



**Group**

## **United Nations Global Compact Communication on Progress**

June 2022

To our stakeholders,

### **Statement of continued support:**

I am delighted to confirm that RS Group Plc (formerly Electrocomponents Plc) reasserts its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual Communication on Progress, we set out the actions we have taken and initiatives we have instigated to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We commit to share this information with our stakeholders using our primary channels of communication.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Lindsley Ruth'.

**Lindsley Ruth**  
**Chief Executive Officer**  
**RS Group plc**

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**Head Office:** Fifth Floor, Two Pancras Square, 2 Pancras Road,  
King's Cross, London, N1C 4AG United Kingdom  
T: +44 (0)20 7239 8400. Registered No. 00647788

**[www.rsgroup.com](http://www.rsgroup.com)**



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## **Introduction:**

In the last two years we have made a step change to our approach to ESG, environmental, social and governance, as part of our commitment to both people and planet. This strategy forms an integral part of our approach to integrating the principles of the UN Global Compact into our business.

In addition, our annually reviewed, updated and communicated Group Code of Conduct sets out our position on key governance, environmental and ethical areas and provides guidance to our people and partners in maintaining the highest standards of ethical and legal conduct.

## **1. Human Rights Principles**

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses

### **1.1. Assessment, Policy and Goals**

We are committed to protecting and advancing the human rights of our employees and across our wider supply chain. As such, we support the Universal Declaration of Human Rights and the International Labour Organisation Core Conventions, which we have stated publicly in our 2030 ESG action plan – For a Better World, which can be viewed in full at [www.rsgroup.com/esg](http://www.rsgroup.com/esg)

Beyond our direct organisation, we work with thousands of supplier partners around the world and we want to collaborate with them to raise ethical and environmental standards across our global supply chain. From sourcing responsibly, to strengthening labour practices and improving supply-chain visibility. Our recently updated Ethical Trading Declaration further details the specific expectations we place upon our suppliers and partners with regard to human rights.

Our Modern Slavery statement and policy detail our zero-tolerance approach to engaging with partners that do not have measures in place to ensure confidence that modern slavery, child labour or forced labour are not present in their supply chains.

Our Diversity and inclusion policy protects our employees from workplace harassment of any kind while promoting a culture where their views, opinions and talents are respected wherever and wherever they are. This is supported by our whistleblowing policy and process, which gives all employees, contractors and partners the opportunity to raise concerns of any nature anonymously and safe in the knowledge that each and every one will be investigated.

### **1.2. Implementation**

We have implemented a number of measures to reduce our human rights risks across the business which include:

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- Introducing an enhanced ethical trading declaration, which has been initially targeted at our top 65% of suppliers by spend, representing 380 businesses. This is part of a phased, wider roll out. As of 31<sup>st</sup> March 2022, 29% of those suppliers have committed.
- Since May 2019, 119 inspections of RS Pro Asian suppliers have taken place which covers 90% of RS Pro suppliers operating in sourcing regions, which have a higher risk of human rights violations.
- We formed a new partnership with Sedex to improve the visibility of our supply chain, enhance our ethical trading tools and conduct future inspections of high-risk suppliers.
- We are actively developing and improving our approach to conflict minerals and other 'materials of concern' by going beyond 3TG minerals to include other materials that exist in our products which carry human rights concerns and risks in their production.
- We implement continuous monitoring of our partners and 100% of suppliers on our existing RS database have been risk screened using the TA15 tool against over c. 650 global government issued denied parties, sanctions and regulatory infringement lists.
- Refresher training on the whistleblowing process has been delivered to Germany, Austria, Switzerland, India and South Africa with more planned for the coming year.

### 1.3. Measurement of outcomes

- In 2021/22, we were awarded both EcoVadis gold medal status and were rated A by MSCI demonstrating that we are a trusted partner for customers and suppliers.
- Our initial vetting of suppliers on our existing database did not identify any red flags or matches with regard to human rights violations.
- Due to new EU Whistleblowing Directive we have been able to extend our whistleblowing service to Germany where previously local laws did not allow for it.

## 2. Labour Principles

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation

### 2.1. Assessment, Policy and Goals

Our Group Code of Conduct clearly sets out that we recognise freedom of association by permitting our employees to establish and join organisations of their own choosing without our permission and we will recognise collective bargaining where it is required by local laws.

Our Modern Slavery statement and policy detail our zero-tolerance approach to engaging with partners that do not have measures in place to ensure confidence that modern slavery, forced labour or child labour are not present in their supply chains.

Our Diversity and inclusion policy demonstrates our commitment to ensuring that existing and prospective employees are treated fairly and with respect in an environment that is free from any form of discrimination. This ensures that:

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- All employment, including recruitment, promotion, reward, working conditions, and performance management related policies, practices and procedures are applied impartially, fairly and objectively;
- We have equality of opportunity for all, and we will provide employees with the opportunity to develop and realise their full potential; and
- Respect is a right – we will inspire trust through honesty and openness.

It also defines the characteristics of RS Group as a diverse organisation, in which:

- We recognise diversity as a business-critical requirement and strength.
- To ensure our team is reflective of the customers, suppliers and communities we serve, we are working towards 40% of our leaders being women and 25% being ethnically diverse by 2030
- We are creating an environment where the insights of diverse groups are sought and welcomed; where people are accepted and respected for their views, opinions and talents whoever and wherever they are.
- An innovative culture where ideas are born from differences in perspective and experience.
- A mindset where backgrounds and lifestyles do not affect perceptions, or opportunities for development and promotion.
- Where flexible working practices are available where appropriate, as we believe that people can successfully deliver their objectives by working flexible hours, patterns and from different locations.
- We are working towards the diversity of our workforce being visible at every level of the organisation and in every business area through our targets, policies and objectives.

### 2.2. Implementation

We have produced a Modern slavery policy, reviewed annually, to sit alongside and above our annual Modern slavery statement and publicly available on our website.

We have added a Modern slavery section to our Group Code of Conduct course which is delivered to a large percentage of our employees across the Group and in multiple languages.

From 2022/23 diversity and inclusion training will be mandatory for all new starters.

### 2.3. Measurement of outcomes

In 2021/22, we delivered detailed diversity and inclusion training, which has been completed by 90% of our employees across the Group in multiple languages.

We actively encourage our employees to report any instances of discrimination or harassment of any kind by using our confidential and anonymous whistleblowing process and we disclose our progress within our annual report. In 2021/22, we received 15 Speak Up reports globally and they were reviewed and monitored by our Audit Committee.

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### 3. Environmental Principles

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies

#### 3.1. Assessment, Policy and Goals

The Group environment and health and safety (EHS) policy statements apply across the Group and are designed to protect and safeguard people and protect the environment. They include aims on how we operate and how we involve communities close to our operations.

Our commitments and policies reflect the integrated way we work across the Group in the areas of EH&S and sustainability. All Group companies, contractors and joint ventures under our operational control must manage EH&S and sustainability in line with the Commitment and Policies.

RS Group is committed to:

- Protecting the environment
- Complying with all applicable EH&S laws and regulations
- Using energy and other resources efficiently to provide our products and services
- Respecting our neighbours and contributing to the societies in which we operate
- Setting targets for and reporting on our EH&S performance
- Promoting best practice in our workplace
- Managing EH&S and sustainability matters in line with other critical business activities
- Promoting a culture in which all Group employees share this commitment

We are committed to offering innovative product and service solutions that help our customers be more sustainable. We offer products and solutions at all stages of the industrial lifecycle: design, build, maintain, improve and protect, which help our customers increase efficiency, cut costs and reduce their environmental impacts.

We align to external frameworks and standards to ensure we adhere to best practice and to enhance comparability of our ESG performance data. For our reporting, we align to the sector specific recommendations of the Sustainability Accounting Standards Board (SASB). Our priorities are informed by the Sustainable Development Goals (SDGs).

Our 2030 ESG Action plan – For a Better World, outlines our long-term commitments towards Advancing sustainability and targeting environmental improvements within our direct operations and across our value chain. We have made a commitment to be net zero in our direct operations by 2030 and in our wider value chain by 2050. We have submitted our targets relating to Scope 1, 2 and 3 emissions for approval to the Science Based Targets initiative (SBTi). We have also set long-term targets for sustainable packaging, waste, transportation, products and service solutions, as well as supplier carbon reduction in line with our commitment to advancing environmental sustainability across our sector and beyond.

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### **3.2. Implementation**

Our Group policies, processes and systems help manage our environmental performance, with multiple continuous improvement (CI) initiatives across the business focussed on enhancing operational efficiency and sustainability. These CI initiatives include working with product suppliers on reducing the use of packaging within the broader supply chain. We are also increasing our focus on renewable energy. In 2021/22, 88% of our Group electricity use came from renewable sources.

Across the Group, we continue to invest in operational efficiency and CI initiatives as part of our Target Zero environmental programme with the long-term goal of minimising our impact to the environment and the immediate focus on reducing energy consumption, zero waste to landfill and cutting CO<sub>2</sub> emissions.

In May 2022, we submitted our science-based targets covering Scope 1, 2 and 3 emissions to the SBTi for verification. To measure our carbon footprint, the Group uses the Greenhouse Gas Protocol with emission factors for standard grid electricity by country from the International Energy Agency and other factors as published by the UK Department of Environment, Food and Rural Affairs.

We are restricting our supply chain to source, store and ship more of our products locally and regionally, which is driving cost, distance and emissions out of supply chain. We are also working with our third-party logistics providers to select lower-carbon transport modes such as road and sea over air deliveries to reduce our carbon footprint of distributing our products.

We report our annual GHG emissions in accordance with the Companies Act 2006 (Strategic and Directors' Report) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. This can be found in our annual report.

We have participated in the annual Carbon Disclosure Project (CDP) since 2008. In 2021, we achieved a CDP climate leadership score of A- for our climate action and disclosure for both our direct action and supplier engagement. We have been signatories of the Task force for Climate-related Financial Disclosures (TCFD) since 2020 and our climate-related governance, strategy, risk management, metrics and targets are in line with the TCFD recommendations. In 2021/22 we conducted our first climate-scenario analysis and produced our first TCFD disclosure report, which is publicly available on our website at [www.rsgroup.com/esg](http://www.rsgroup.com/esg). We also continue to align our reporting with the recommendations of the Sustainability Accounting Standards Board (SASB), which are material for our industry sector and business.

### **3.3. Measurement of outcomes**

We have not had any legal action or investigations brought against us for environmental failings. We have robust and clear reporting mechanisms for Environmental, Health and Safety incidents which are communicated to the Group.

We have had a number of positive achievements in our long-term goals to reduce our emissions and achieve our goal of being net zero in our direct operations by 2030. Highlights include the following:

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### Carbon:

- We have achieved a 50% reduction in Scope 1 and 2 emissions against our 2019/20 baseline and by 20% since 2021/22.
- In 2021/22, 88% of total group electricity usage was from renewable sources.
- We have added solar panels added to our German distribution centre with a 750kW capacity.

### Fleet emissions:

- In 2021/22, 94% of all new vehicle purchases in the UK were hybrid or electric vehicles which now make up 42% of the RS UK fleet.
- In 2021/22, emissions from our RS UK fleet of vehicles reduced from 67g/km to 38g/km.

### Packaging

- Reduced packaging intensity by 16% and 92% of our packaging is widely reusable, recyclable or compostable

### Waste and recycling:

- We have seen a 12% reduction in waste intensity since 2019/20
- 73% of our waste is recycled with many key sites sending no waste to landfill.

### Environmental management systems and certification:

- 13 of the distribution centres owned or leased by the Group with total floor area of some 264,000m<sup>2</sup> have environmental management systems in place and four are certified to ISO 14001.
- The majority of our 45 other sites, are also certified to ISO 14001 or have internal environmental management systems.
- Over 50% of our operations by revenue and 65% by floor area are covered by ISO 14001.
- In 2021/22, 25 sites covering 47% of our operations by revenue and 62% by floor area were covered by ISO 14001 certifications
- Excluding the third-party managed DC in Hong Kong, our 13 owned and leased DC sites, with total floor area of 264,000m<sup>2</sup>, have environmental management systems in place with four covered by ISO 14001.
- The majority of our 46 other sites, with total floor area of 57,000m<sup>2</sup>, have certified or internal environmental management systems.

### Transportation:

- 17% reduction in Scope 3 transport emissions per tonne of product sold since 2019/20.
- We have switched product replenishments to our Asia Pacific distribution centres from air to sea freight, reducing the associated emissions on these lanes by c. 60%.
- We selected a new UK logistics provider with electric fleet and long-term commitment to invest in green technologies.

### Supplier carbon:

- 19% of Group suppliers (by spend) had set SBTs, as of 31<sup>st</sup> March 2022.

### Sustainable product and service solutions

- We offer a growing our range of products that help our customers design, build and maintain more sustainable operations. From products like variable speed drives, high efficiency motors and lighting, through to RS PRO recycled PLA 3D printer filament

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created from recycled post-industrial waste and Raspberry Pi single board computers.

#### **4. Anti - Corruption Principles**

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

##### **4.1 Assessment, Policy and Goals**

We have a zero-tolerance approach to bribery and corruption which is stated in our Group Code of Conduct.

Our Anti-Bribery and Corruption Policy, reviewed and updated in 2021, applies to all businesses within our Group, inclusive of all directors and employees. Its purpose is to ensure compliance with all laws and regulations governing anti-bribery and anticorruption in the countries where we operate. We are committed to conducting our business and affairs to ensure that we do not engage in or facilitate any form of bribery.

##### **4.2 Implementation**

Regular anti-bribery and corruption training is delivered across the Group on a biannual basis.

Businesses within the Group based in countries who are deemed to be at high risk for anti-bribery in accordance with the Transparency International Corruption Perceptions Index 2020 receiving training on an annual basis.

In 2021/22, we delivered anti-bribery training to 5,220 employees globally.

##### **4.3 Measurement of Outcomes**

We have had no claims for any breaches of any anti-bribery or corruption laws brought against us in any jurisdiction.

All incidents or suspected incidents of bribery and corruption will be investigated and the Group's whistleblowing process is open to all employees, contractors and partners to report any incidents or suspected incidents.

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