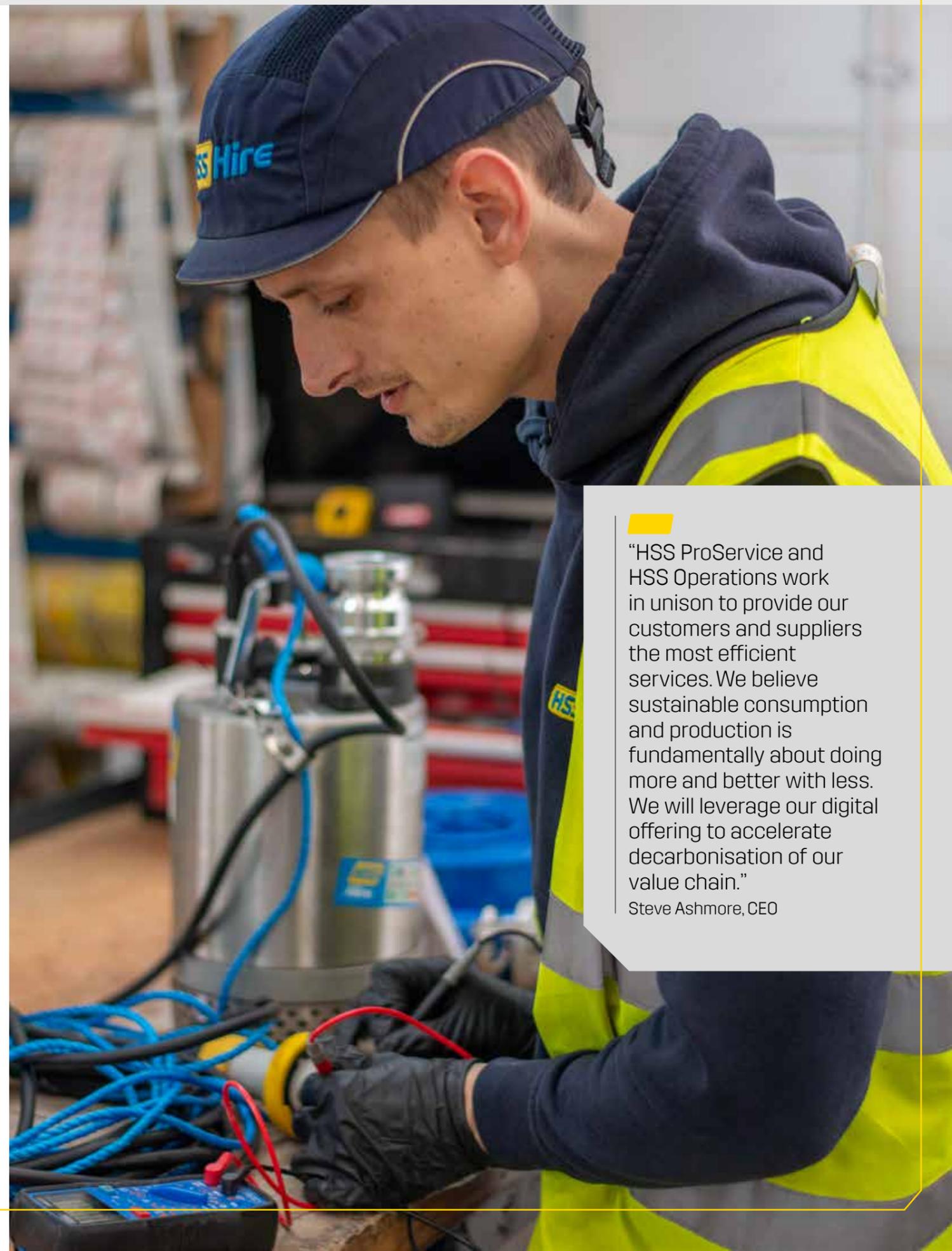
**SATALIA** 3rd party route optimisation software. Used by the transport teams to route our vehicles in the most efficient way possible.

**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.



“HSS ProService and HSS Operations work in unison to provide our customers and suppliers the most efficient services. We believe sustainable consumption and production is fundamentally about doing more and better with less. We will leverage our digital offering to accelerate decarbonisation of our value chain.”  
Steve Ashmore, CEO

# LIMITING OUR AIR POLLUTION

Engaging with our supply chain is of critical importance to limiting the air pollution associated with the use of our equipment. Air pollution is one of the biggest health challenges, affecting millions of people every year. In 2019 it was the fourth leading risk factor for early death worldwide and it therefore remains a critical issue to address.

We have recently worked closely with suppliers to enable the transition to low-carbon fuels for our power generators. This will not only reduce carbon emissions, but also reduce other harmful emissions to air such as Nitrogen oxide (NOx) emissions and Particulate Matter (PM including black carbon). We have ensured that all our fleet is EURO 6 compliant and we are also replacing older equipment with newer models that come with enhanced filters fitted. We are replacing diesel and petrol powered tools with electric options where possible to reduce our customers' exposure to air pollution. We recently replaced a large number of small tools with cordless models and this means less air pollution, better energy efficiency, extended running times and greater flexibility on site. In 2021, we also introduced cutting-edge air purification technology for our customers.



Electric vibrating plate reduces local emissions

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

This section is relevant to both of our divisions who seek to provide products that minimise air pollution



## 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 2021, we have 55 builders' merchants open, through 17 regional partners, with a further 6 to 12 locations in the pipeline for 2022. 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 WELLBEING

WORKFORCE HEALTH AND SAFETY

COVID-19 RESPONSE

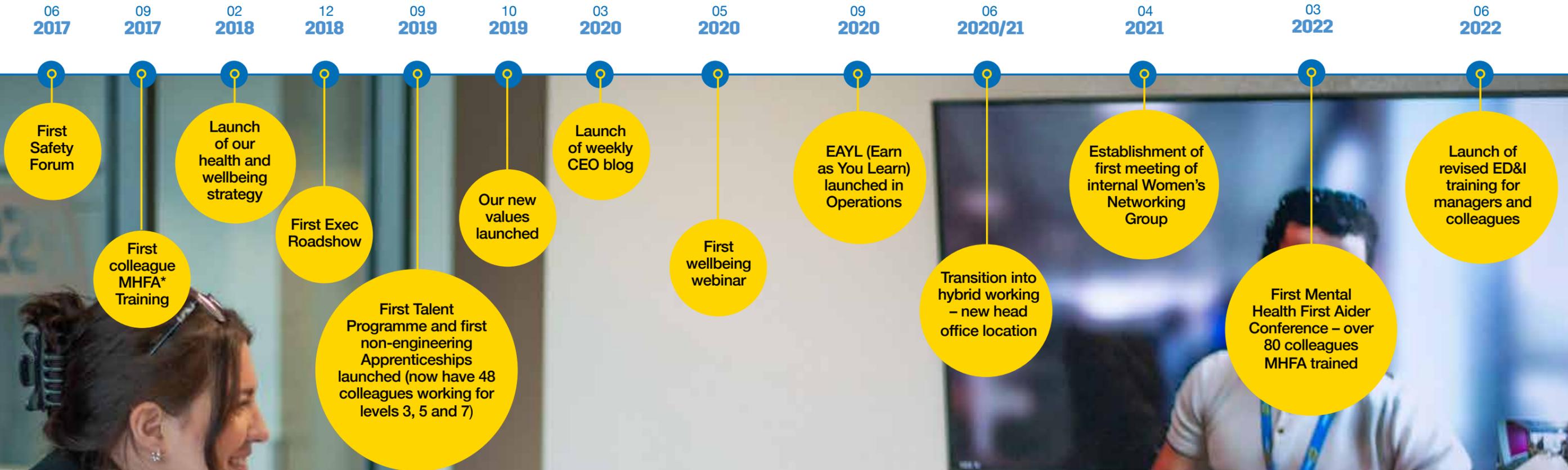
LEARNING AND DEVELOPMENT

COMMUNITY ENGAGEMENT

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

All elements of this section apply to colleagues across both of our divisions.

# OUR SOCIAL JOURNEY



# OUR COLLEAGUES

Our colleagues are at the heart of everything we do, and we are committed to helping every member of our team perform in their role, realise their potential, and have a rewarding career here at HSS. Our ambition is to ensure that we provide a safe, engaging, and inclusive working environment for all, which prioritises health and wellbeing. We want to be a great place to work and THE best place to work in hire, and that means ensuring our colleagues have great leaders, are well equipped for the job they do and feel supported, rewarded, and valued. We want to improve diversity within our business to help attract new talent and build skills and experience to support our exciting growth agenda.



## OUR PEOPLE STRATEGY

During 2021 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:

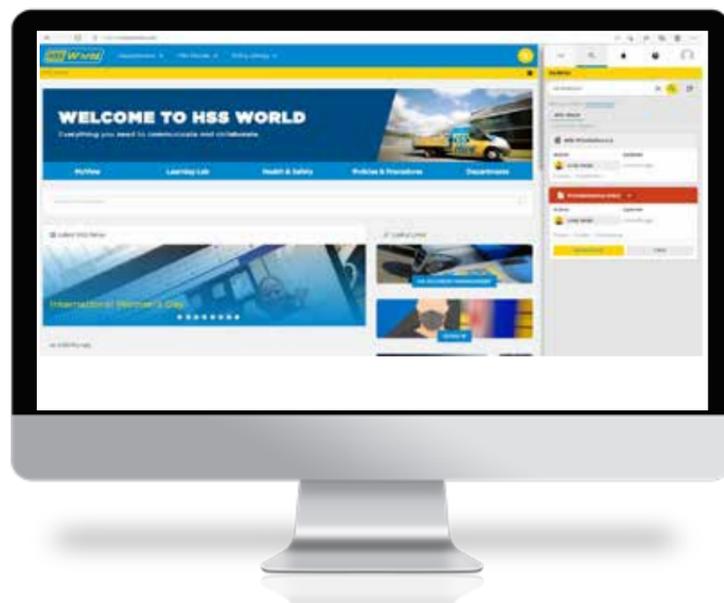
- Engaging with colleagues and acting on their feedback
- Changing the way we operate and investing in equipment and technology that makes the job easier and supports more flexible working
- Investing in colleague wellbeing, as well as their training and development
- Building a strong employer brand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

This year our people-related strategic commitments aim to make HSS an employer of choice. These commitments focus on the issues of diversity, equality & inclusion, 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 #Make it Better and #Make it Together.



# COLLEAGUE COMMUNICATION

## REGULAR COMMUNICATION

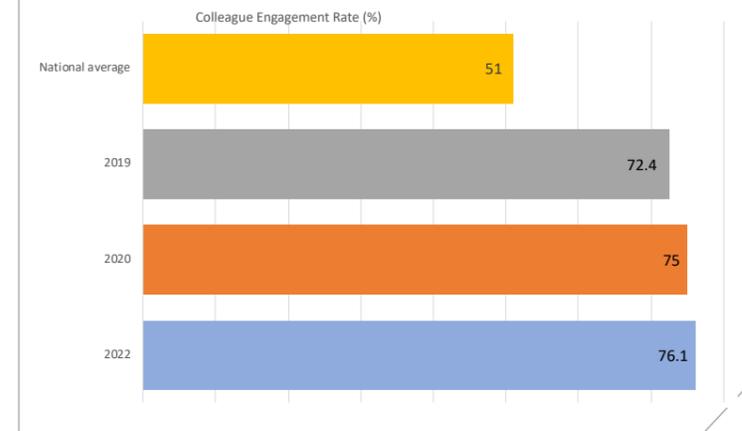
At HSS we are committed to keeping our colleagues updated and informed on all areas of our Group business and performance. We have a comprehensive regular schedule of communications activities, including email bulletins, a company newspaper, WhatsApp groups, an annual CEO-led roadshow, and weekly CEO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

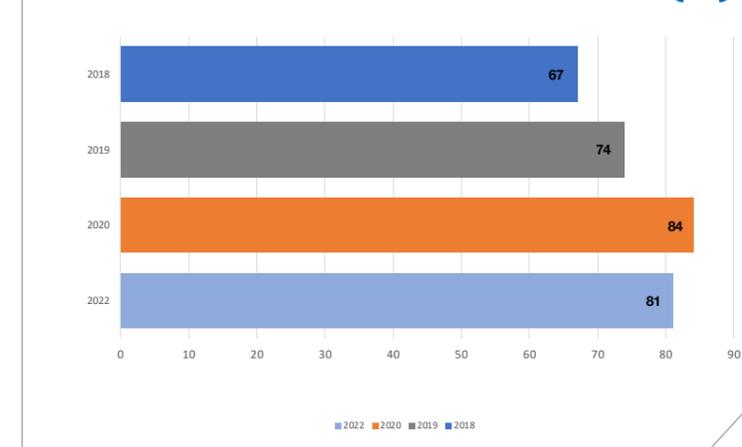
## MEASURING ENGAGEMENT

We look to the results of our annual engagement survey as a key indicator of colleague wellbeing. Our latest survey carried out in February 2022 showed further improvement in colleague engagement, which has now risen four times in a row since our first survey in 2016. Our latest engagement score of 76% is up on 75% from the prior year and is significantly higher than the national average of 51%. Our response rate of over 80% is also a good reflection of our workforce engagement, demonstrating that colleagues are very willing to share their views and concerns with us.

## COLLEAGUE ENGAGEMENT RATE (%)



## ENGAGEMENT SURVEY RESPONSE RATE (%)



One area that saw a significant increase, up four points, was “My Manager”, which is very pleasing to see following the focus we put on training and developing our managers in 2021. The colleague Net Promoter Score (NPS) has also improved with the number of promoters equalling the number of detractors for the first time since we’ve carried out these surveys.

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



# OUR DIVERSITY, EQUALITY, AND INCLUSION STRATEGY

## SURVEY RESULTS FEED INTO OUR PEOPLE STRATEGY

Results and actions from the annual survey are shared with colleagues throughout the following year. In 2020, during the pandemic, colleagues wanted better support for mental health and wellbeing. This reflected their experience with remote working, where colleagues sometimes felt isolated from the rest of the business. We listened and in 2021, we evolved our health and wellbeing strategy to suit our new hybrid ways of working more effectively. Health and wellbeing has always been a core priority in our people strategy. Details of this programme are described in our health and wellbeing section on page 57. Similarly, recognition for a job well done was an area that colleagues raised as an area for improvement.

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:

- Line manager and colleague ED&I training
- Constant evolution of our employer brand to ensure we accurately reflect our ED&I ethos and the diversity of our teams
- Establishment of an internal diversity council
- Defined ED&I targets agreed for 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. In 2021 we have increased the proportion of women in our business to 18% from 15% in 2020. Throughout 2022 we intend to build upon our ED&I strategy to help drive further 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 opportunities, will help us to attract more women to our business and industry moving forward. We aim to increase female colleagues across the Group up to 25% by 2025.

## 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 wellbeing 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

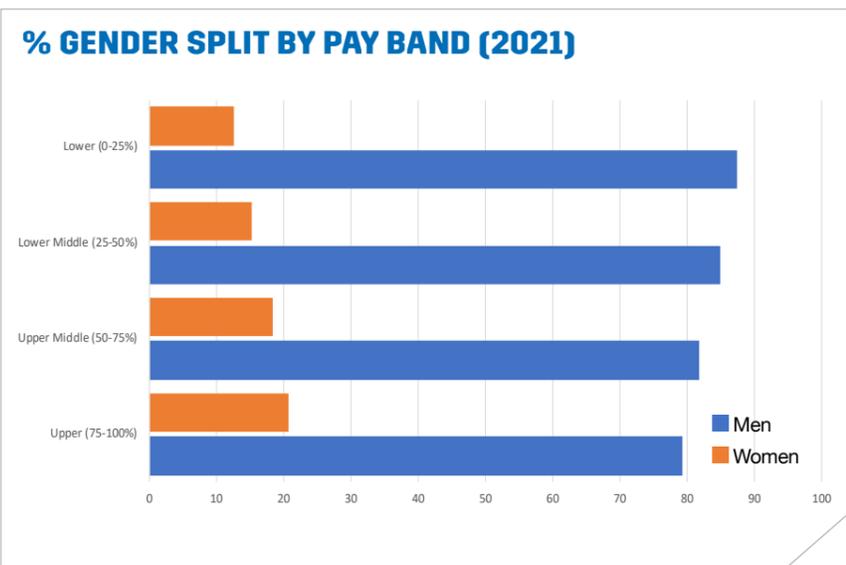
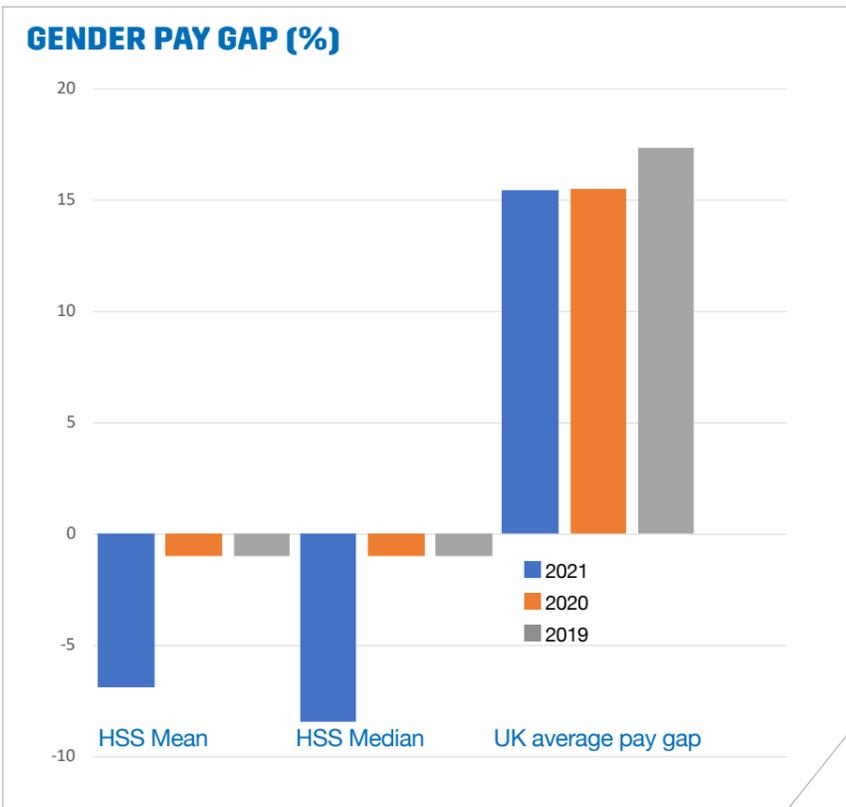
- Increase female colleagues at all levels up to 25%
- Achieve minimum 90% ED&I data collection for colleagues.
- Introduce ED&I training across the business for all 2000 colleagues
- We will include ED&I metrics across five key areas: recruitment, retention, advancement, representation and pay

**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.

**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.

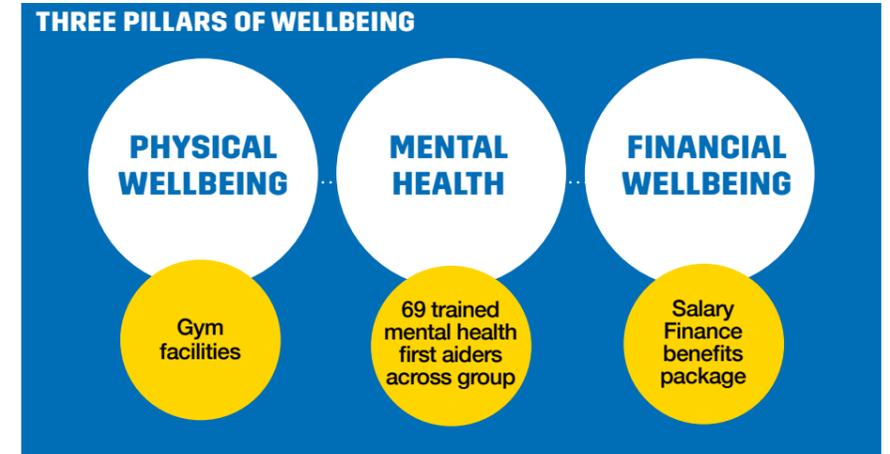


# COLLEAGUE HEALTH AND WELLBEING

As our colleagues are at the centre of everything we do and key to our success, promoting and supporting a workplace that prioritises colleague health and wellbeing is crucial to our overall success as a business. Our wellbeing agenda is based around three core pillars – financial wellbeing, physical wellbeing, and mental health. Each month, we host a webinar with an expert in health & wellbeing to provide colleagues with useful information on a range of wellbeing topics, including mental health, anxiety, physical fitness, nutrition, sleep etc. For example, our nutritionist, Helen Kimber, recently hosted a bespoke session for our colleagues focused on nutrition and healthy living. The topics for discussion are informed by our monthly Employee Assistance Programme (EAP) reports, our forums, and our other engagement activities. For example, following feedback from the Women’s Networking Group, in 2022 we will be increasing focus on menopause and fertility, providing additional support in these areas as well as re-examining our family-friendly policies.

**PROMOTING A CULTURE OF FINANCIAL WELLBEING**

At HSS, we understand that financial wellbeing and responsible money management can be intrinsically linked to the mental and emotional wellbeing of our colleagues. Therefore, we provide a broad-ranging benefits package through our financial benefits provider Salary Finance, which provides colleagues with financial education, money management, loan facilities and saving schemes. We also have a discount site through our HealthShield cover which offers discounts on supermarkets, clothing retailers, holidays, and days out. We supplement this with regular communications activities around financial wellbeing and education.



**PROMOTING A CULTURE OF PHYSICAL WELLBEING**

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 wellbeing of all our colleagues and customers. Our health and safety initiatives are further supported by our learning and development programme with qualified first-aider and responder mental health training delivered in collaboration with St John’s Ambulance.

**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 WELLBEING** CONTINUED

‘Minutes for me’ is an example of our monthly campaign to promote physical and mental wellbeing. We asked colleagues to allocate several minutes during their day to do something physical that supports their health and wellbeing. In addition, the campaign also supports the work of Lighthouse Club, HSS’s charity partners, so the campaign will also be raising money for them.

We have a number of initiatives to support colleagues’ mental and emotional wellbeing, including:

- Ensuring that managers explore a colleague’s wellbeing as part of their performance review meetings
- Ongoing partnership with Lighthouse Club charity to support colleagues with wellbeing and fund raise to support LHC in their work
- EAP provider who supports colleagues anonymously 24/7, 365 days a year

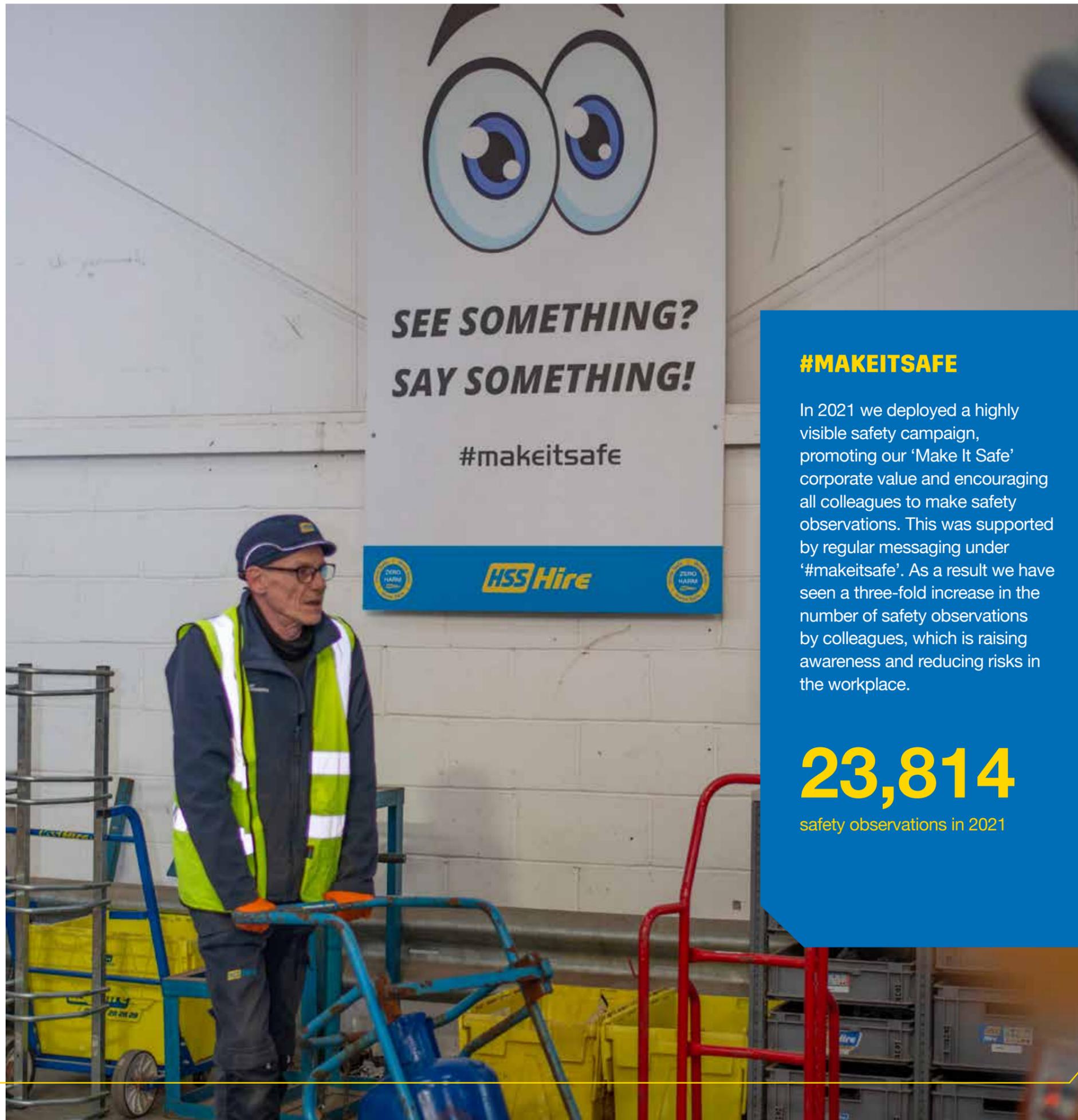
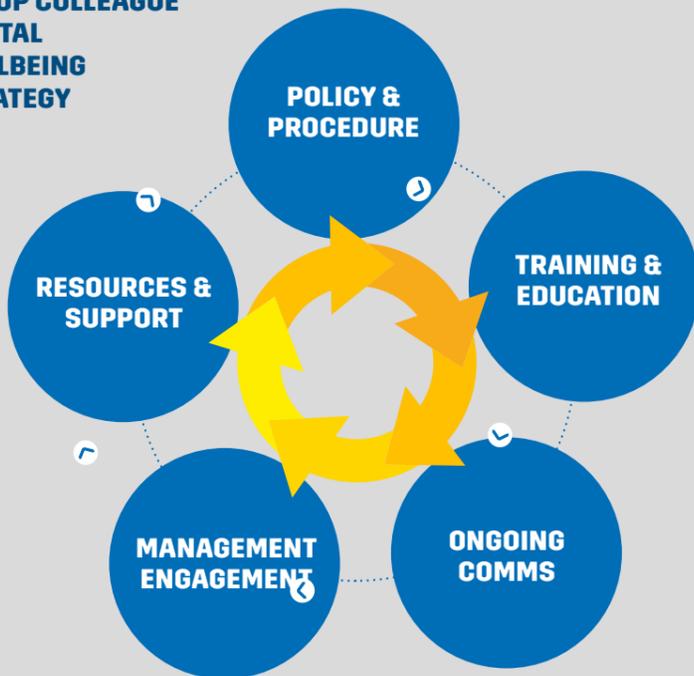
**PROMOTING A CULTURE OF MENTAL AND EMOTIONAL WELLBEING**

Colleague well-being and mental health activity has been particularly prioritised, especially with the backdrop of the pandemic and increased homeworking from 2020.



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

**GROUP COLLEAGUE MENTAL WELLBEING 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.

**23,814**  
safety observations in 2021

# WORKFORCE HEALTH AND SAFETY

At HSS we strive for zero RIDDOR accidents and have seen good progress recently with just five in 2021.

While this is a significant improvement on pre-COVID-19 levels, we regard any accident as one too many. Accordingly, we implemented additional H&S initiatives in 2021 including an increased focus on safety observations and new training materials such as safety videos and safety flipbooks available via the driver app.

We also launched a dedicated 'Health and Safety Month' in December which focused on a different health and safety topic each week.

We continued to hold CEO-led health and safety forums to maintain a collaborative approach and ensure colleagues from all levels of the business could give suggestions on how to improve our company-wide health and safety procedures.

To complement our internal initiatives, we also launched a number of external health and safety projects including undertaking an International Powered Access Federation (IPAF) review, the result of which saw us receive an IPAF Rental+ silver safety award for the first time. Responsibility for our colleagues extends beyond accidents, with employee wellbeing equally important to our "Make it Safe" value.

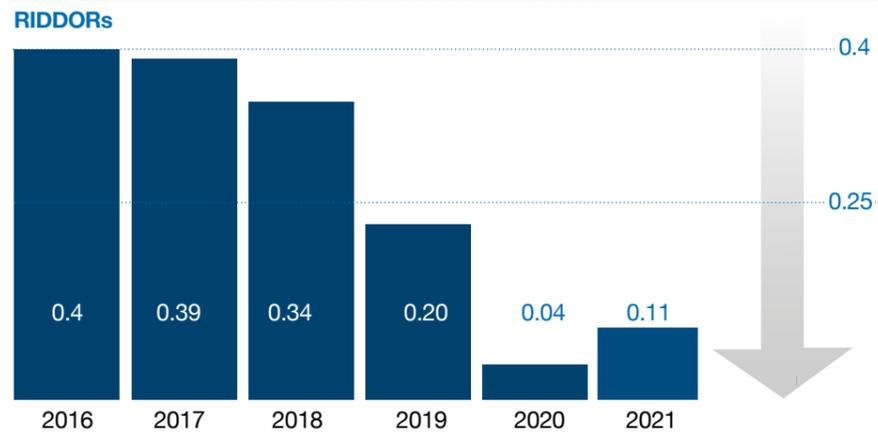
We have continued to reduce our accident rates further through the roll-out of a behavioural safety programme, and to compliment this programme, and in an effort to reduce hand injuries in our depots we have introduced high quality safety gloves. A project was undertaken to identify key roles in the business where hand protection would benefit our colleagues.



## HEALTH AND SAFETY PERFORMANCE

**RIDDOR events per 100,000 hours worked**

2019	2020	2021
0.20	0.04	0.11



A trial of various protective gloves was then undertaken to ensure that the most suitable solution could be introduced

for our colleagues. As a result we have already seen a reduction in hand injuries in our locations.

# COVID-19 RESPONSE

Throughout 2021, our priority was to "Make it safe" for our colleagues during the ongoing COVID-19 pandemic. We continued to operate the COVID-19 protocols introduced in 2020 which are thoroughly outlined in our HSS COVID-19 colleague handbook. We made our new hybrid-working model permanent in 2021, giving colleagues flexibility to work from home where possible. This also enabled us to relocate our head office in Manchester to a smaller site with improved facilities for colleagues. Our new head office facilitates collaboration between colleagues whether at home or in the office, via a combination of physical meeting spaces and technology that connects colleagues in different locations.

In Q1 2021 we rolled out our HSS Pro technology platform to our sales colleagues, giving them the flexibility to work remotely whilst also improving our efficiency in serving our customers.

To ease the process of working from home, remote working packages were sent to colleagues containing practical advice and support. We also carry out regular workplace assessments to ensure our colleagues are properly supported. Against the backdrop of the pandemic, communication was

also key in ensuring our colleagues across the business remained up to date with changes to our policies as government guidelines around self-isolation continued to develop. Regular communication through bulletins, WhatsApp groups, our company newspaper, working from home welfare calls, and our CEO blog helped support this while also ensuring our colleagues felt part of and supported by HSS, and not isolated or alone.

## FOR COLLEAGUES DURING COVID-19:

- We implemented Work from Home (WFH) wherever possible, giving colleagues the kit, they needed to stay connected and embedded mental health support for everyone impacted by the changes
- We ensured regular communication and contact with colleagues on furlough from the business

- We published a COVID-19 Handbook and conducted location risk assessments
- To keep our colleagues abreast of emerging knowledge about the risks associated with exposure to the Coronavirus, we published numerous updated procedures and safety practices throughout the various stages of the pandemic
- HSEQ & HR guidance continually communicated and updated to all colleagues throughout the Group during the pandemic – recognising the varied advice and Gov response throughout the UK and Ireland
- Numerous communications channels used to engage with colleagues and refresh relevant information. Channels included:



## COLLEAGUE HEALTH AND WELLBEING CONTINUED

- Emailing, blogs, Intranet updates, WhatsApp communications, localised manager briefings, information packs to home addresses etc.
- Colleague wellbeing support significantly diversified during the course of the pandemic to support those working remotely & location based. Activity included:
  1. Campaign of online wellbeing webinars – Topics covered include: anxiety & depression, nutrition, physical exercise, posture, financial wellbeing and many more
  2. Group-wide physical activity initiatives
  3. Wellbeing information sent to home addresses
  4. Weekly check-in calls
  5. CEO and Senior management blogs and info packs
- We furloughed 60%+ of our colleagues at commencement of lockdown in March 2020. That number quickly reduced as colleagues returned to work on a demand led basis. At the point of lockdown, we immediately reduced salary for senior management and

other higher paid roles for a period of 3 months from 1st April – 30th June 2020 (this reduction was never paid back). E.g. Exec Directors took a 98% pay cut. By January 2021 all colleagues were back. All colleagues returned to at least pre crisis pay rates (other than 300+ colleagues who left via redundancy linked to the change in business model)

### FOR CUSTOMERS DURING COVID-19:

- During initial lockdown we kept our distribution centres open to maintain supply of equipment to critical customers (e.g. those working on hospitals)
- We introduced new COVID-19 working practices and safeguards in these locations to protect customers (e.g. barriers for social distancing, screens, sanitisers)
- We extended these safeguards to our branch network as and when we opened it up
- We launched click&collect, offering customers a low contact alternative to ordering kit at the counter

- We upgraded our website to make it easier to use, which helped drive an increase in our digital channel from 8% to 30%+ during COVID-19
- Switched to contactless deliveries (no paperwork)
- Sourced large amounts of PPE, cleaning and safety equipment for customers to help them keep their colleagues safe

### FOR SUPPLIERS DURING COVID-19:

- Enhanced communications via OneCall team
- Maintained consistent payment record (creditor days actually shortened slightly during COVID-19)
- By continuing to serve our customers, we continued to provide valuable volumes to OneCall suppliers, during a period when they were otherwise struggling with demand



# LEARNING AND DEVELOPMENT

## COLLEAGUE DEVELOPMENT

To support our “Make It Happen” and “Make It Better” values, colleague development is a central element of our activity. It ensures our colleagues can provide customers with unrivalled service and provides our colleagues with an engaging and fulfilling place to work. Our Learning and Development team use a variety of tools to support this: along with specific training modules for certain subjects such as health & safety and diversity, we offer a range of structured training programmes to foster talent, engage colleagues and build careers. We have also adapted many of our training courses to adopt a blended in-person and virtual approach.

## APPRENTICESHIP

Our apprenticeship programme gives current and future colleagues the opportunity to take the next step in their career, whether that be through our early career development partnership with Reaseheath College, or our advanced in-role schemes which offer technical and managerial development in a range of areas, from customer services to IT to coaching. In addition, we provide ongoing Continued Development Programmes to address potential challenges for the business, such as more effective management in the age of permanent hybrid working.

We are also currently trialling an ‘Earn As You Learn’ scheme with our drivers to encourage upskilling and hope to roll the scheme out in our engineering community with a view to expanding further beyond that.

At the heart of our Learning & Development (L&D) programme is our e-learning platform, Learning Lab, and our dedicated L&D intranet pages on HSS World, which offer colleagues a wealth of resources and information to support their development, allowing them to learn remotely at a time that is suitable for them. The success of our

learning and development programme is dependent on colleague engagement and satisfaction. To make sure we are meeting their expectations and education needs, we always collect feedback during and at the end of each programme and use this information to refine and develop the content of each course.

Our annual engagement survey also acts as a consistent signpost to inform our policies. Last year we saw the opportunity to improve ‘My Manager’ scores and following a series of development initiatives for managers in 2021, we have been pleased to see a significant improvement in scores in this area in our latest engagement survey.

At HSS Hire we have a variety of colleagues studying for apprenticeship qualifications across the group the

group in several different areas. Apprenticeships schemes are used as an opportunity to provide new career opportunities for Engineering apprentices or offer technical skills and leadership development for our current colleagues. These range from a Level 2 Credit Controller to a Level 7 Senior Leader apprenticeships. We currently have 41 apprentices studying at HSS. (We ended the year with 29).

Over the last 12 months we have adapted a number of our training courses enabling them to be able to be delivered as a blended piece of learning as opposed to classroom based. This has seen a number of ‘Bite Sized’ programmes delivered in a virtual way where face to face classroom-based learning has not been possible.

## ONLINE COURSES DELIVERED



## CLASSROOM COURSES DELIVERED



# COMMUNITY ENGAGEMENT

## OUR COMMUNITIES

We are a corporate partner of the Lighthouse Club, an organisation which provides mental, financial, and medical 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, both of which have hosted webinars to support our colleagues as part of our wellbeing agenda.

At a local level, we're proud to say our colleagues regularly support local community initiatives in their area: for example, our Onsite team collaborated with Sir Robert McAlpine to support a local food bank, with the wider business supporting the cause through raising donations.

We also supported our Pennies From Heaven scheme which donates the

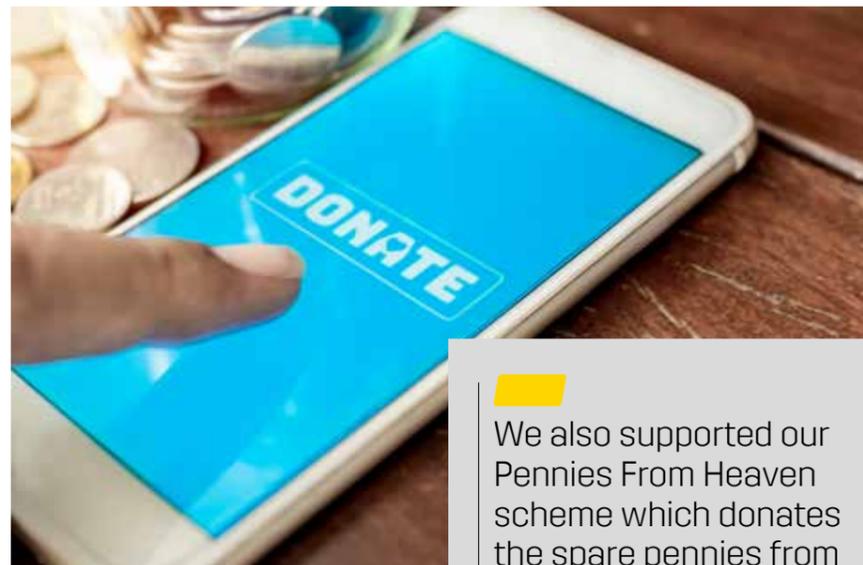


spare pennies from colleagues' monthly salary to charity. Our colleagues chose Cancer Research UK as the charity they wanted to receive these funds. In 2021 we again received the platinum award from Pennies From Heaven to recognise our colleague's generous donations throughout the year. This year we have raised over £7k throughout the year.

## GIVING BACK

In line with our values we are committed to giving back to the communities we work in, ensuring we have a positive impact and add value where we can. Throughout 2021 we have been able to raise a significant amount of money for good causes. Through our procurement partnership with Commercial, we were able to contribute over £750k in social value through their Commercial Foundation, which helps disadvantaged young people learn new skills and boost their employment opportunities.

HSS purchases office consumables from our supplier who in turn supports the Wildhearts charity with our orders. Wildhearts support young entrepreneurs both in the UK and beyond, by funding micro loans in the developing world to transforming the future of young lives at home through Micro Tyco which is a multi-award winning entrepreneurial training programme. HSS's contribution to Wildhearts has provided over 900 individuals with access to UK enterprise education. We have also impacted 1838 lives which have been transformed through microfinance.



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

Our onsite team collaborated with Sir Robert McAlpine to support a local foodbank, with the wider business supporting the cause through raising donations.





## 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 not just for the summer of 2021, but for years to come.



## CASE STUDY

### - RANDOX, SUPPORTING CUSTOMERS THROUGH COVID



#### THE OPPORTUNITY:

In early 2021, Radox, 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. Radox aimed to provide a solution that could deliver testing centres at airports.

#### WHAT WE DID:

After careful consideration with Radox, HSS were selected as the partner of choice to help deliver this programme in conjunction with Radox 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 Radox successfully delivered support at several aviation locations and a further testing centre at the Liverpool One Shopping centre. Radox 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 60's, 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

## 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. In January 2021 the Company moved from a main market listing to AIM.

### BOARD OVERSIGHT

The Board and all Directors are committed to the high standards of corporate governance, complying with the QCA Corporate Governance Code, under which the business now reports. 2020/21 is HSS's first year of reporting under the QCA Corporate Governance Code. The code stipulates a set of ten governance principles that companies should follow to deliver growth, 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.

### 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 Quedstedt, 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 2020.

### SELECTED AREA OF BOARD AND COMMITTEE OVERSIGHT IN 2020

	Audit and Risk Committee	Remuneration Committee	Nomination Committee	Full Board of Directors
Corporate Strategy				●
Risk Management	●			●
Legal & Regulatory Compliance	●	●	●	●
ESG	●			●
Health, Safety & Wellbeing	●			●
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 from the Company's sponsors / brokers 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.

## 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.



## 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. Our support for these fundamental principles is reflected in our policies and day to day engagement with our colleagues, customers, suppliers, and the communities we operate in. The Code specifically sets out the Company's position on modern slavery and anti-bribery, areas on which we continue to train our colleagues and reinforce important messages. The Code and policies underpinning it are regularly reviewed by senior management in light of changing business and regulatory requirements.

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

## 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 2021, Safety and 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 the risks facing the Group and safeguard its assets. No system of internal control can provide absolute assurance against material misstatement or loss. The Group's risk management framework system is designed to provide 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.

In light of the Ukraine conflict, we are currently reviewing our supply chain to ensure we have no exposure to sanctioned countries and are looking to revise our policies accordingly.

## ESG RISK

In Q4 2021, for the first time, Environmental, Social and Governance (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 will separately consider and report on Climate Change risks as part of the Taskforce for Climate Related Financial Disclosures (TCFD).

## MODERN SLAVERY

The Group continues to promote to both customers and suppliers, the importance of doing business in an ethical way safeguarding and upholding human rights. Our anti-slavery and human trafficking statement for 2020 was published on the corporate website during the first six months of 2021, with the 2021 statement to follow in 2022. We regularly remind our colleagues and suppliers of our zero-tolerance stance on forced labour and human trafficking; this includes constant communication with our supply chain to identify weaknesses and a thorough new supplier screening process.

## 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. As mentioned in the above sections, we provide annual training on our Anti-Corruption Policy to all business units. We expect the same standards from our suppliers and anti-corruption provisions are included in our supplier contracts.

## WHISTLEBLOWING

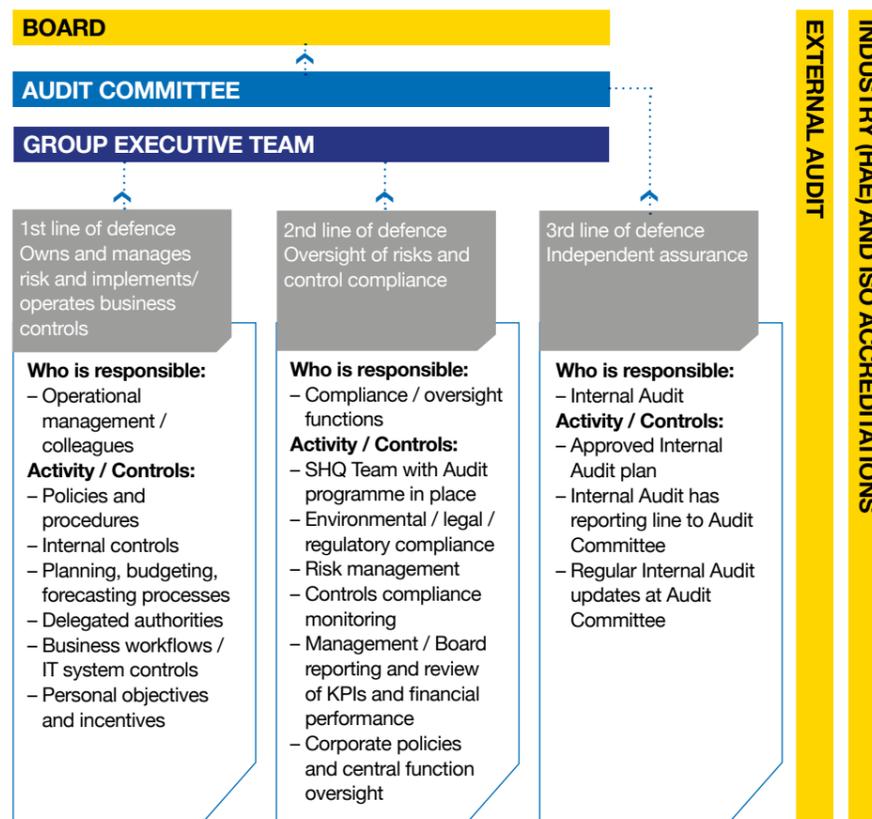
The HSS Group has a formal grievance and whistleblowing process and policy, whereby any colleague may, in complete anonymity, contact certain nominated members of senior management to raise any concerns. These concerns are then investigated independently, and the results shared with the

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.

## BUSINESS CONTINUITY AND DISASTER RECOVERY PLAN

We have a documented procedure to follow in the event of sudden disruption to operations due to a disaster, like failure of IT or inaccessibility to our premises due to a fire or flood for example. There is a detailed action plan for the business to follow and communication strategy to staff, customers and suppliers. The plan contains critical activities and staff resources, lists of equipment at each location and emergency contacts. Regular tests of the recovery plans are undertaken so that staff are kept prepared.

## 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 publish our first TCFD report in 2022.
- We will regularly review and refine our policies to ensure they are up to date and meet all the relevant legislative guidelines.

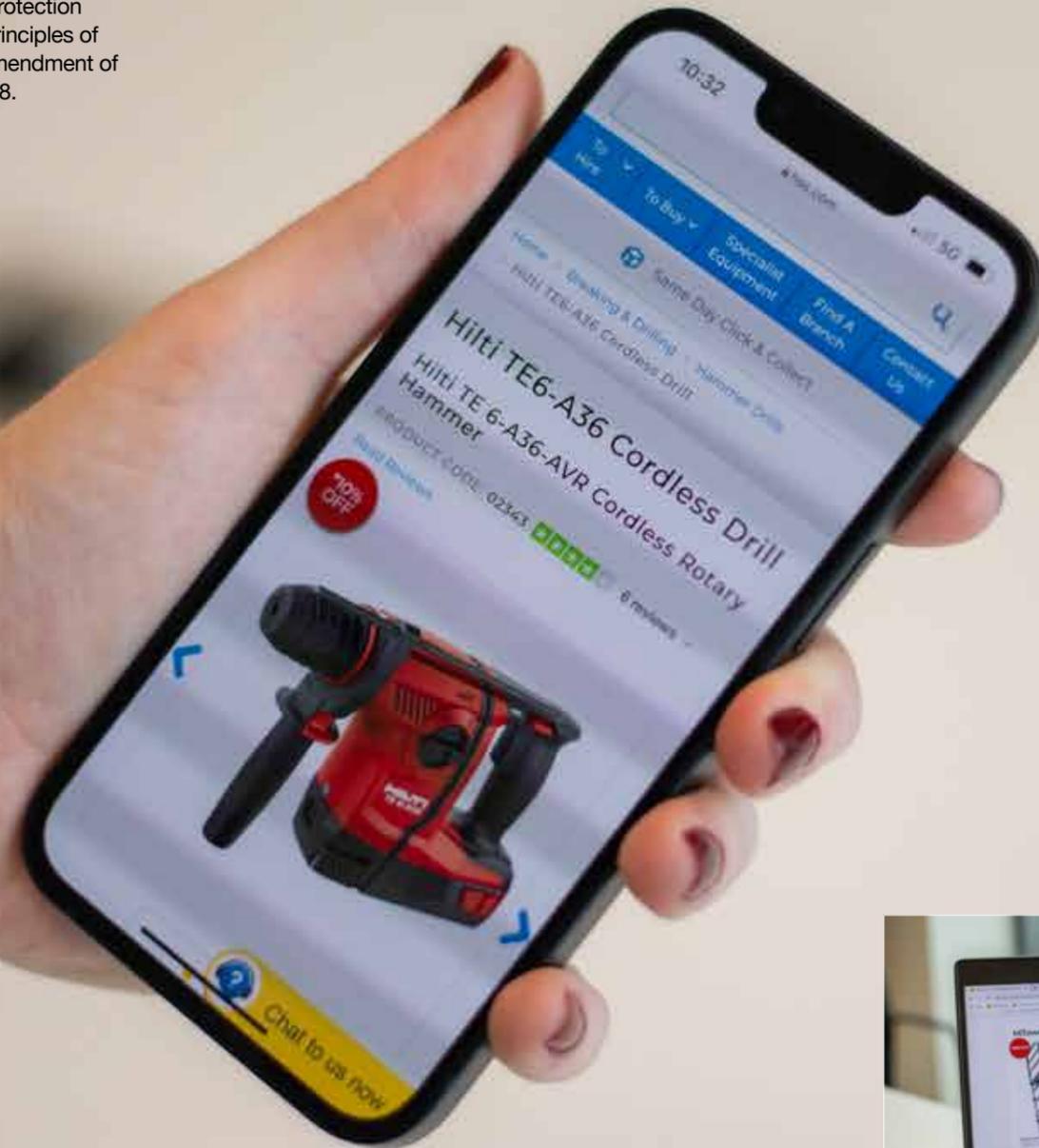
# DATA ETHICS

As our business is evolving and increasingly powered by data and technology. We aim for high ethical standards in data use. Our approach to data ethics takes into account the human right to privacy as it relates to data, the ethical use of artificial intelligence and careful use of confidential data. These strong guiding principles on data ethics are necessary to grow in parallel with our increasing use of technology and corresponding volume of data. Our integrated technology platform is industry leading and data ethics has become fundamental as colleagues and suppliers access our products and services online. HSS deploys a number of technology

platforms and solutions including Brenda, Spanner, Satalia, PRISM, and HSS World (intranet) for which data ethics and security is paramount.

## DATA PROTECTION

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



## 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 cyber-crime. HSS Group implement the highest standards of cyber security operations.

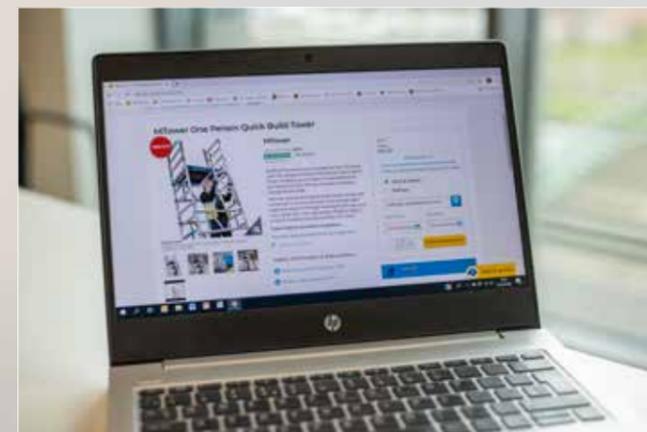
To entrench the cyber security programme across all depths of the organisations, HSS has a risk register in place, access control policies, a system level security policy, a privacy policy, and an acceptable usage policy (which users must accept each time they log into their PC's). We provide all users with GDPR and cyber security training when commencing employment. Annual refresher training is performed for both, and a log of all completed training is kept on staff records. We also run phishing campaigns monthly, to test users on their reaction to suspicious emails and further training is provided to those that fail the tests.

Following the great advances, we've made recently with data protection and cyber security and the confidence given by recent audits from 3rd party consultants, we are targeting ISO27001 accreditation for our information security management systems by 2025 or earlier. As part of this, we will also work towards achieving Cyber Essentials Plus accreditation. Cyber Essentials is a government backed scheme that will protect our organisation, whatever its size, against a whole range of the most common cyberattacks. We recently achieved Cyber Essentials certification for our technology, networking, and related cloud services. Cyber Essentials Plus still provides the same protection procedures required by Cyber Essentials, but for Cyber Essentials Plus, a hands-on technical verification is carried out by an external CREST accredited auditor.

## DATA GOVERNANCE

The Group has a robust IT governance structure in place, along with an Information Security Policy (ISP). A cross-section of colleagues across

the Group implement procedures and systems to ensure compliance of the ISP. Starting from Human Resources ensuring that colleagues are adequately trained during induction on IT security, to the Risk and Assurance Director who integrates IT security in the company risk register, to the IT Director who is responsible for overseeing the procedures and managing information security across the group and finally to the internal and external auditors who conduct ad-hoc audits and perform regular penetration tests to ensure security of the HSS network is maintained.



### 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	2021	2020	2019	Comments / Notes
<b>Environmental performance</b>					
<b>GHG Emissions</b>					
Total direct emissions (Scope 1)	metric tons (t) CO2e	8,317	8,653	12,325	2021 and 2019 data are for UK and Ireland. 2020 data is for UK only.
Total indirect emissions (Scope 2) – location based	metric tons (t) CO2e	1,312	2,134	3,073	
Total indirect emissions (Scope 2) – market based	metric tons (t) CO2e	105	0	2840	
Total value chain emissions (Scope 3)	metric tons (t) CO2e	1,742	1,182	189,726	For 2021 and 2020, only SECR scope 3 data is included.
Total Gross carbon emissions	metric tons (t) CO2e	11,371	11,969	205,124	
Total Net carbon emissions	metric tons (t) CO2e	10,247	11,969	204,892	
GHG intensity (turnover)	tCO2e/£m revenue	32.9	44.3	49.1	Building energy GHG intensity
<b>Energy consumption</b>					
Total energy consumption	kilowatt hours (kWh)	6,904,183	8,877,251	11,806,259	Includes total electricity and gas.
Total electricity	kilowatt hours (kWh)	6,177,136	8,429,201	11,079,212	Electricity Transmission and Distribution Losses are included. 2020 data is for UK only.
Total renewable electricity	kilowatt hours (kWh)	5,290,355	0	0	
Total gas	kilowatt hours (kWh)	727,047	448,050	727,047	2020 data is for UK only. 2021 data has been used for 2019 base year due to lack of availability of 2019 data.
Total propane	litres (l)	63,461	45,072	14,497	
<b>Waste consumption</b>					
Total waste consumption	metric tons (t)	1,086	1,033	1,522	
Diverted waste	metric tons (t)	647	652	919	
Landfill waste	metric tons (t)	216	240	147	
Recycled waste	metric tons (t)	123	94	393	
Total hazardous waste (waste oil)	litres (l)	101,170	97,700	111,100	
Total waste to energy (incineration)	percentage (%)	64%	63%	60%	
Total waste recycled	percentage (%)	24%	23%	26%	
Total waste reused	percentage (%)	0.1%	0.2%	0%	
Total waste to landfill	percentage (%)	11%	9%	10%	
Total processed fuel oil (PFO)	percentage (%)	21%	4%	4%	
Landfill diversion rate	percentage (%)	89%	90%	90%	
<b>Social performance:</b>					
Total number of employees	FTEs and PTEs	1903	2330	2603	
Gender – female/total	% based on headcount	18%	15%	15%	
Pay gap (mean)	percentage (%)	-7%	-1%	-1%	
Pay gap (median)	percentage (%)	-8%	-1%	-1%	
Ethnicity – BAME/total	% based on headcount	10%	10%	11%	
Colleague engagement score	percentage (%)	76%	75%	72%	
Total Recordable Frequency Rate (RIDBOR)	Frequency	0.12	0.04	0.20	
Safety observations	Logged observations	23,814	8,020	Not recorded	Incident Reporting Portal launched.

**FORWARD-LOOKING STATEMENTS:** The report does not cover all information about our business. The information covered by the report contains forward-looking statements, including statements regarding our ESG goals, commitments, and strategies and related business and stakeholder impacts. These statements involve risks and uncertainties, and actual results may differ

materially from any future results expressed or implied by the forward-looking statements, including any failure to meet stated ESG goals and commitments, and execute our strategies in the time frame expected or at all, as a result of many factors, including changing government regulations, and our expansion into new products, services, technologies, and geographic regions.

### MATERIALITY ISSUES TABLE

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

Issues	Description
<b>Environmental performance</b>	
<b>Planet</b>	
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
<b>People</b>	
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 Wellbeing	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
<b>Customers and Community</b>	
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
<b>Governance</b>	
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



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An intelligent approach to energy, waste & sustainability

Sustainable Advantage  
Hersham Place Technology Park  
Molesey Road, Hersham  
Walton-on-Thames  
Surrey  
KT12 4RS

[info@sustainable-advantage.com](mailto:info@sustainable-advantage.com)

[sustainable-advantage.com](https://sustainable-advantage.com)

0203 544 2030

