

Environmental, social and governance at a glance

Our core values and responsible business framework direct how we handle environmental and social impacts. This year we have formalised our approach through the following themes:

Minimising the impact of our operations ensuring value preservation through the de-risking of our activities

[Read more on page 28](#)

A proactive approach to customer and market sentiment regarding sustainability

[Read more on page 28](#)

Our strategy is focused on four primary stakeholder groups

01 Customers

Our customers will be required to report on their ESG performance within their supply chains. We are working with them to support their journey and reporting.

[Read more about customers on pages 31-32](#)

02 Colleagues and Community

Our colleagues are a fundamental part of the communities where they are based. They use their skills and expertise to work with clients on providing the right solution and actively contribute to the areas where they live and work.

[Read more about colleagues and community on pages 33 - 35](#)

03 Environment

Our net zero roadmap demonstrates the approach the Group is taking to deliver on our targets, which this year were validated by the SBTi's net zero standard and to a 1.5°C planetary warning trajectory.

[Read more about environment on pages 36 - 40](#)

04 Supply Chain

The assessment of Vp's sustainability performance will not be limited to its own operations. Under our commitments to manage our Scope 3 emissions, this involves an appreciation of carbon emissions in both upstream and downstream activities from our operations.

[Read more about supply chain on pages 40 - 41](#)

We have made good progress during this year with highlights shown below:

SBTi validation of our carbon emissions inventory and reduction targets

Group emissions inventory completed in-house to increase understanding

Ongoing development of our hire fleet to meet customers' requirements for cleaner alternatives

Work ongoing to provide emissions data to our customers

Positive engagement with our supply chain to align core values and targets

[A detailed table of highlights is shown on page 30](#)

Key data and information can be found on the following pages:

Capex analysis

[Read more on page 27](#)

Net zero roadmap

[Read more on page 38](#)

Carbon inventory for FY2023/24

[Read more on page 39](#)

Chief Executive’s introduction to ESG

Anna Bielby
Chief Executive



Managing risk and opportunity

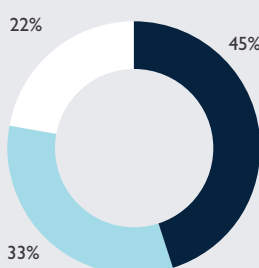
The Group’s core values are the bedrock of our responsible business ethos. These, together with our ESG strategy, set out in the following pages, provides robust governance to how we handle environmental and social impacts. We recognise that sustainable operations are a key responsibility for the Group.

Overview

The business consistently considers environmental issues, under the guidance of the Environmental Steering Group. This group, led by me and the Director of Risk and Sustainability, includes representatives from our trading divisions enabling the executive to gauge ESG-related dynamics from our key customer groups and sustainable solutions coming from our supply chain. The emissions from our hire fleet (embodied and usage carbon) account for c.75% of entire Group emissions.

We are also aware of the extensive impact of social value resulting from our operations. As a large employer we have direct impact on the wellbeing, professional development and economic reward of our workforce, with responsibility for creating an inclusive and positive working environment. Our

Capex analysis



- Zero emissions at point of use
- Cleaner technology
- Other investment

The chart shows that c.80% of our capex is spent on fleet with zero emissions at point of use or cleaner technology

teams are then tasked with extending our culture into our supply chains and communities where we live and operate to ensure we leave a positive impact.

Sustainability and our business model

Achieving a balance between commercial and sustainable strategies is an increasingly important consideration for the long-term success and resilience of our business. This balance involves integrating sustainability concepts, where possible, into the core business model while ensuring Vp’s market relevance. Indeed, some of our sustainability-led initiatives differentiate us from our peers and could drive competitive advantage, while shorter-term success is underpinned by traditional drivers of cost, quality, reliability and accessibility.

Sustainable practices can often lead to greater operational efficiencies, such as reduced energy use, lower water consumption, and minimised waste. These efficiencies can translate into significant cost savings over time, which is particularly important for the Group when looking to optimise performance across our international operations.

The Environmental Steering Group orchestrates our sustainability initiatives across the entire Group to ensure that they reflect the long-standing characteristics that have made the business a success, while considering enhanced responsible business practices that can both respond to our customer requests as well as proactively drive more sustainable solutions.

Alignment to brand framework

Our ESG direction and aspirations are intrinsically linked to the Company’s purpose and culture. Our brand framework is underpinned by three distinct pillars, which dictate who we are and how we operate – focused, agile and fair.

Approach to stakeholder analysis and engagement

We regularly engage with key stakeholders as set on pages 24-25 of this report and specifically have been gathering insights from our various stakeholder groups; customers, colleagues, the supply chain, regulators and investors to understand their individual motivations. This feedback is informing management regarding the importance of sustainability. The Group is taking a measured approach to align sustainability forces into our overall business model and risk appetite, which will impact the medium to long-term strategic approach.

Focused

- Listening to stakeholder feedback
- Building an ESG approach that delivers consistent returns

Agile

- Designing bespoke solutions for our customers
- Building resilience in our rental fleet to appeal to our wide range of customers and their needs

Fair

- Equal consideration of key stakeholder groups
- Understanding our obligations to minimise our impact on the environment

Assessing our impacts

We continually work with stakeholders as part of our governance culture to understand their interests and how this impacts our assessment of risk and opportunity in our business. This in turn informs our strategic approach, while building mutually beneficial relationships.

Assessment of material ESG issues

As sustainability themes grow in importance for our stakeholders, we remain committed to ongoing discussions about their relevance to our business across the short, medium and long term. This commitment ensures that our focus on the four areas set out below consistently align with stakeholder expectations and our commercial objectives.

Our approach

01 Customers

02 Colleagues and Community

03 Environment

04 Supply Chain

While we currently disclose aspects of sustainability performance in line with legal requirements and the UK Corporate Governance Code, we are also aware of the proposed standardisation of sustainability disclosures by the UK Government (adopting the International Sustainability Standards Board reporting framework under IFRS S1 and S2), as well as similar standards in place in the EU. While satisfying our regulatory obligation, we plan on adopting a common standard that will meet our disclosure obligations across our operational areas. Such disclosures are likely to become far more important from a customer perspective and an increasingly vital part of tender submissions.

The intent is to ensure that we have a sustainable approach that helps the Group to maintain its viability to both customers and investors, while contributing social and environmental value to our employees, supply chain partners and communities.

Our sustainability themes

1. Minimising the impact of our operations

Value preservation through the de-risking of our activities

The Group has taken steps to minimise the impact of our operations on the environment and understanding our entire carbon footprint has allowed priority areas to be addressed. Our decarbonisation journey is punctuated by some key tactical steps:

- Consolidation of water and waste management partners and efforts
- Accreditation with ISO 50001: Energy Management in all of our UK sites
- Investment in electric and hybrid vehicles in our commercial and Company car fleet
- Procurement of renewable electricity across our UK property estate
- Working with customers on co-locating to reduce transport emissions
- Collaborating with our Estates team on a branch of the future blueprint.

2. A proactive approach to customer and market sentiment regarding sustainability

Value creation through product innovation

Embracing sustainability can drive innovation by pushing the development of new products and services or driving the improvement of existing ones.

We are conscious of the need to develop new solutions in partnership with our key customers, in order to maintain our competitive edge, appealing to both eco-conscious consumers as well as our traditional business partners.

Our Scope 3 emissions inventory has informed the Group and senior management teams regarding the importance of our hire fleet make-up in relation to our overall impact on the environment. Within our divisional structure we have two distinct areas of fleet:

- Hire fleet, which is zero emissions at point of use e.g. Groundforce struts or TPA roadway panels
- Powered fleet, which requires either fossil fuel or electricity for that power.

Standards and frameworks

Implemented

Standard/framework	Status	Link to strategic impact
ISO 50001: Energy Management	The Group has committed to reach net zero greenhouse gas (GHG) emissions across the value chain by 2050 from a 2023 base year.	Aligned to our strategy of creating a lower carbon operation across our trading estate.
Task Force for Climate-Related Financial Disclosures (TCFD)	Further disclosure is set out in this report regarding our Scope 3 carbon inventory and scenario testing regarding planetary warming pathways.	The impact of climate change is considered in our key businesses processes. Our strategy of providing sustainable solutions through our fleet investment demonstrates our commitment. Investment in sustainable fleet is now considered business as usual in our divisions with powered products.
Sustainable Development Goals (SDGs)	The Group has aligned its approach with 12 of the current SDGs – these are sectioned into (a) SDGs for our customers, investors and supply chain, and (b) SDGs for our people and communities.	The SDGs chosen align to our business values. Clarity around “purpose beyond profit” is demonstrated in our approach to restoration and conservation projects.
Science-Based Target Initiative (SBTi)	Our complete emissions inventory and targets for emissions reduction were validated by the SBTi in November 2023.	The conclusions of our validation process are being used at the heart of our strategic approach to shaping our hire fleet.
Sustainable Procurement Policy (SPP)	During the financial year the Group finalised and implemented our SPP and communicated this to key companies in our supply chain.	The values we expect of our suppliers has been defined. We are working with our suppliers to achieve a common aim.

Acknowledgements

Standard/framework	Status	Link to strategic impact
Task Force for Nature related Financial Disclosures (TNFD)	The Group is in the process of assessing the impact of this in relation to our governance processes.	Under consideration.
IFRS S1 and S2	The Group will release further comment around these areas in the next financial year.	An assessment on how disclosures may need to evolve is being undertaken.

Environment, social and governance

Key highlights and targets

01 Customers

See pages 31 - 32 for more information

Topic	Detail	Commentary
Rental fleet	Throughout the Group, changes are being made to transition into a more sustainable rental fleet in line with our near-term emissions targets, changes to customer preferences and regulatory changes	To maintain levels of capex directed to either zero emissions at point of use and lower emission technology

02 Colleagues and Community

See page 33 - 35 for more information

Topic	Detail	Commentary
Restoration and conservation	In 2024, the Group is providing funding for the fourth consecutive year to conservation projects with an investment in 2024 of £100k	Increase volunteer days take up Building long-term relationships with the Wildlife Trusts
Community donation	Through our new partnership with Business in the Community, we are working on developing our purpose beyond profit. Recently, we donated 250 end-of-life tablets to the North Yorkshire Council reboot scheme	Develop our social value strategy including charitable support

03 Environment

See pages 36 - 40 for more information

Topic	Detail	Commentary
Emissions calculation	We successfully completed our greenhouse gas emissions inventory in house to increase our understanding	Focus on our on our short-term emission reduction
SBTi	In November 2023, our emissions inventory and science-based targets were validated	
Transition plans	Following the validation of Vp's science-based targets, transition plans (to a lower carbon operation) are being refined at a divisional level with Group consolidation	Completion and costing by end of July 2024

04 Supply Chain

See pages 40 - 41 for more information

Topic	Detail	Commentary
Partnerships BITC and SCSS	This year, we have invested in two new partnerships with the Supply Chain Sustainability School and Business In The Community	To support our approach to train our entire workforce in carbon literacy by the end of 2024
Capture system	The Group is rolling out a supplier questionnaire to our top 80 suppliers (by emissions) with the overall aspiration to improve alignment to their sustainability and governance credentials in line with our own	Target to increase to our top 250 suppliers by 2025

01 Customers

Supporting our customers' sustainability strategies

Market sectors

We provide specialist products and services to a diverse range of end-use markets including Infrastructure, Construction, Housebuilding, and Energy. As well as a range of macro-economic factors that drive the demand for our businesses, there are an increasing range of sustainability-related risks and opportunities that management continues to review. These issues may impact investment decision making to ensure our long-term resilience in our marketplaces through the supply of more sustainable products and services.

Regulatory drivers for customers

There is increasing pressure from the public, investors, and other stakeholders for transparency and responsibility in how major construction projects are planned, implemented, and maintained. This includes demands for reducing carbon footprints, preserving local ecosystems, and ensuring that projects benefit local communities socially and economically.

This pressure drives disclosure of emissions, energy efficiency, water usage, and waste management in addition to which the regulatory environment often enforces the adoption of sustainable materials and technologies to reduce the environmental impact of new projects.

Our customers must comply with these regulations to avoid fines, benefit from incentives, and meet permit requirements. This includes adhering to building codes that promote energy efficiency and sustainable construction practices.

Case study

Enhanced sustainability data for customers

Like many organisations, we employ a comprehensive software platform to integrate and manage core business processes. Beneficial characteristics include automated reporting and analytics of standardised information to aid management decision making. Internally, we have updated our ERP system to provide instant data to customers for emissions data e.g transport, usage and embodied carbon. We are also in the process of lobbying our key suppliers for Environmental Product Declarations (EPD) to make more informed decisions on supplier selection and also to refine our embodied carbon figures. These improved sustainability data dashboards can then assist customers with their own regulatory compliance and reporting.

A positive impact proposition

Customer landscape

Our customer base includes a number of blue-chip customers who are typically leaders in their industries, recognised for their stability and often associated with high-quality, widely accepted products and services.

As prominent and influential entities in the global market, our customers face significant pressure and higher expectations when it comes to adopting sustainable practices. In addition our customers and their investors are highly aware of international climate targets and broad stakeholder sentiment towards more responsible resource use. This is impacting supply chain relationships as large corporates align their operations and sustainable strategies to address these global challenges.

Further focus has come via the EU who have recently launched a detailed disclosure framework. The UK and other jurisdictions are following suit with a new sustainability standard called ISSB.

Our customer base will be caught under the same regulatory regime and will need to provide detailed information about the ESG performance within their supply chains, presenting both risk and opportunity to us.

The impact of this increased focus and evolving environment is already becoming apparent in larger tender documentation that we are receiving, requiring an optimisation of resource management and a minimum level of sustainability disclosures. Importantly, our focus is also informed by our teams on the ground who are responding regularly to customer questions on this topic.

Earlier this year, we engaged with our key customers to provide them with an overview of our group-wide approach to sustainability, as well as a showcase of our sustainable products solutions across a number of divisions including Groundforce, TPA and Brandon Hire.

We aim to make the Group more competitive through our ESG initiatives as these influence our customers' own supply chain reporting (e.g. Scope 3 emissions).

Our response

Product and service innovation is at the heart of our customer proposition. The sustainability agenda lens has not generated this culture but has supplemented commercial considerations that are driven by customer feedback, especially with our larger customers.

Environment, social and governance continued

Supply chain strategy

To contribute towards reduced embodied carbon in our products and services, our operating divisions are challenging our suppliers to provide cleaner solutions to address the current carbon profile of our hire fleet:

- Lower carbon production techniques – Arcelor and Profilafroid are examples of the steel fabricators we use for our mega brace struts and trench sheets; and
- Recycled aluminium – TPA's key supplier, Hydro, now offers recycled aluminium instead of virgin aluminium that has a 10% reduction in embodied carbon.

Balancing emissions sources: embodied and usage carbon

Our sustainability focus also considers the distinction between embodied and usage carbon:

- Zero emissions at point of use products will be analysed regarding their embodied carbon; and
- Powered fleet will be considered regarding both their embodied and usage carbon.

Embodied and usage carbon emissions from our rental fleet accounts for c.75% of our entire output as a business.

Our fleet strategy is currently fluid, largely due to the fact that our customer base is diverse and has differing motivations and priorities. Our larger customers (including Tier 1 contractors) are keen to collaborate on innovative solutions.

The balance of our fleet composition will increasingly impact our attractiveness to customers and determine a proportion of future financial returns. The commerciality of our rental fleet management has always been a core characteristic of our competitive advantage, and now product sustainability is a component of this decision making. The importance of a lower carbon (embodied and usage) fleet is key to building a resilient business model for the medium to long term.

Crucially, when building the business case for investment in a more environmentally sustainable fleet, our divisional teams have been able to demonstrate to customers the financial advantages associated with using cleaner fuel alternatives. As well as a cost saving, the customer will experience reductions in their own carbon inventory. As with many areas of our business, we are well positioned to command a premium for bespoke solutions offered to customers as set out in the Brandon Hire Station case study above.

Tier 5 engines (UK Forks)

Tier 5 is the latest stage of engine emission legislation (EU) designed to reduce pollution from off-highway machines. This requires autostop functionality of machines to reduce emissions from idling vehicles and power regeneration to increase fuel efficiency. Tier 5 machines are being requested where the specification of electric alternatives is not viable from a performance and functionality perspective. We are in the process of updating our fleet in line with these customer expectations.

Case study

Brandon Hire Station charging solution



Brandon Hire Station has developed a charging solution, to be housed on customer sites, which can charge multiple products using solar derived power. This hire product has both carbon reduction and health and safety benefits.

In addition, lithium battery technology can present H&S risks if batteries become damaged. The stations provide early warning technology by tracking of:

- Volatile organic compounds which can indicate lithium battery damage.
- Airborne particulates.
- Each pod has thermal imaging cameras to spot if batteries are exceeding normal temperature ranges.
- Site managers can be notified by SMS messaging if an issue is detected. A thermally secured box is provided to house dangerous products.

Case study

Carbon comparator: TPA Portable Roadways

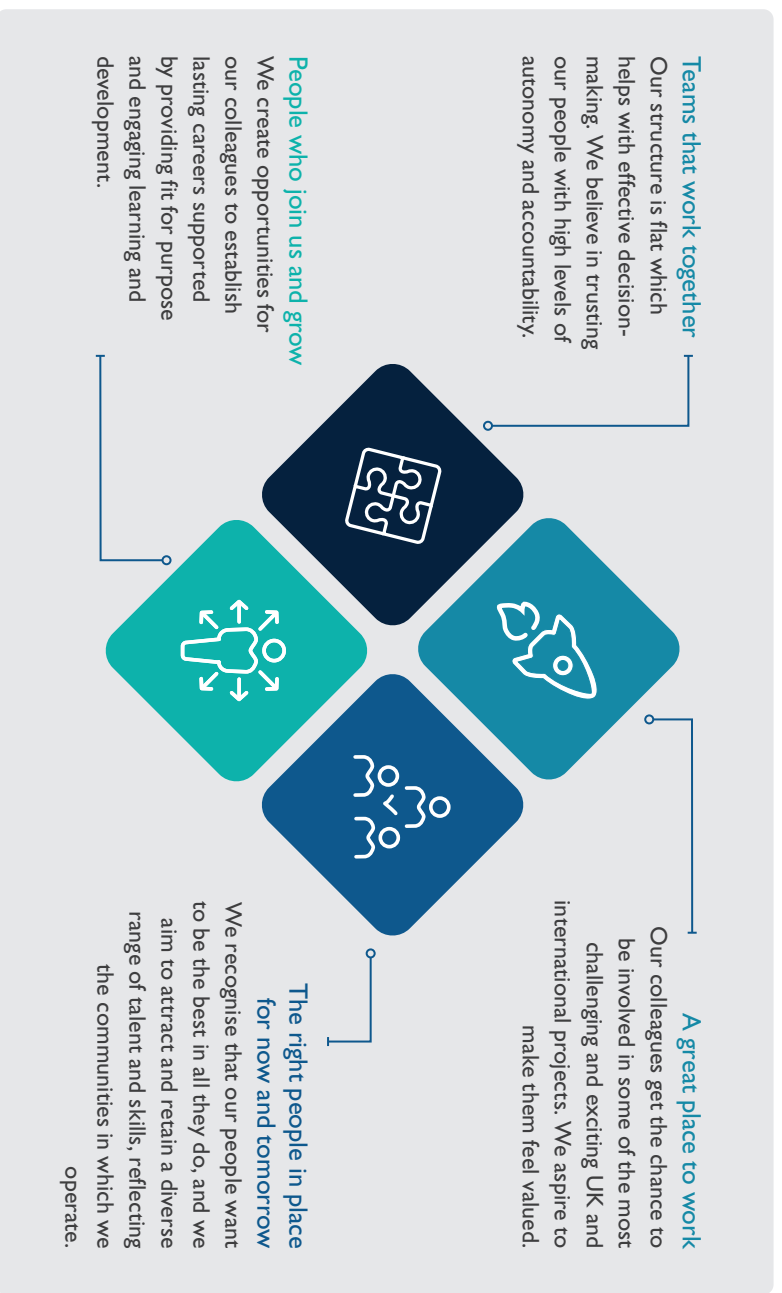
TPA's Carbon Calculator is an online tool designed to assess the relative carbon impact of creating a temporary access road using aluminium trackway panels compared to the traditional method that utilises aggregate/stone. The carbon calculations are based on reliable government conversion factors and industry standards.

02 Colleagues and Community

Our people are specialists and drive the quality of service and solutions that we provide to customers.

Our teams are good at solving problems and quick to respond to our customers' needs, as they possess experience and knowledge in our highly specialised sectors. The culture is defined by consistent ways of working and an appetite to be the best in what we do. Management is committed to supporting our teams so that they can develop their full potential, and during this year a number of initiatives have been focused on professional development. To maintain standards, an online customer service training programme for all colleagues is to be rolled out across divisions, including cross-functional compliance training with a focus on lone working.

Our HR strategy is focused on the following areas:



Recruitment and talent attraction/retention

We recently transitioned our applicant tracking system to a new provider, which will deliver improved reporting and greater access to specialist recruiters. As LinkedIn becomes a platform for recruitment, we have signed up to their recruiter facility enabling access to a wider range of candidates. Recruiting colleagues who reflect our communities will be a focus for us as we mature our talent acquisition strategy and offering hybrid and flexible working opportunities also enables us to reach a wider demographic.

Environment, social and governance continued

Development

During the year, we have focused on delivering a two-day Management Development course – “Essentials of Management” to 220 of a target of 415 colleagues, with the remainder attending follow-up sessions. These are face-to-face workshops that help new managers understand their responsibilities in their supervisory roles. The second module in the training programme is “Hiring on all cylinders”. To ensure our managers are fully skilled in recruitment best practice we have also delivered training to 91 managers, with a further 28 workshops planned in 2024.

Our apprentice programme currently has 81 aspiring employees on the scheme with a further 42 joining in 2024. The training, offered as part of the programme, includes supervisory capabilities, management competencies, sales and engineering skills. This talent supports our future succession planning across our branch and depot networks.

Our one-year graduate programme, now in its sixth season, provides a pipeline of young talent for both our operating businesses and central functions. Culminating in a project task that includes a final presentation to our Executive Committee, this platform gives students the opportunity to apply for a variety of roles across the business.

Our medium-term roadmap to net zero by 2050, highlights the key priority for the year will be to roll-out carbon literacy training for all employees, enhancing their understanding of the relevance of the topic of our business and how they assist their customers in their sustainability-driven purchasing decisions.

Diversity and inclusion

We are working to build a more diverse and inclusive workforce, which fully reflects the communities in which we operate, so our customers can benefit from the full breadth of talent this offers.

We have graduate and apprenticeship training programmes which appeal to a broad spectrum of candidates to join the business, and we actively encourage engagement by our teams in external community groups. Our Women’s Network engages across a range of industries to talk about the opportunities and challenges that exist in the workplace.

As an equal opportunity employer, we are committed to promoting the same level of vocational prospects to all.

	Headcount	Gender split %
Male	2,108	83.58%
Female	414	16.42%

Note: This relates to UK based employees only as at 31 March 2024.

Case study



Gender pay

Leading the way on gender pay

Consolidated gender pay reporting for men and women across all roles and businesses in the Group shows that both the average and the mid-point figures for hourly pay are higher for female employees for 2023/24.

Our reporting, which is in line with government requirements for companies employing more than 250 people, consolidates the average (mean) and mid-point (median) hourly pay for men and women across all our roles and businesses.

The majority of our employees are male, with significantly fewer females employed in the lower quartile of our business. Typically, more men are employed within manual and driving roles, which is common with other businesses in our sector.

Our results also show that both the mean and median bonus figure for female employees is higher than that of the male employees. However, the proportion of male employees who received a bonus is higher than the female employees who received a bonus.



We are committed as a business to employ people who have the relevant qualifications, attributes and skills regardless of gender.”

We are equally committed to ensuring that employees are paid the correct rate for the job regardless of gender. We have invested in a new HR and Payroll system, which allows us greater control and reporting in this area.

Vp plc consolidated data

Mean hourly pay gap	0.18
Median hourly pay gap	(1.36)

Health and safety

The health and safety of both our colleagues and customers is a fundamental priority of our business, not least because of the sectors in which we operate. The Group sets an overall policy for the management of health and safety. The Chief Executive retains oversight in this area and discusses performance on a regular basis with both the Executive Committee and the individual businesses and the Board is updated on overall performance including any serious incidents that arise. Operational responsibility for health and safety lies with the Group's individual businesses, supported by clear policies and procedures as well as appropriate risk assessment techniques backed by training and clear communication. To better understand the good practice across our divisions, and to ensure we have a consistent approach to our Health and Wellbeing strategies, we have recruited a Group Health and Safety Director who will report to our Chief Operating Officer.

Health and safety monitoring incorporates the analysis of accidents, near misses and dangerous occurrences. We concluded the year with an Accident Frequency Rate (AFR) of 0.18 representing a c.30% decrease on 2023. The AFR is calculated by multiplying the number of reportable accidents by 100,000 (the average number of hours worked in a lifetime) divided by the overall number of hours worked by all members of staff. Reportable accidents under the Reporting of Injuries Disease and Dangerous Occurrences Regulations 1995 (RIDDOR) were 11 compared to 16 in 2023.

Our entire commercial driver fleet has been risk assessed and received online training content that includes emissions reductions through improved driver habits.

Community

Our operations are in the heart of local communities, with many of our depots employing people from the surrounding area. Such integration helps us to consider how we operate within, and what we give back, to the communities across our network. Many of our teams support local causes and engage in a range of activities, such as volunteering.

At a Group level, we recognise the need to have a more formal approach to our community programme. This year, we embarked on a partnership with Business in the Community (BITC) and have completed their Responsible Business Tracker and are working to focus on priorities for 2024 and beyond. Our work with BITC will create a strategy that defines targets and accountabilities that will tangibly measure progress on our community activities and engagement.

During the year, the Group donated £109,520 (2023: £85,000) to charities excluding the additional investment on restoration and conservation projects.

Case study

Digital devices donated to Reboot North Yorkshire

The Group has donated 250 old tablets to a charity which will refurbish, recycle and distribute the hardware to a range of people in society who struggle to access the internet. The tablets, which Vp employees no longer use, have been donated to the charity, Reboot North Yorkshire, which recycles IT equipment. Our devices will be used by children from families with limited access to the internet so they can access school lessons and homework online. They will also be made available to vulnerable and older people who need a device to access online services such as banking, ordering prescriptions and shopping, or to keep in contact with family and friends.

250
tablets donated



The Vp Group Risk and Sustainability team with Catherine Skyvington (centre), North Yorkshire Council library supervisor at Harrogate Library, where Vp tablet computers were handed over to the North Yorkshire Council Reboot scheme.

Environment, social and governance continued

03 Environment

The Group is committed to improving its environmental footprint through continual review and adaptive management.

It is our aim to do no harm. Where negative environmental consequences of our business persist, the Group is addressing this imbalance through finding and investing in local, impactful solutions to these global challenges. We recognise the intrinsic value of a well-managed, functioning biosphere as well as the invaluable utility nature has in providing the many and varied ecosystem services on which humanity depends. We acknowledge the twin challenges of biodiversity collapse and climate warming and we aim to be part of the solution in some way, where possible.

Climate risk and policy

We are aware of the threat to our collective future that climate change poses. We recognise climate change and environmental impacts as a principal risk to our business, while acknowledging that the construction industry and oil and gas sectors are significant contributors when it comes to driving planetary warming. We aim to mitigate these impacts wherever possible.

Net zero target and other commitments

Scope	Target and performance
Long-term absolute reduction target	The Group commits to reach net zero GHG emissions across the value chain by 2050 from a 2023 base year.
Near-term targets	<p>The Group commits to reduce absolute Scope 1 GHG emissions 50% by FY2032 from a FY2023 base year.</p> <p>The Group also commits to reduce absolute Scope 3 GHG emissions 50% from purchased goods and services, capital goods, use of sold products and downstream leased assets within the same timeframe.</p> <p>The Group further commits to increase annual sourcing of renewable electricity from 87% in FY2023 to 100% by FY2030.</p>
Short-term targets by the end of FY2025 - not validated by the SBTi	<p>The majority of our top 250 suppliers by emissions will have set science-based emissions reduction targets.</p> <p>All employees will be carbon literate and trained in sustainability.</p> <p>The Group will reduce its energy consumption intensity (kWh/m²) 20% from a 2021 baseline.</p> <p>The Group will reduce waste production intensity 30%, recycle more than 85% waste and divert more than 95% waste from landfill using a 2021 baseline.</p>
Renewable energy	The Group's entire UK estate is now under a renewable electricity agreement. We are looking to develop this mandate overseas, however, there is currently limited availability and opportunity to achieve this in our key operating areas of Australia, NZ, and Singapore.

Planning the journey to net zero

Detailed plans to transition to net zero greenhouse gas emissions by 2050 are currently being worked on by all our divisional businesses. This work is helping us to identify where, and more importantly, how reductions will be made and by when. The activity identified within each business will set us on the right path to meet our near-term targets by 2033. These plans will be consolidated and fully costed to give our Board the level of data they need to inform decisions relating to net zero commitment dates and future capex programmes. To build on these plans, we are training all employees in carbon literacy, to increase the workforce awareness of sustainability, as well as updating employees on what the business is doing, and what part they play, moving forward.

Whilst we acknowledge the urgency and need for action surrounding climate change, we have chosen to keep our long-term target at 2050. We pride ourselves on setting realistic targets and have a reputation for delivering on our promises. Having considered this carefully, we therefore felt an achievable target with clear actionable plans would be more beneficial and would allow us to maintain the probity of our business model given that the majority of our emissions relate to our rental fleet.

Offset

We are committed to reducing our impact organically and not to rely on offsets until we can gain assurance of the probity and long-term benefits to the environment of these schemes. Therefore, our position remains unchanged from last year.

Biodiversity approach and programmes

Our approach is underpinned by our sponsorship of restoration and conservation projects.

To date, the UK has failed to reverse the steep loss of biodiversity with 41% of UK species in decline and one in ten species threatened with extinction. To do our part, we are proud to sponsor some of the best examples of nature conservation projects around the UK each year including the reintroduction of beaver, bison, lynx and eagles and the restoration of seagrass beds, wildflower meadows, sand dunes and peatlands.

We are especially proud to have committed support to the training of Wildlife Trust land advisers who, given >70% of the

UK's land is farmed, have a crucial role in promoting nature alongside our food production to the betterment of both.

Moreover, we have made a further financial commitment for FY2024/25. The Group is providing funding for the fourth year to conservation projects in 2024, totalling £100k. Most of this amount is shared between four new projects chosen by over 10% of our employees following a survey choosing from a list of seven potential projects creating engagement and ownership across our workforce. The projects chosen by our employees are a rewilding project in the Scottish Highlands, a Kelp recovery programme in Sussex, a natural flood management scheme in Sheffield and a project to restore peatlands in Lancashire. The balance is being divided into smaller grants for projects that we have committed to funding previously. The projects, which are all based in the UK, have given our employees the opportunity to volunteer during their working day. We believe this generates a collaborative working culture while supporting the charities.

Case study

Restoring Peatlands across Lancashire

A scheme to re-establish peatlands in Lancashire is receiving funding of £10,000 from our business, a sum which will be matched by the Lancashire Wildlife Trust. Degraded peatlands release carbon and become a net source of greenhouse gases, as well as losing their biodiversity and other benefits.

The funding will be used to support a number of sites at different stages in their restoration journey, following historic mismanagement. Some of these sites are Sites of Special Scientific Interest (SSSI) which need additional help to move to full functioning peatlands, whereas others, such as Birch House Farm, are at a much earlier stage of recovery.

Work includes:

- Physical restoration works, such as blocking drainage to raise water levels to restore hydrological function.
- Activities to re-establish peatland habitat on peat soils such as re-instating peat-forming vegetation, in places that may be drained or bare due to past mismanagement.

Employees will be able to volunteer on the project at four peat restoration days during the course of the year.



Case study

Natural Flood Management in Sheffield

A flood defence scheme to protect Sheffield, combined with nature and habitat improvement to reverse the decline of local wildlife, is receiving £12,500 in funding from the Group. Natural Flood Management is using nature-based techniques to restore or mimic the natural functions of rivers and floodplains, by storing water so slowing the rate at which water runs into rivers. This helps protect vulnerable communities downstream from flooding and provide increased biodiversity and wider ecosystem.

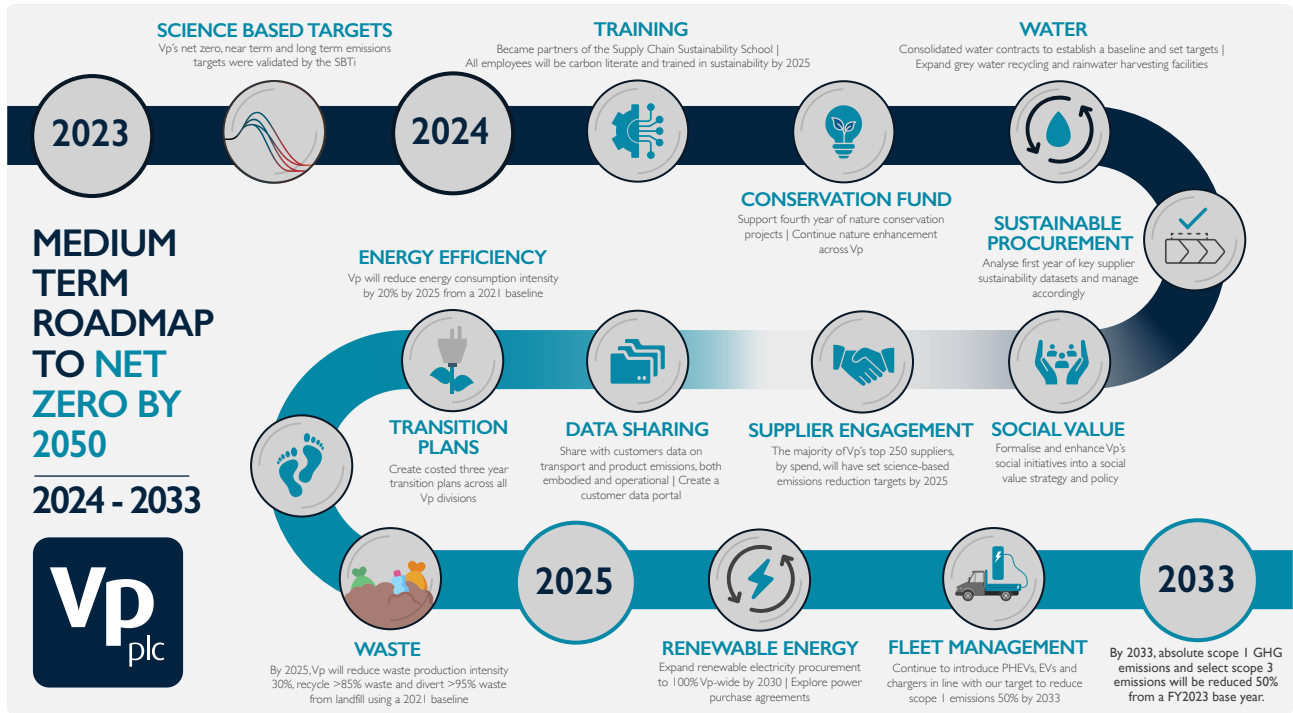
Activities include building ponds, swales and leaky dams, and engaging with landowners and mapping opportunities. The benefits of this approach include carbon storage, water regulation and water quality improvements, as well as increased biodiversity through habitat creation and restoration including habitat for the seriously endangered white clawed crayfish. Our employees are able to volunteer to help with environmental DNA sampling, invasive species management and small-scale conservation tasks.



Environment, social and governance continued

Net zero roadmap

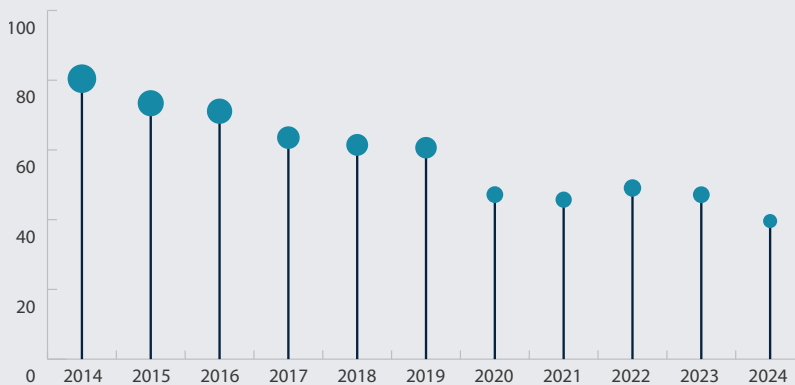
To ensure a robust transition plan, we have aligned our targets, specifically with the SBTi's net zero standard and to a 1.5°C planetary warming trajectory. The roadmap below demonstrates the approach the Group is taking to the various elements of work required.



A lower carbon operating model

In addition to the examples described above, we continue to work with our supply chain partners and customers in seeking more sustainable solutions. For example, we have been working with Barratt Homes on HVO fuel in our telehandler fleet to replace diesel. We have also partnered with Balfour Beatty to co-locate on a site in close proximity to the construction work going on at Sizewell C and worked with Overbury on an on-site MEP shop at Citi-Tower in London.

Carbon intensity measure: Scope 1 and 2 emissions



We have reduced our greenhouse gas emissions in the last ten years on a carbon intensity basis (which calculates tonnes of CO₂ in relation to £m revenue) to 42 in FY2024.

Carbon emissions inventory

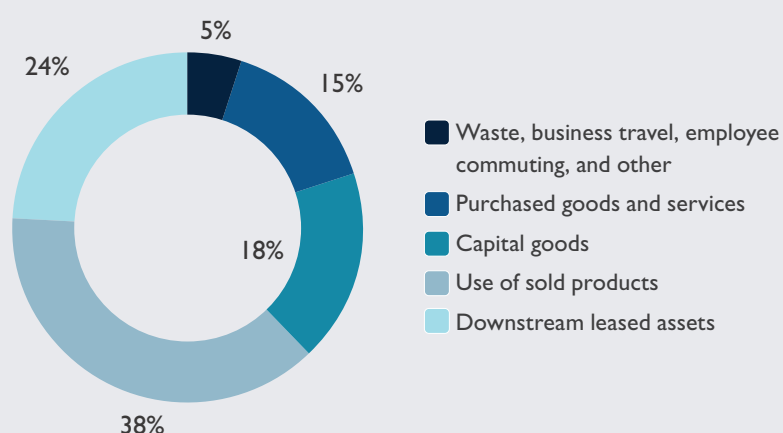
Scope 1 and 2 emissions inventory FY2023/24

		2024	2023
UK	Scope 1 (Tonnes CO ₂ e)	13,469	15,946
	Scope 2 Location-based (Tonnes CO ₂ e)	1,650	1,269
	Scope 2 Market-based (Tonnes CO ₂ e) ¹	–	–
	Total Scope 1 & 2 Location-based (Tonnes CO ₂ e)	15,119	17,215
	Total Scope 1 & 2 Market-based (Tonnes CO ₂ e)	13,469	15,946
	Energy consumption of Scope 1 & 2 (kWh)	56.9m	65.4m
	Intensity Ratio Location-based Tonnes CO ₂ e (gross Scope 1 + 2) / £1 million revenue	46	52
	Intensity Ratio Market-based Tonnes CO ₂ e (gross Scope 1 + 2) / £1 million revenue	41	48
Global	Scope 1 (Tonnes CO ₂ e)	15,137	18,252
	Scope 2 Location-based (Tonnes CO ₂ e)	1,859	1,460
	Scope 2 Market-based (Tonnes CO ₂ e) ¹	209	191
	Total Scope 1 & 2 Location-based (Tonnes CO ₂ e)	16,996	19,782
	Total Scope 1 & 2 Market-based (Tonnes CO ₂ e)	15,346	18,513
	Energy consumption of Scope 1 & 2 (kWh)	64.9m	73.6m
	Intensity Ratio Location-based Tonnes CO ₂ e (gross Scope 1 + 2) / £1 million revenue	46	53
	Intensity Ratio Market-based Tonnes CO ₂ e (gross Scope 1 + 2) / £1 million revenue	42	50

Scope 3 emissions inventory (tonnes CO₂e)

Scope 3	Purchased Goods and Services (PG&S)	53,778	68,132
	Capital Goods	64,897	47,604
	Use of Sold Products – Use of Downstream Leased Assets	136,689	136,427
	Other Scope 3 Categories ²	16,614	16,728
	Total Scope 3 (CO₂e)	357,821	355,844
Total Group Carbon Inventory (market based)		373,167	374,287

Scope 3 emissions - analysis by key categories



¹ Location-based calculations use the average emissions intensity of the grid where we obtain the energy, while market-based calculations use the emissions intensity based on the specific energy mix that we procure.

² All material categories are stated above, some categories of Scope 3 were not relevant to our business model.

Environment, social and governance continued

Notes to carbon inventory

The data on page 39 shows the Group's 2023/24 carbon calculations/emissions inventory. Some calculations from the prior year have been restated due to findings from the SBTi validation process. We have developed our financial reporting process to categorise our spend more accurately - this has changed the mix between capital goods and purchased goods and services in FY2023/24.

Commentary on carbon inventory

Our calculations show that we are heading in the right direction and that internal actions hold great promise for effective improvements in future years. We highlight in particular that our Scope 1 emissions have decreased by c.3,000 tonnes, reflecting an increased deployment of cleaner vehicles into our fleet, and investment in route planning software in our divisions for the majority of our commercial vehicles.

Our value chain emissions (Scope 3) represent 96% of our total Group emissions. Over 75% of our total carbon inventory relates to three categories within Scope 3, all relating to the carbon performance of our rental fleet in both the embodied carbon and usage carbon. The three categories are:

- Capital goods (the embodied carbon in all of our capital expenditure on our rental fleet)
- Use of sold products (the usage carbon of our sales direct to customers and from our asset disposals on an assumed useful economic life calculation)
- Downstream leased assets (the usage carbon on the rental products rented within the financial year).

The work we are undertaking in these areas will take longer to show clear evidence of improvement (as the average useful economic life of our assets is c.5 years). The Group has a clear commitment to reducing our impact on the environment in line with our stated intentions. To achieve this we will need to continue to commit resources to work with our supply chain partners. Our plans set out clear, actionable targets which will subsequently lead to a more sustainable future.

04 Supply chain

The assessment of our sustainability performance will not be limited to our own operations. Under our commitments to manage our Scope 3 emissions, this involves an appreciation of carbon emissions in both upstream and downstream activities from our operations.

Additionally, incoming regulatory standards for sustainability disclosure will require an awareness of indirect resource management and conditions for the workers who exist in our supply chain. These factors will lead to enhanced audit assessment of suppliers (e.g. equipment manufacturers) and the reinforcement of standards that we already expect partners to adhere to as part of our sustainable procurement policy.

Supply chain assessment and management

Our strategy related to our supply chain engagement is part of our overall governance improvement plan.

The aim is to demonstrate to our stakeholders that we are:

- Engaging proactively with our supply chain
- Assessing where suppliers do not demonstrate the level of governance we expect; and
- Developing action plans at divisional level to address areas of concern, noting that our approach will be educational as opposed to sanction.

To help us achieve this aim, we have we have partnered with a recognised leading software platform, Eco Online. Internally branded as "Capture", the system provides multi-user, group-wide access for our businesses to record accident and near miss data, audit results and has a separate model for

Supplier Management (SM). The SM module houses a supplier questionnaire, which we have issued to our top 80 suppliers based on their level of carbon emissions (as opposed to supplier turnover). We are currently developing our protocols for analysing the results and agreeing actions where anomalous performance exists.

We have set up a Sustainable Procurement Group chaired by the Group Risk and Sustainability Director. Each division's procurement lead attends regular meetings of the group at which there are opportunities to discuss relevant subject areas including:

- Developing the culture of bringing sustainability into procurement decisions, and to extend the current criteria related to cost, availability and quality
- Understanding how cost premiums are justified for more expensive sustainable alternatives
- The profile of Group and divisional carbon inventories
- Embodied and usage carbon challenges
- Supplier engagement methodologies
- Protocols for managing supplier data
- Development and roll-out of our sustainable procurement policy

Indirect workforce

Our legal and regulatory obligations to protect people from exploitation through modern slavery remains a key focus for the Group. We are developing online training content to be delivered to all colleagues through our learning academy and we have also engaged in audits with our key customers in these areas. During this year, Balfour Beatty audited two of our divisional businesses in this area and the audits provided no items to address.

Supply chain emissions

We are prioritising engagement with our key suppliers on understanding their impact on our carbon inventory. This will allow us to refine our Scope 3 emissions calculations – at present our embodied and usage carbon figures are based on estimates (the spend-based method). Therefore, we are advocating that our suppliers address the following requirements:

- Provide Environmental Product Declaration (EPD) information. The Group has engaged with a supplier called Hydro Aluminium UK Ltd in Derbyshire in relation to its production and supply of intermediate products (i.e. aluminium billets) which feed other manufacturing steps that go into our end-use rental products.
- Challenge suppliers to find more sustainable products – from both an embodied and usage carbon perspective.

The programme of suppliers preparing relevant EPD data is still in its infancy, however, we are encouraged that suppliers will continue to develop their disclosures in the short term.

Case study

Partnership approach with our supply base



Corporate collaboration is a key element in driving sustainability solutions across various industries.

Our supply chain faces complex environmental challenges that no single entity can solve alone, making collaborative efforts essential. We have partnered with the Supply Chain Sustainability School. Current partnerships are leveraging shared resources, knowledge, and innovation to achieve goals that provide mutually beneficial data.

We are also in the process of renewing our gold status accreditation for the Plant Charter with the SCSS. The Charter aims to reduce onsite carbon emissions that are harmful to human health caused by the plant and equipment we all use.



The Group exhibiting rail solutions to customers and suppliers at Rail Live 2023.