



FOCUS.
ALIGN.
PRIORITISE.
EXECUTE.

ANNUAL REPORT AND ACCOUNTS 2024
For the year ended 31 March 2024
rsgroup.com



Welcome to our Annual Report

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We have included a glossary of terms at the end of this document to help explain our acronyms

Navigating this interactive document



For information about your shareholding visit:

[rsgroup.com/investors/shareholder-information](https://www.rsgroup.com/investors/shareholder-information)



Performance highlights

FINANCIAL

[+ Read more on page 24](#)

Revenue

£2,942m

Change: (1)%

Like-for-like¹ revenue change**(8)%**

Change: (18) pts

Profit before tax

£249m

Change: (33)%

Adjusted¹ profit before tax**£281m**Like-for-like¹ change: (30)%Adjusted¹ operating profit margin**10.6%**

Change: (2.9) pts

Return on capital employed¹**17.4%**

Change: (13.4) pts

Earnings per share

38.8p

Change: (36)%

Adjusted¹ earnings per share**43.8p**Like-for-like¹ change: (34)%

Dividend per share

22.0p

Change: +5%

Adjusted¹ free cash flow**£151m**

Change: (43)%

1. See Note 3 on pages 135 to 138 for definitions and reconciliations.

ESG GLOBAL GOALS

[+ Read more on pages 40 to 69](#)

Advancing sustainability

**61%**Reduction in Scope 1 and 2 emissions since 2019/20 excluding recent acquisitions^{2,3}
2022/23: 57%^{2,3}**90%**of Group electricity is from renewable sources
2022/23: 91%⁴

Championing education and innovation

**796k**Young engineers and students reached through educational programmes, products and DesignSpark platform since 2020/21
2022/23: 471k**31k**lives improved since 2019/20 through our support of The Washing Machine Project (TWMP)
2022/23: 28k

Empowering our people

**75**employee engagement score
2022/23: 78**34%**of our senior leaders are women and 11% are ethnically diverse
2022/23: 30% women and 11% ethnically diverse

Doing business responsibly

**45%**of employees with carbon reduction metric in annual bonus incentive
2022/23: 50%**52%**of suppliers by spend have an EcoVadis rating to drive ESG performance
2022/23: 49%⁴

ESG RATINGS AND STANDARDS

S&P Global

S&P: included in Sustainability Yearbook

Medal rating: **Platinum**Climate leadership score: **A-**

Global top 50 ESG companies

MSCI 2024 rating: **AA****FTSE4Good**Index score 2023: **3.6/5**

2. Performance excludes acquisitions completed in 2022/23 and 2023/24.
 3. Scope 1 and 2 emissions updated to reflect reporting and emissions factor changes.
 4. 2022/23 performance restated to include post-acquisition data from acquisitions completed in 2022/23 and 2023/24.

RS Group at a glance

WE ARE RS GROUP

OUR PURPOSE

Making amazing happen for a better world

Our purpose reflects our focus on delivering results for people, planet and profit. Our 2030 ESG action plan – For a Better World – delivers long-term value for all our stakeholders.

+ Read more on pages 40 – 69

OUR VISION

First choice for all our stakeholders

We strive to be the best place to work for our people, the go-to partner for customers and suppliers, contributing to the communities around us and delivering long-term, sustainable value for our shareholders.

+ Read more on pages 6 – 7

OUR VALUES

How we work

Our values support us to deliver our strategy by guiding daily decisions. They are how we work across our organisation in a consistent way. The values unite us in how we should behave and help us build a culture we are proud of.

+ Read more on pages 18 – 19

A TRUSTED PARTNER

We are a digitally enabled global distributor of product and service solutions, providing small volumes of our suppliers' products to satisfy our industrial customers' maintenance, repair and operations (MRO) demands.

35

countries with RS operations

1.1m

customers

c. 9,000

employees

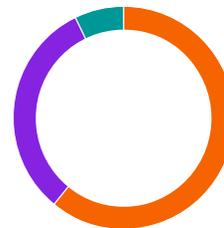
>2,500

suppliers

Revenue

£2,942m

Change: (1)%
Like-for-like change: (8)%¹
2022/23: £2,982m



Region split

- EMEA 61%
- Americas 32%
- Asia Pacific 7%



EMEA

Revenue

£1,795m

Change: +1%
Like-for-like change: (5)%¹
2022/23: £1,769m

+ Read more on page 29



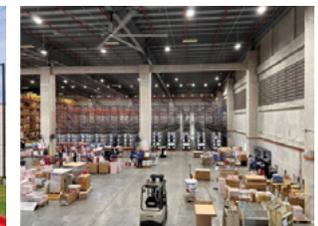
Americas

Revenue

£934m

Change: (1)%
Like-for-like change: (13)%¹
2022/23: £946m

+ Read more on page 30



Asia Pacific

Revenue

£214m

Change: (20)%
Like-for-like change (15)%¹
2022/23: £268m

+ Read more on page 31

Revenue split by products and service solutions



+ Read more on pages 24 to 31

1. See Note 3 on pages 135 to 138 for definitions and reconciliations

Revenue split by range of industries



Value creation

CREATING VALUE FOR ALL OUR STAKEHOLDERS

- 1. Well positioned in growth markets**
Global leader in a large, industrial MRO market, growing at GDP+ through cycle
- 2. Differentiated proposition driving market share gain**
Digitally enabled, high service distributor of a broad range of technical product and service solutions for industrial customers that demand low volumes of critical products across many categories
- 3. Significant operating leverage**
Creating, utilising and optimising more efficient and flexible physical, digital and process infrastructure
- 4. Attractive financial characteristics**
Strong cash generation supporting ongoing investment and high returns on invested capital
- 5. Disciplined acquisitions accelerating consolidation**
Rigorous investment discipline and clear capital allocation policy driving accelerated value creation

THROUGH-CYCLE VALUE CREATION TARGETS

REVENUE GROWTH
TWICE MARKET
(OF GDP+)

MID-TEEN
ADJUSTED OPERATING PROFIT MARGIN

>70%
cash conversion rate

>20%
return on capital employed

30% ADJUSTED OPERATING PROFIT CONVERSION

OUR PEOPLE ARE FUNDAMENTAL TO OUR SUCCESS

Rona Fairhead
Chair



A challenging year but we remain confident about the opportunities ahead.

Last year was a challenging one for RS and the industry in general. The industrial market is cyclical but, by prioritising and pursuing the tremendous opportunities that lie ahead, we are confident in delivering through-cycle growth and significantly improved financial performance over the medium term. The people of RS are fundamental to our success and, again this year, they have been outstanding in terms of their dedication, professionalism and enthusiasm. My sincere thanks go out to each and every one of them.

Strategy

Our strategy remains the same but we have refined it during the year to provide greater focus, more alignment, better prioritisation and improved execution. We remain focused on organic growth, supplemented by value-accretive mergers and acquisitions (M&A).

The Board is fully supportive of the work that the Executive Committee (ExCo) team has undertaken to clarify the strategic actions and KPIs required to help us achieve our strategic goals and create sustainable value.

With our leadership in digital and our vast range of product and service solutions, we are well positioned to capitalise on the significant market opportunity. For more on our market opportunity and strategy please see pages 8 and 13.

Following its acquisition in January 2023, Risoul has outperformed our expectations. In Latin America, we see tremendous opportunities ahead as our team in Americas increases its collaboration with Risoul.

We were also pleased to welcome the Distrelec team into RS Group following completion of its acquisition in June 2023. Distrelec is a strong fit with RS in EMEA. Its rapid integration, in terms of combined sales, marketing and product management, will accelerate our business across

the region. Our M&A pipeline is strong and we will continue to exercise strategic and financial discipline.

Our culture and values

The Board is clear that culture is fundamental to the success of our business. We have continued to admire and value the special culture that exists across our global operations.

Towards the end of the year, RS created a new set of values to unite the business behind how we should behave and work. Launched at our 2024 Leadership Event, the values help guide our decision making to deliver great outcomes, improve our corporate governance and reinforce our amazing culture – a culture of which we can all be proud.

The Board believes that these values outline what the business needs to do to be successful:

- We are one team
- We deliver brilliantly
- We do the right thing
- We make every day better

A strong Environmental, Social and Governance (ESG) approach is embedded in our culture and strategy and we remain focused on our commitment to raise ESG standards across our business and wider value chain. At RS, we are clear that strong ESG performance is a key part of our success and provides opportunities for business growth. To read about our progress against our 2030 ESG action plan goals please see pages 40 to 61.

During the year, the Group has been included in the S&P Global Sustainability Yearbook 2024, positioned in the top 15% of companies in its industry, reflecting leadership and progress in sustainability. In addition, RS Group was awarded a platinum medal by EcoVadis for the second consecutive year, placing our business in the top 1% of the 100,000+ companies assessed.

The Board has seen real benefits from harnessing the full potential of diverse talents, perspectives and experiences to drive innovation, sound decision making and sustainable success. We were pleased to be recognised by the FTSE 100 Women

Chair's introduction continued

Leaders Review where RS was ranked fourth due to having more than 50% of women on our Board.

+ See pages 18 and 19 for more on our values and culture

Our stakeholders

Our vision is to become first choice for all our stakeholders: our people, customers, suppliers, communities, and shareholders. The Board and Company seek to engage actively with them all to understand their needs. We have outlined on pages 6 and 7 our stakeholder engagement and outcomes for the Group during 2023/24.

We fully understand our obligations to our owners – our shareholders. In addition to other Board members, I have spent a lot of time engaging with shareholders and we truly value that dialogue. In this regard, as well as building a strong, sustainable company for our owners, we also recognise the importance of our dividend to them, and the Board is pleased to continue with our progressive dividend policy. More details on our Board engagement with our stakeholders can be found on pages 80 to 83.

Our Board

At the end of his first year at RS Group as Chief Executive Officer (CEO), the Board is delighted with how Simon Pryce has directed the business. He has recognised the challenges, refined the strategy and is positioning the business for improved execution and the growth opportunities ahead. We are confident that the greater clarity and focus will resonate strongly with our stakeholders and drive further value.

We were also thrilled to welcome Kate Ringrose as our Chief Financial Officer (CFO). She joined RS Group from Centrica, a FTSE 100 company, where she spent 18 years, culminating in the role of CFO. Kate has a strong track record of driving exceptional business transformation, operational excellence and strategic growth, and brings a wealth of experience that has already been of significant benefit to the Group.

We are confident that, under Simon's leadership, supported by Kate and our global leaders, RS will be able to accelerate the execution of our strategy and capitalise on the opportunities ahead.

Before I conclude, I would like to turn to the Board. Our Board review has confirmed that we have a diverse range of relevant experience and expertise, even as we continue to shape our Board for the future. I would like to thank each member of the Board for their excellent counsel, insights and wisdom throughout the year. Once again, they have been tremendous.

Looking ahead

As we continue to navigate the challenging external environment, it is critical that we remain focused on executing our strategy with zeal and passion. We are excited and positive about the opportunities that lie ahead and feel confident that, with the right leadership and people in place, we will generate notable value and strong growth in the medium term.



Culture is a critical driver which energises and motivates our people.”

DRIVING VALUE FOR ALL OUR STAKEHOLDERS



Driving value for all our stakeholders underpins our purpose of making amazing happen for a better world and ensures that we do so sustainably and responsibly.

- 
For our people
 - Clear people plan (page 53)
 - Created new set of values (pages 18 and 19)
- 
For our customers
 - Better World product range of c. 30,000 sustainable products (page 48)
 - Sustainable MRO solutions to help customers meet their ESG goals (page 49)
 - Enhanced Scope 3 emissions reporting (page 47)
- 
For our suppliers
 - Regular engagement on supplier ESG action priorities (page 49)
 - Support and guidance via our ESG supplier handbook (page 43)
- 
For our communities
 - Supporting education and innovation through RS Grass Roots, DesignSpark and OKdo (page 51)
 - Improving lives through support of social impact partners and volunteering (pages 51 and 56 respectively)
- 
For our shareholders
 - RS sustainable products and solutions are generating long-term revenue (pages 48 and 49)
 - Expansion into low-carbon industry segments, such as renewable energy, opening up new market opportunities (page 49)

Our stakeholders

UNDERSTANDING THE NEEDS OF ALL OUR STAKEHOLDERS

It is important for us to engage with all our stakeholders to understand what matters to them, ensuring we are responsive to their needs and adding value. The views of our stakeholders are fundamental to us becoming first choice and driving a long-term sustainable business. We have therefore defined KPIs for each of our stakeholders and will set targets to determine our progress in becoming first choice.

	Why they matter	The value we bring	How we will measure first choice
	Our people are fundamental to the success of our business and we continue to invest in our ability to recruit, retain and develop the best talent.	Creating an inclusive and engaging environment where everyone is proud and excited to come to work as themselves and can perform at their best, develop and thrive.	- My Voice engagement score
	It is crucial to understand our customers' needs in order to create value, solve problems and unlock opportunities.	Being a trusted problem solver, delivering excellence through a connected experience and a suite of valued product and service solutions for industrial MRO customers.	- Net promoter score
	We work in partnership with our suppliers to deliver an unrivalled product choice and innovative solutions for our customers.	Being a technically led, service-oriented supplier partner of choice, bringing an unrivalled product range and innovative solutions to industrial MRO customers.	- Number of stocked products
	Across our communities worldwide, we are implementing educational initiatives to improve lives and inspire the next generation of engineers.	Supporting our communities to improve people's lives, inspiring future generations, while creating a more sustainable world.	- Reduction in carbon emissions
	Our shareholders include institutional investors and individuals who provide the capital for our business to grow.	Creating superior economic value through delivering reliably for our stakeholders, generating consistent and sustainable cash returns on invested capital well in excess of our cost of capital.	- Earnings per share

OUR PEOPLE



What matters to our people

- High-performance, purpose-led culture
- Diversity and inclusion
- Wellbeing and mental health
- Training and career development
- Personal financial planning and education

How we engage

- Encourage employee-led networks and communities
- Regular employee engagement surveys
- Diversity and inclusion training
- Non-Executive Director initiatives and interactions
- Training programmes and development opportunities for all employees
- Health and wellbeing resources
- Access to personal financial wellbeing tools and regular pension seminars

What we have achieved

- 2024 Leadership Event in March with 193 leaders
- Finalist and listed in the Top 100 Inspiring Places to Work in North America
- Received a 95/100 on the annual Corporate Equality Index review for LGBTQIA+ Inclusive Workplaces
- Won Outstanding Employer award in the 2024 Top Human Resource Management Awards in China
- Programme partner in first ever Executive Accelerator programme by Moving Ahead
- 253 people in UK apprenticeship programme
- A Gold member of the Apprentice 5% club for three consecutive years in the UK

Linked to our ESG goals:



Our stakeholders continued

CUSTOMERS



What matters to our customers

- Innovative and sustainable solutions to solve problems and unlock opportunities
- A seamless experience so customers can focus on what they do best
- A partner to build a more sustainable and socially responsible future
- An unrivalled choice of products and services and availability

How we engage

- Dedicated customer service
- Seamless communication
- Trade fairs, forums and presence at customer sites
- Voice of the Customer surveys
- Customer performance reviews

What we have achieved

- Expanded Better World product range to c. 30,000
- Risoul transactional website launched in Mexico
- Expanded technical solution services in Americas
- Enhanced search capabilities on 27 websites through using Google technology and artificial intelligence (AI)
- Enabled greater localisation of digital experiences to connect better with customers
- Improved translation quality with 94% of customers responding that product translations are good
- Drove a cutting-edge, data-driven 'test and learn' approach that significantly boosted customer engagement and satisfaction

Linked to our ESG goals:



RS Group plc

SUPPLIERS



What matters to our suppliers

- Data-driven product management
- Knowledge of customer needs and trends
- Ease of doing business
- Offering full range of product and service solutions to our customers
- Positive environmental and social impact, operating to high ethical standards

How we engage

- Dedicated account managers
- Regional and global supplier events
- Supplier scorecards with defined targets
- Voice of Supplier survey every two years
- RS Connect – partnering with suppliers to connect with customers
- Seamless new product introductions
- Regular engagement with suppliers on ESG action plan

What we have achieved

- Stronger partnerships with our suppliers
- Worked with suppliers to extend Better World product range
- Developing a programme to source, store and deliver products closer to the customer
- Attendance at Smart Production Solutions (SPS) conference in Munich, Germany

Linked to our ESG goals:



COMMUNITIES



What matters to our communities

- Providing support to our local communities
- Providing educational initiatives to young people
- Limiting environmental impact in operations

How we engage

- Competitions to encourage innovation
- Delivering SuperSkills Employability Training
- Our exclusive Global Youth Advisory Board (The FAB15)
- Organising and supporting community events and awards
- Supporting academic institutions to deliver high-quality engineering and technology education

What we have achieved

- c. 20,000 students participated in Engineers Without Borders activity
- 1,942 students supported via our engineering society partnerships
- 141 hours of Super Skills training delivered
- 1,591 young people attended RS Grass Roots supported events
- 30 teams received £1,000 worth of components and tools through the Formula Student Build Fund
- 39 Divya washing machines built for The Washing Machine Project (TWMP) by 110 RS volunteers and sent to India, Kenya and Uganda
- Delivered micro:bit computers to 90% of primary schools in the UK as a key partner in the BBC next gen campaign

Linked to our ESG goals:



SHAREHOLDERS



What matters to our shareholders

- Sustainable growth and superior returns
- Understanding the business and our strategy
- Strong corporate governance
- ESG

How we engage

- Annual General Meeting (AGM)
- Investor roadshows, detailed investor events, meetings and conferences
- Stock exchange announcements, press releases and results briefings
- Ongoing dialogue with analysts and investors

What we have achieved

- Achieved revenue compound annual growth rate of 6% over last five years excluding acquisitions
- Science-based targets developed to achieve net zero, validated by the Science Based Target initiative (SBTi)
- Awarded best Annual Report: FTSE 100 organisation by Corporate Reporting Awards 2023
- Awarded Best Company for Sustainability Reporting in the industrial sector at the Corporate ESG Awards 2023
- Held meetings with shareholders representing 72% of our top 20 shareholders
- Relunched the RS Group corporate website

Linked to our ESG goals:

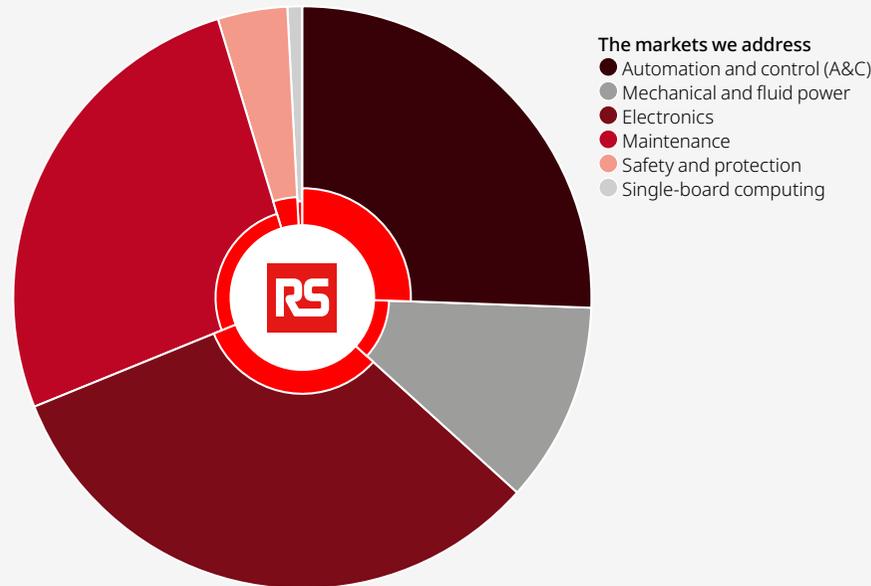


Our marketplace

WELL POSITIONED FOR SUSTAINABLE GROWTH

THE MARKETS WE OPERATE IN

We operate in a large and fragmented industrial market with RS being only one of a few global distributors of industrial MRO product and service solutions. Despite its size, much of the market is still local and many of our competitors are independent businesses and regional firms specialising in a narrow product offering and limited service solutions with less developed digital capabilities.



A broad and deep product offering

We have the product range, superior availability and responsive service capabilities that enable us to offer industrial and MRO products globally. Our electronics range concentrates mainly on the sub-categories associated with industrial requirements.

Product categories	RS	Unnamed major competitors							
		1	2	3	4	5	6	7	8
Automation and control	●	◐	◐	◐	◐		●	◐	●
Mechanical and fluid power	●				●	●		●	
Electronics	◐	●	●	●	●				
Maintenance	●	●	●	●	●	●	◐	●	◐
Safety and protection	●	◐	◐	◐	●	●	◐	●	◐
Single-board computing	●	◐	◐	●					

● Full product offer ◐ Part range

Solutions to unlock new opportunities

We have solutions that span our customers' asset lifecycle as they manage their design, procurement, inventory and MRO needs.



Our marketplace continued

TRENDS THAT ARE SHAPING OUR MARKET

We see five key trends that are shaping the markets we operate in. As we execute our strategic action plan, we must continue to be agile to react to the ever-changing market demands and future proof our business, while remaining focused on our long-term vision.

Ease of doing business

Our B2B customers are expecting a personalised, seamless experience mirroring the B2C online experience. Our suppliers want a partner that understands their technical, specialist products and that can bring their products to market successfully.

Our strategic response

- Digitally enabling a more globally aligned and data-driven solutions offering that builds on our core strengths, while helping us move up the value chain with both customers and suppliers
- Continue to invest in our supply chain networks and distribution sites infrastructure to increase capacity and local sourcing capabilities
- Continue to develop our digital platforms to simplify procurement for our customers, making it easier to do business with us and control their spend



Providing solutions

Offering solutions is a key differentiator for any organisation and our customers are increasingly expecting solutions to solve their immediate problems and predict problems before they happen.

Our strategic response

- Shifting our global focus towards MRO to exploit fully our digital channels, increasing our inventory holding and leveraging our global presence
- Developing digitally led solutions offering
- Targeting specific industry verticals with service solutions that resonate with our customers' needs

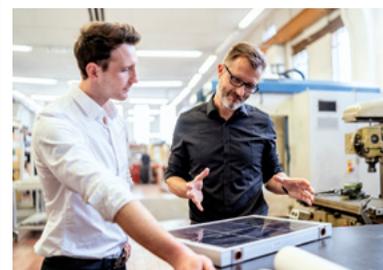


One-stop shop

Our customers are seeking to simplify their supplier base, leverage spend and realise greater value. Receiving products and services from one provider saves time and generates cost efficiencies.

Our strategic response

- Maintaining our unique broad offering of readily available products for industrial customers
- Deepening our core industrial product category of A&C and related product categories to enable industrial electrification
- Continuing to develop our new product introduction capabilities to develop further a curated, expanded product range and elevate the specialist product ranges of our acquired businesses



Consolidation

The industrial distribution market is consolidating at pace increasing two-fold over the last ten years, driven by globalisation and digitalisation. This will accelerate scale and lead to improved efficiencies.

Our strategic response

- Ensuring we maintain a strong balance sheet to provide the support to drive consolidation
- Clear and disciplined criteria set to focus on potential acquisitions which will provide operational excellence, solution capability expansion, new or adjacent product range extensions and geographic opportunities
- Strengthening our corporate development and integration teams to support a pipeline of potential acquisitions and integration
- Acquisition of a bolt-on business in Australia in April 2024 to strengthen our geographic presence



Increased focus on sustainability

ESG has fast become a priority for all our stakeholders and increasingly we have seen greater focus on more sustainable products, distribution and service solutions, responsible supply chain practices and inclusive culture.

Our strategic response

- Robust ESG action plan with four global goals to achieve by 2030
- Launched the Better World products claims-based framework – a clear and robust industry precedent, enabling our customers to purchase sustainable and responsible products they can trust



SIGNIFICANT OPERATIONAL PROGRESS

Simon Pryce
CEO



RS remains a leading, global MRO distributor with real competitive advantage given our technical specialism, broad product range and digitally enabled offer.

2023/24 was a challenging year. Markets were difficult with weak global industrial demand, change from peak to trough electronics cycle and geopolitical tension impacting confidence just as supply constraints began to ease. In addition, a deeper analysis of our performance in 2021/22 and 2022/23 identified that RS was a major beneficiary of unusual post-pandemic trading tailwinds, particularly in electronics. At a time of pent-up demand and supply chain challenges, our strong inventory investment, supplier relationships and long-tail product offering allowed us to provide industry-leading product availability. As a result, we saw significant revenue growth, in part as core customers increased their order quantities to address concerns over market availability and in part through sales of scarce parts to resellers and one-off transitory customers. This was at a time when supplier and therefore product price inflation, particularly on long-tail products, resulted in short-term gross margin improvement. We are making material improvements to our performance management systems to improve transparency and identify such trading dynamics better in the future.

We estimate that the 2022/23 benefit of these tailwinds was c. £95 million revenue and c. £60 million of operating profit (higher than previously reported as it now includes uplift from gross margin benefit as well as revenue). Towards the end of 2022/23 and throughout 2023/24 these tailwinds began to dissipate, with average order values returning to previous levels and supply chains normalising. This resulted in less demand from resellers and transient customers, general destocking and the unwinding of inflation-related benefits.

This more difficult trading environment highlighted the importance of more focus and alignment, better prioritisation and execution, greater agility and more operational rigour across the RS Group. Thanks to the exceptional efforts of our passionate and committed people, we made good progress in addressing these issues whilst reducing our cost base and we are particularly pleased with the strategic acceleration our recent acquisitions are delivering.

As a result, and despite a challenging macroeconomic environment, 2023/24 was also a year of significant strategic and operational progress for RS.

Our 2023/24 financial performance

During 2023/24 our revenue reflected the change in the electronics cycle and unwind of associated post-pandemic trading tailwinds as well as softness in industrial production. Our level of organic investment and our operating cost base had grown over the last two years to meet inflated post-pandemic demand and had limited immediate flexibility to reduce significantly as this demand reduced. This had a significant impact on the Group's operating profit margin in 2023/24. We partially addressed this by taking cost reduction actions in the functions and regions, accelerating the integration of Distrelec and reducing discretionary spend. This also included the write down of underperforming software and inventory investments.

Our business in EMEA delivered a robust performance. We delivered a 5% decline in like-for-like revenue, due to the overall market weakness, specifically in the electronics category and within those markets where we sell a higher-than-average proportion of on-board electronics such as Germany, together with the unwind of c. £35 million of revenue from post-pandemic trading tailwinds. The growth accelerators of digital, service solutions and RS PRO (our main own brand) outperformed the region. Like-for-like operating profit declined 9%. When excluding restructuring, write-offs and integration costs of the acquisition of Distrelec, it declined 3% benefiting from in year cost action. EMEA remains

Chief Executive Officer's (CEO) introduction continued

our most developed business and one where we see significant benefit from effective and more progressed implementation of our strategy.

After a compound annual growth rate (CAGR) of 19% over the previous two years, our like-for-like revenue in Americas declined by 13%. This region has high exposure to A&C and other products correlated to the electronics cycle, as well as a higher proportion of original equipment manufacturers. Both are factors in increasing Americas' sensitivity to the rapid turn in the electronics cycle. The estimated revenue gain in 2022/23 from post-pandemic trading was c. £50 million. Americas continues to focus on expanding both share of wallet and the industry verticals that it supports leveraging the Group's capability and investment in digital channels, expanding service solutions and accelerating RS PRO sales.

Profitability in Asia Pacific reduced significantly with a reduction in sales volumes combined with a 6.5 percentage point decline in gross margin. Nearly half of the decline is attributed to the unwind in the post-pandemic tailwinds which elevated prices, and the remainder due to its high electronics exposure notably in Japan and China. Australia and New Zealand delivered growth while South East Asia significantly outperformed the region. Asia Pacific continues to be a developing region for RS where in many countries we are building critical mass as their industrial base develops through the rollout of a more differentiated offer, focused on industrial and service solutions, to drive volumes and operational leverage.

Significant strategic and operational work during 2023/24

During the year we made good progress in addressing the issues highlighted by the change in trading environment. These actions are improving the underlying quality of our business to support the Group's significant growth opportunity and to ensure we are better placed to benefit as markets improve. We are focused on driving operational effectiveness and execution, improving operating leverage and investing in our strategic growth accelerators.

Bringing more focus to the Group's strategy

RS has a clear identity – we are a differentiated distributor of product and service solutions. During the year, we brought clarity to the Group strategy, reduced complexity and created alignment around key strategic actions:

- We are **customer** focused and will deliver greater value by meeting the maintenance, repair and operations needs, often technically complex and low volume, of high lifetime value industrial customers.
- We are **product** experts, providing automation and control, electrical and other technically differentiated product solutions as part of a broad but curated product range with high availability.
- Our **solutions** deepen customer relationships through selected scalable service solutions that generate core product pull through.
- Our customer **experience** is digitally enabled and is becoming increasingly customised.
- We drive **operational excellence** to deliver efficient and well-invested physical, digital and process infrastructure, sustainably and with great people.

We have developed and aligned actions across the Group to deliver this strategy better.

1. Driving operational effectiveness

Following a review of the way we operate, we took a number of tangible actions during the year to reduce complexity and improve effectiveness and efficiency, putting in place the capabilities to deliver our multi-year strategic action plan.

We enhanced our senior leadership experience and capability by streamlining our senior management team into an empowered leadership ExCo. This committee is chaired by the CEO and is comprised of the CFO, the Chief People Officer (CPO), the Chief Information Officer, the Chief of Corporate Services and Company Secretary and our three Regional Presidents. Effective from 1 April 2024, we also created three new roles to lead our growth accelerators of Customer Experience, Product and Supply Chain, and Solutions and Services. We strengthened our functional capability through strong external CFO and CPO appointments and made internal

appointments into growth accelerator roles. This team is already driving needed changes in our strong culture, aligning the organisation behind a clear purpose, strategy and new set of corporate values "We are one team. We deliver brilliantly. We do the right thing. We make every day better."

This ExCo reflects our simplified operating model that empowers teams closest to the supplier and customer to make rapid and effective decisions within clear guidelines. This model is designed to drive sustainable growth by clarifying accountabilities and supporting local decision making, providing support for our growth accelerators underpinned by cost efficient enabler functions (people, technology, finance and corporate services).

Already we are making quicker decisions and making positive progress. This includes treating our electronics offering as a strategic product category, not a separate business, and shifting our single board computing and internet of things (IoT) solutions proposition (OKdo) away from consumers to our core industrial customer base.

Importantly, we also enhanced our performance management process to improve visibility, accountability, agility and to drive better operational and functional delivery.

2. Improving operating leverage

We are a well invested distribution business spanning 35 countries globally with considerable physical, digital and process infrastructure. However, we see significant opportunities to improve our productivity and operating leverage through the better coordination across, and utilisation of, our physical infrastructure and standardising our systems and processes where there is no value in differentiation. This includes consolidating and upgrading our technology and digital platforms and greater harmonisation across our administrative processes.

We are already improving the operational performance of our physical infrastructure. In 2023/24, we increased the efficiency of our regional distribution centre (DC) in Germany through upgrading and tuning our warehouse



ESG IN ACTION

PRODUCTS FOR A BETTER WORLD

Our Better World product range helps the global engineers, innovators and problem solvers we serve to make sustainable and responsible product purchases that meet their long-term needs.

We know from our close customer relationships and industry research that sustainability is a top business priority and central to customer business goals. A joint report from CIPS and RS Indirect Procurement Report in 2024 showed that 'sustainable and ethical procurement' is a top business pressure for UK procurement professionals. Additionally, many of our customers have set long-term net zero commitments and need cost-effective, efficient and credible products and solutions to help them reach these aims.

With a lack of credible sustainable product choices available for industrial customers, we saw an opportunity to leverage our industry-leading position to create a clear and robust claims-based framework that enables customers and suppliers to seamlessly transition to more sustainable alternatives. As of March 2024, our Better World product range has expanded to c. 30,000 products from 90+. The range is diverse and extensive and covers all our key product categories and technologies including electrical equipment, personal protective equipment and renewable energy equipment.

Over the coming years, our ambition is to collaborate with our suppliers to offer 100,000 sustainable products. This will be supported by the expansion of our sustainability solutions offer (see page 48). In doing so, we will continue to create long-term value for our stakeholders while advancing global sustainability outcomes.

+ For more information on Better World products and sustainability solutions, see pages 48 and 49.

Chief Executive Officer's (CEO) introduction continued

management system and removing waste utilising our continuous improvement toolbox. We closed a small local fulfilment centre (FC) in Newport, UK absorbing product into our Nuneaton and Corby facilities. We began upgrading our warehouse management system in the UK and we opened an expanded FC in Spain, as well as three small, customer FCs operated by third party providers in Malaysia, Philippines and New Zealand.

We continue to simplify and upgrade our technology infrastructure. During the year we migrated the majority of our datacentres to the cloud, improved our digital procurement capabilities, began converging our Microsoft estate and designed a high-level roadmap to modernise and harmonise key processes and systems.

During the year, and in response to the challenging trading environment, we also identified and commenced sustainable cost reduction actions, including accelerating the integration of Distrelec. Together, these actions will deliver in excess of £30 million of annualised cost savings (with £9 million delivered in 2023/24 and additional c. £22 million in 2024/25). During the year there was £13 million of costs associated with the reduction and Distrelec integration.

We have identified significant further cost and efficiency benefits which we will pursue over time. These will be realised through standardising a number of back office support processes, better leveraging our functional expertise across the Group and more effective management of our cost to serve and sales channels.

3. Growth accelerators

We also continued to invest in our growth accelerators that will drive increased customers and share of wallet:

– **Customer experience:** During the year we made selective investments in our digital capabilities to enhance the customer experience, embedding AI powered search capability in our websites to 27 markets, launching a new transactional website in Latin America, introducing an integrated customer relationship management tool and customised web pages for specific industry verticals.

– **Product and supply chain:** Within product we are developing a more relevant RS PRO offer in Americas, deepening our offer with technical specialist brands and expanding our Better World sustainable range (now c. 30,000 products available globally). In supply chain we are investing in better inventory management, including a new digital product management system in Americas, and product adoption systems to improve product ingestion, order tracking and delivery accuracy.

– **Solutions and services:** We continue to expand our service solutions portfolio, rolling out supplier and digitally enabled procurement solutions across Europe and America, focusing on services that pull through product revenue and generate customer loyalty. We expanded this offer further throughout EMEA and invested in experienced sales teams in Americas. Within RS Integrated Supply we are standardising our service provision across the UK and US to deliver profitability and scalability.

We see the opportunity to accelerate value creation by investing further in our technology platform to personalise our digital customer experience, utilise better our customer database and manage our product and service solutions offer more cost effectively. This is the main focus of the additional c. £15 million of organic investment planned in both 2024/25 and 2025/26.

Acquisitions that accelerate our strategy

The large, fragmented markets in which we operate provide significant opportunity for consolidation. We create value from bolt-on acquisitions through being price disciplined and by targeting high quality businesses that increase our presence in key markets, strengthen our product specialisation, expand our solutions and services portfolio and / or create the opportunity to accelerate operating leverage.

In June 2023, we completed the acquisition of Distrelec, a strong fit with RS in EMEA. The acquisition delivers increased revenue in Germany, Scandinavia and Switzerland where it also adds a local fulfilment centre that is complementary to our existing European footprint. Distrelec's proposition is closely aligned to RS and we will operate through

one set of physical, digital and process infrastructure. We are accelerating our initial integration plans with our expected cost savings already exceeding those anticipated when we made the initial acquisition. Therefore, despite weaker trading in 2023/24, in line with RS's relevant European markets, we expect to at least cover our cost of capital by the third year with the longer-term benefits of the acquisition remaining very exciting.

Risoul, which we acquired in January 2023, has outperformed our expectations reflecting strong market conditions in Mexico and Risoul's specialist technical service offer. We are beginning to realise the significant synergy opportunities from the combination as we introduce RS's digital capabilities and own-brand products into Risoul and use the Risoul service approach to enhance our service offering across our Americas region.

We continue to have an active pipeline of acquisition opportunities and after the year end acquired Trident Australia Pty Ltd (Trident) for c. £8 million. Trident is a specialist MRO distribution and service partner for the energy and natural resource industry in Western Australia. It adds to our Australian presence by increasing RS's access to the energy and natural resources sector with associated customer and product synergies and provides distribution infrastructure and service capacity in Western Australia.

For a Better World

We continued to make good progress towards our 2030 ESG action plan by improving sustainability in our operations, packaging and logistics and collaborating with our suppliers to offer our customers more sustainable product and service solution choices to operate more responsibly.

This year, we received validation of our Scope 1, 2 and 3 carbon reduction targets from the Science Based Targets initiative. We are progressing well towards these, having reduced our direct carbon emissions by 61% since our 2019/20 baseline excluding acquisitions completed in 2022/23 and 2023/24.

We were again recognised with a Platinum EcoVadis rating, which is used by many of our customers and suppliers to make ESG-based procurement decisions and select business partners.

Exciting long-term potential

We have a distinct competitive advantage at RS as the critical link between some of the world's leading suppliers of industrial products and a diverse customer base that want to purchase in small volumes and demand high service levels. We have a global presence and scale, a strong digital platform and distribution infrastructure and increasingly have a solutions and service orientation that drives customer loyalty and share of wallet growth.

The strength of our offer can be seen in our outperformance over time. RS has delivered 6% revenue CAGR over the last five years excluding all acquisitions completed 2018/19 onwards. This is stronger than the growth rate of industrial production over the same period. Our outperformance in EMEA, even with a difficult market, indicates the strength of our proposition. We have focused action plans in place to accelerate deployment of our differentiated offer into our operations in Americas and Asia Pacific which supports our longer-term growth opportunity.

We operate within attractive and highly fragmented industrial MRO markets which demonstrate good through-cycle growth and we continue to invest to extend our record of industrial production outperformance. We are pursuing significant opportunities to improve our operating leverage and the efficiency of our physical, digital and process infrastructure. We also have a strong balance sheet and generate good cash flow which we will continue to deploy if we see the opportunity for accelerated value creation.

With improved focus and a clear action plan, supported by targeted investments to enhance our capability, RS is well positioned to deliver on its growth potential and first choice outcomes for all stakeholders over the longer term.

OUR COMPETITIVE ADVANTAGE

First choice for SUPPLIERS



>2,500

suppliers of industrial MRO products

>750K

stocked products

Who are our suppliers?

The world's leading providers of general, technical and specialist products for industrial MRO application

Why do they choose RS?

- End customer reach / market access
- Rapid new product deployment
- Added value technical know-how and solutions around products
- Data-driven product management
- Intelligence on market needs / trends
- Supporting their ESG agendas
- Inventory cover close to customers / ability to break bulk orders into smaller quantities
- Reliability and ease of doing business

+ Read more on page 7

HOW WE WIN

RS is a digitally enabled global distributor of product and service solutions, providing small volumes of our suppliers' products to satisfy our industrial customers' MRO demands



+ Read more on about our strategy in action on pages 14 to 16

First choice for CUSTOMERS



1.1m

customers

£257

Average order value

Who are our customers?

Global multi-site operators to small one-off industrial customers purchasing small volumes of multi-category MRO products

Why do they choose RS?

- Product assortment that meets their complex needs
- Availability when they need it / fulfilment reliability
- Specialist technical product support
- One-stop shop for supplier consolidation
- Supporting their ESG agendas
- Solutions that solve problems and unlock opportunities
- A seamless customer experience across all interactions

+ Read more on page 7

Strategy in action



TARGET INDUSTRIAL MRO CUSTOMERS

To be our customers' first choice, we must provide the relevant product and services that solve their procurement needs. We deliver excellence through a connected experience and a suite of valued product and service solutions for industrial MRO customers.

While continuing our unique service proposition for other relevant sectors, we are targeting customers with a high lifetime value and a consolidating behaviour in key vertical markets. Our target customers are those industrial customers purchasing small volumes of multi-category MRO products ranging from global multi-site operators to small single-site customers.

£257

average order value



SUPPORTING SOLAR POWER ADVANCEMENT

Adoption of renewable energy is an essential element in the fight against climate change and the flexibility and efficiency of solar generation has seen it emerge as one of the most popular and appealing options. RS PRO offers a comprehensive approach to solar power, providing everything needed from a single source. The portfolio is also modular and scalable, allowing end users to future proof systems so they can be quickly expanded and adapted when required.



Read more on page 49



ENABLING OFFSHORE WIND

In 2023, RS won a landmark contract to provide MRO solutions to support the world's largest offshore wind farm. Working with Equinor, RS will provide products and vital operational supplies to support several wind projects across the UK for the next three years. As demand for renewable energy increases, the development of the offshore wind industry is crucial for long-term energy security and sustainability.



Read more on page 49



INCREASE AND CURATE OUR PRODUCTS

We offer a broad and deep range of industrial MRO products to meet our customers' needs. We will maintain our broad range of technically led and specialist products, with a strong focus on A&C. We will also increase and curate a range in adjacent categories and a broader offering tailored to specific customer needs whilst leveraging our unique regional strengths.

Our strong and extensive supplier relationships ensure wide product choice, availability and substitute options. Our own brand, RS PRO, is a key differentiator for us, offering customers high-quality, competitively priced products.

>750k

stocked products

Strategy in action continued



SCALE OUR SERVICE SOLUTIONS

We offer service solutions, mainly digital, that create customer loyalty and address customers' problems that drive product pull through. We also have a number of revenue-generating services such as our maintenance solutions, see case study below, and our safety solutions which include personal protective equipment (PPE) and hygiene control solutions.

We make our customers' lives easier across the design and maintain lifecycle which drives stronger relationships, recurring revenue and greater customer lifetime value.

24%
of revenue from service solutions



DELIVERING SUSTAINABLE SOLUTIONS

In 2023/24, compressed air leak surveys conducted by RS Maintenance Solutions helped to identify energy losses of over £2.3 million among 14 customers, with the average return on investment to repair faults taking less than six weeks. Our sustainability solutions help customers run their businesses more efficiently, cost effectively, safely and sustainably at all stages of the industrial lifecycle.

 Read more on page 49

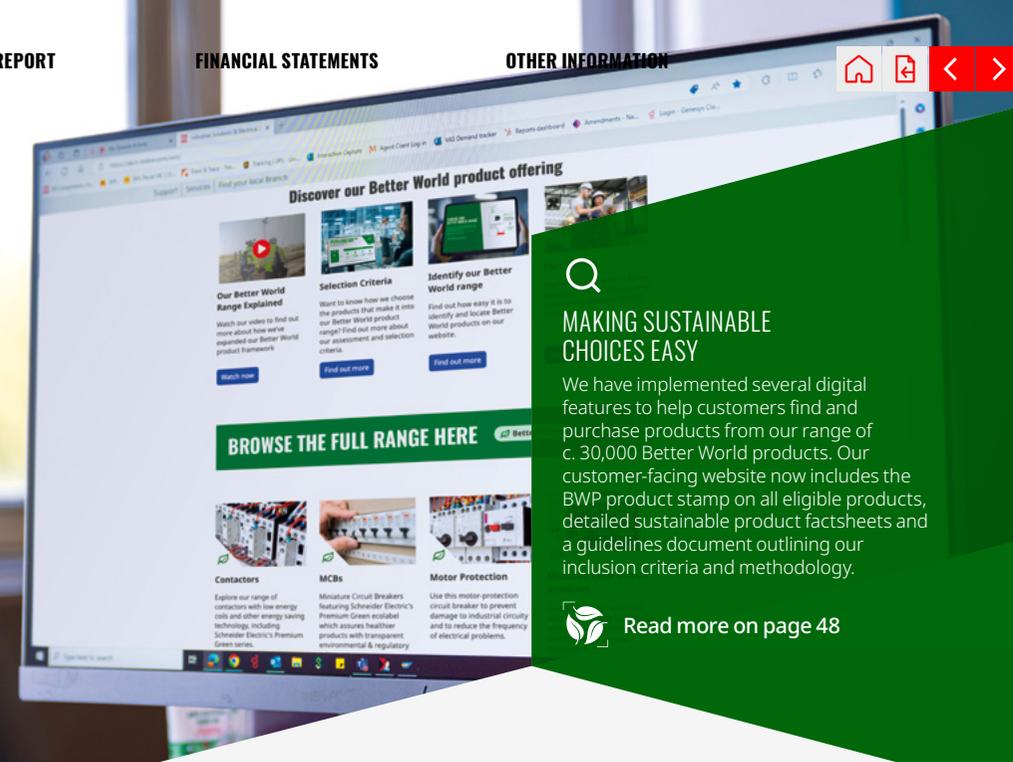


STRENGTHEN OUR CUSTOMER EXPERIENCE

We provide a digitally enabled experience powered by a human touch and specialist knowledge. We aim to provide a seamless customer experience, tailored to customer type and potential lifetime value.

We are focusing on providing a more personalised and bespoke customer service for higher-value customers as we optimise our costs to serve. This will deliver sustainable cash returns and further differentiation from marketplaces and pure digital players.

61%
of revenue through digital channels



Strategy in action continued



DELIVER OPERATIONAL EXCELLENCE

We are improving our operational effectiveness to drive efficiencies in our technology and digital processes and physical infrastructure. We are focusing on developing process efficiency, where things can be done better consistently. We are evolving our enabling functions to share expertise and provide support across the Group.

Our continuous improvement approach through our great people and our increased use of automation and data analytics enables us to provide efficient and best-in-class service to our customers.

c. 9,000
employees



INCREASING SUSTAINABLE PACKAGING

In 2023/24, our European operations switched to brown packaging boxes for product distribution which are made from 100% recycled material. We also replaced all plastic tape in the UK, France, Italy and Germany with paper tape sealing which allows for easier recyclability while reducing customer waste.



Read more on page 46



OUR PEOPLE IN ACTION

2024 LEADERSHIP EVENT

An opportunity for clarity and alignment

In March 2024, 193 of our senior leaders from across the world attended our leadership event in Europe. The event gave them the opportunity to learn about the refined Group strategy and the aligned regional strategies, presented by each of the regional presidents, as well as the updated operating model.

The new values were unveiled, along with how they fit with our purpose, vision, strategy and operating model. Our senior leaders left the event understanding how the values will help deliver our strategy more effectively and the need to clearly communicate their significance to their teams.



Our growth ambitions

OUR GROWTH AMBITIONS

We see opportunities to continue to take market share across all our operating areas. Market outperformance results from selling more product and service solutions to existing and new customers, growing our branded and own-brand product range and leveraging our digital and data capabilities to improve our customer service and experience. All of this should increase our share of customer wallet and attract new customers.

With our disciplined investment criteria, we are accelerating organic growth by adding high-quality, strategic acquisitions that will develop our:

Operating leverage	Geographic opportunities
Product extensions and adjacencies	Product and service solutions

		Operating leverage	Geographic opportunities	Product extensions and adjacencies	Product and service solutions
	May 2018				✓
	Jan 2019				✓
	Dec 2020	✓		✓	
	Jan 2021		✓		✓
	Feb 2021	✓		✓	
	Jun 2022		✓		✓
	Jan 2023		✓	✓	✓
	Jun 2023	✓	✓		✓
	Apr 2024		✓	✓	



ACQUISITIONS IN ACTION

ACCELERATING VALUE CREATION

Distrelec

In June 2023, we completed the acquisition of Distrelec which is a strong fit with RS in EMEA. It will deliver significant cost savings and drive increased revenue through our existing distribution capability across Europe and has brought the addition of a much-needed local fulfilment centre in Switzerland.

We are accelerating our initial integration plans with our expected cost savings already exceeding those anticipated when we made the initial acquisition.

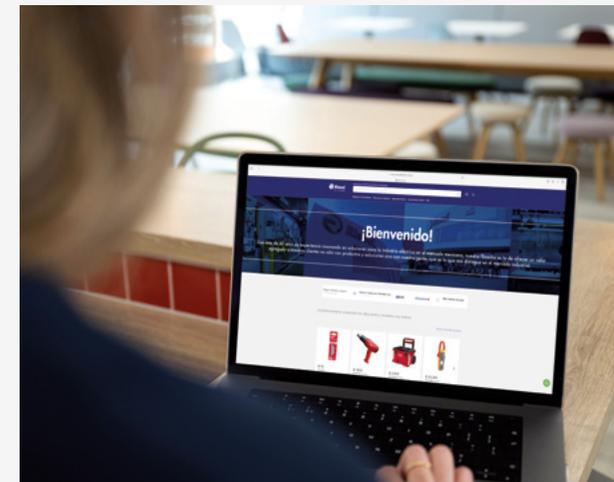
Our customers will benefit from combined product and value-added solutions and our own-brand product range, RS PRO, which is starting to prove popular with Distrelec customers. Suppliers benefit from an unrivalled joint distribution network.



Risoul

We acquired Mexico-based Risoul in January 2023. Since then, the business in Latin America has outperformed our expectations, reflecting a strong market and specialist technical service offer. We see significant synergy opportunities as we introduce RS Group's digital capabilities and RS PRO, our own-brand product range, into Risoul, as well as the service learnings we can develop within RS in Americas.

The launch of Risoul's transactional website in February 2024 has continued to solidify our foundations in Latin America and will support the future expansion of the business.



Our values

OUR VALUES WILL HELP US SUCCEED

We are one team who deliver brilliantly by doing the right thing to make every day better.

Our values are four guiding principles that outline what our people need to do together to succeed. They are how we work across our organisation in a consistent way. They unite us in how we should behave and differentiate us from our competition. Our values help us to build trust with our customers, suppliers and investors. We have a clear plan of action and an ambition to improve the way we operate and to build a purpose-led culture that we are all proud of. The values will help us deliver our strategy more effectively and with better long-term outcomes for everyone.



**WE ARE
ONE
TEAM**

We listen, respect and trust each other. We seek diverse perspectives. We collaborate with purpose as one connected team.



**WE
DELIVER
BRILLIANTLY**

We are empowered, take ownership and deliver what customers need with energy and passion.



**WE DO THE
RIGHT
THING**

We care about our impact on colleagues, customers, suppliers and communities, today and tomorrow.



**WE MAKE
EVERY DAY
BETTER**

We are adaptable, agile and inspired to innovate and make positive changes, always finding ways to improve, challenge and simplify.



2,500

survey responses

350

people joined our focus groups

Our values continued

CONSISTENT VALUES FOR ALL

Our values were created with the input of our people around the world. To develop them, we evaluated 2,500 survey responses and gained feedback from 350 of our people, customers and suppliers through focus groups, in addition to garnering the perspectives of our senior leaders.



One consistent set of values; embraced and demonstrated by all RS people

Key performance indicators

FINANCIAL KPIs

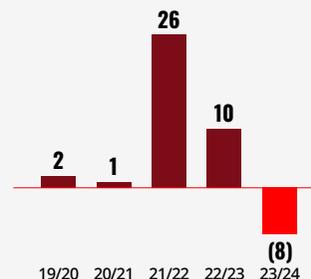
Our six financial key performance indicators (KPIs) help us to measure the successful implementation of our strategy and monitor and drive our performance. The following pages provide details of our KPIs which have been in place during 2023/24.

Under our new leadership we have been reviewing our operational KPIs and developing those that ensure alignment to our strategic ambitions. These operational KPIs are being incorporated in our business performance reviews and we will report those most relevant, and not commercially sensitive, in our Annual Report and Accounts for the year ending 31 March 2025.

1. Adjusted excludes amortisation and impairment of intangible assets arising on acquisition of businesses, acquisition-related items, substantial reorganisation costs, substantial asset write-downs, one-off pension credits or costs, significant tax rate changes and associated income tax (see Note 3 on pages 135 to 138 for reconciliations).

Like-for-like revenue growth

(8)%



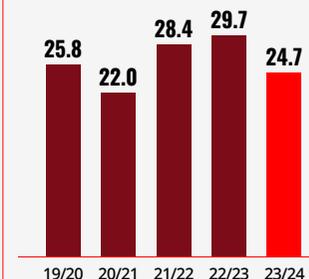
By driving a differentiated customer experience and providing innovative solutions, we aim to drive market share gains and higher revenue growth, which in turn drives profit growth. Like-for-like revenue growth is adjusted for trading days, currency movements and to exclude the impact of acquisitions until they have been owned for a year. See page 25 for further details.

[Link to remuneration](#)

Performance measure in annual incentive

Adjusted¹ operating profit conversion

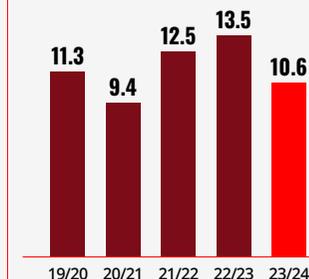
24.7%



We are constantly striving to make our operating model as lean and efficient as possible so we can convert a higher percentage of gross profit into adjusted operating profit. Our aim is that each region, each market and each individual takes responsibility for our performance and constantly questions whether we can do things more efficiently to drive greater returns. See page 26 for further details.

Adjusted¹ operating profit margin

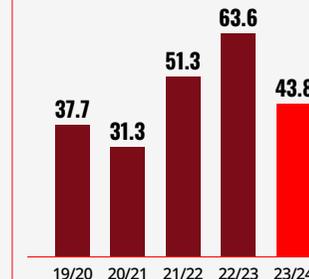
10.6%



A great customer experience, high-performance team and operational excellence should all drive improvement in adjusted operating profit margin. A higher adjusted operating profit margin should drive higher returns for our shareholders. It is adjusted operating profit expressed as a percentage of revenue. See page 26 for further details.

Adjusted¹ earnings per share (EPS)

43.8p



Adjusted EPS is a measure used by investors in deciding whether to invest in the Company. It is a measure of the growth and profitability of the Company that also reflects management performance. See page 26 for further details.

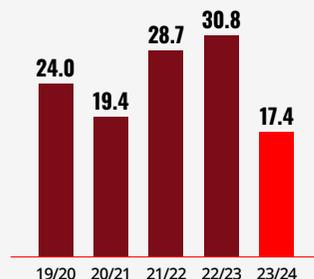
[Link to remuneration](#)

Performance measure in long term incentive plan

Key performance indicators continued

Return on capital employed (ROCE)

17.4%



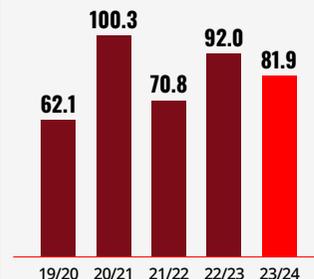
ROCE is a measure used by investors in deciding whether to invest in the Company. A tight focus on working capital control and more disciplined capital investment, coupled with increased profitability, will drive improved returns for our shareholders. ROCE is measured as adjusted operating profit expressed as a percentage of the monthly average of net assets excluding net debt and retirement benefit obligations. See page 28 for further details.

Link to remuneration

Underpin in long term incentive plan

Adjusted² operating cash flow conversion

81.9%



Through tight working capital management and disciplined capital investment, we aim to convert a high percentage of our operating profit into operating cash flow. Adjusted operating cash flow conversion is defined as adjusted free cash flow before income tax and net interest paid, as a percentage of adjusted operating profit. The higher the conversion, the more cash we have available to invest in our business to drive future growth and returns for our shareholders. See pages 26 and 27 for further details.

2. Adjusted excludes the cash impact of substantial reorganisation costs and acquisition-related items (see Note 3 on page 137).



ESG IN ACTION

DIVERSE PEOPLE, DIVERSE IDEAS

Navigating through our Asia Pacific roadmap over the past few years, one of our key regional priorities has been to build an inclusive and diverse culture that supports the growth of ideas and talent. As of 2023/24, Asia Pacific now has the highest proportion of female employees across the Group at 62%, with 50% female people managers and 40% female senior leaders.

To embed efforts further to enhance the diversity of our workforce to grow and attract new talent, we updated our hiring policies in Asia Pacific to encourage gender-neutral hiring and promote more senior employment through return-to-work hires. Through these initiatives, we are becoming an attractive and well recognised employer across our Asia Pacific locations to attract top talent.

+ For more information on diversity and inclusion see pages 54, 55 and 91.



NON-FINANCIAL KPIs

We report eight non-financial KPIs that help measure progress against our strategic actions and our commitment to our people and culture.

CUSTOMER

Group rolling 12-month Net Promoter Score (NPS)

50.6



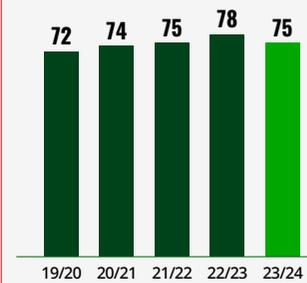
There is a strong correlation between high customer loyalty scores and our financial performance. NPS is a customer satisfaction measure. Achieving consistently strong customer satisfaction ratings is a key priority and will help drive stronger financial performance. We updated our NPS methodology from 1 April 2022 to make it more representative of our customer base. The changes made are to weight NPS by percentage of orders; separate out B2B from B2C customers, with B2B becoming our primary metric; and customers that opted out of marketing can be included in the survey. Prior years before 2022/23 have not been restated.

Link to remuneration
Performance measure in annual incentive

PEOPLE

Employee engagement

75

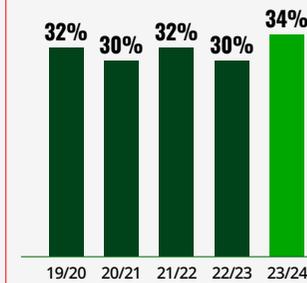


The fulfilment of our people in the workplace is a key priority. Our aim is to increase employee engagement by building a diverse and customer centric culture and offering the right training and development opportunities. There was a 3 point decrease in 2023/24 from 78 to 75 due to uncertainty around global economic challenges and organisational changes. In response, we have clarified our executive team, strategy, values and operating model and refined our people plan to focus on talent, capability, culture and reward. See page 54 for further details.

Link to remuneration
Performance measure in long term incentive plan

Percentage of management that are women

34%

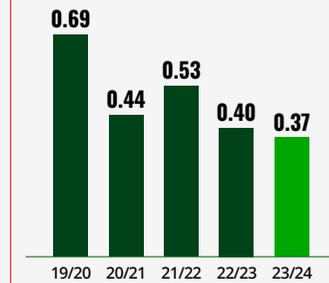


Empowering our people to bring their true self to work creates a culture of excellence where everyone can thrive. Gender diversity in leadership is a key action of our 2030 ESG action plan and a measure in our sustainability-linked loan (SLL). We were pleased to see the percentage of female leaders increase by 4 percentage points to 34% during the year. See pages 54 and 91 for further details.

HEALTH AND SAFETY

All accidents (per 200,000 hours)

0.37



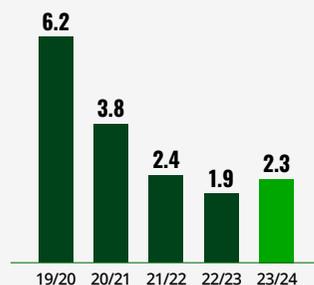
We continue to make progress towards the long-term target of zero accidents on the basis that all accidents are preventable. A safe working environment is critical for the wellbeing of our employees and the success of our business. Our all accident rate continues to improve, with an 8% reduction from 2022/23 and a 46% reduction since the 2019/20 baseline. See page 56 for further details.

Key performance indicators continued

ENVIRONMENT

Carbon intensity¹
(tonnes of CO₂e due to Scope 1 and 2 emissions / £m revenue)

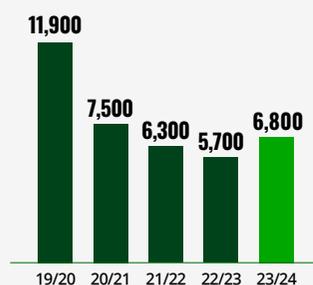
2.3



We recognise the role and responsibilities we have as a global business to address our environmental impacts and help tackle climate change. Our aim is to decouple our business growth from our carbon footprint and we have reduced our carbon intensity by 63% since 2019/20. Carbon intensity in 2023/24 has been impacted by the integration of emissions data from our acquisitions completed in 2022/23 and 2023/24, as well as Group revenue performance. See pages 44 and 45 for further details.

Carbon emissions¹
(tonnes of CO₂e due to Scope 1 and 2 emissions)

6,800

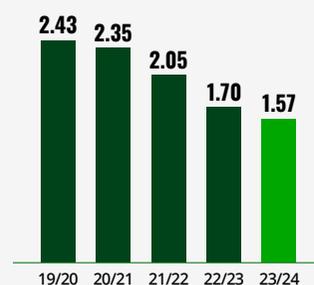


We target absolute carbon reduction in line with our net zero action plan and this is a measure in our employee rewards programme and SLL. Excluding recent acquisitions, we reduced our direct emissions by 10% from 2022/23 and by 61% since 2019/20. When integrating post-acquisition emissions data from acquisitions completed in 2022/23 and 2023/24, direct emissions increased to 6,800 tonnes CO₂e. We are proactively working with our acquired businesses to develop and implement their decarbonisation programmes to stay on track with our ambition to be net zero in our direct operations by 2030. See pages 44 and 45 for further details.

Link to remuneration
Performance measure in annual incentive

Packaging intensity¹
(tonnes / £m revenue)

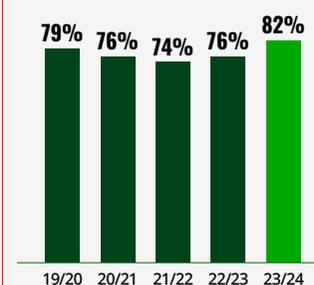
1.57



Our aim is to provide the best customer experience in the most sustainable way. We work across our network of distribution sites to reduce packaging, while increasing recycled content and recyclability. This is a measure in our SLL. Performance improved by 8% during the year, with positive progress achieved by reducing customer packaging and using reusable eco-totes in internal systems. Since 2019/20 we have reduced packaging intensity by 35%. See page 46 for further details.

Waste¹
(% of waste recycled)

82%



Ensuring we are able to grow and scale the business in a sustainable way is key. In addition to segregating waste materials for recycling, we implement waste reduction initiatives internally and by working with our suppliers. Performance improved during the year with a 6 percentage points improvement from 2022/23. See page 46 for further details.

1. KPIs are on a constant exchange rates basis and are updated to reflect changes in reporting methodology. 2023/24 data includes businesses acquired in 2022/23 and 2023/24. 2022/23 data also updated to include businesses acquired in that year.

PERFORMANCE IN A CHALLENGING ENVIRONMENT

Kate Ringrose
CFO

Revenue

£2,942m

Change: (1)%
2022/23: £2,982m

Like-for-like¹ revenue growth

(8)%

2022/23: 10%

Operating profit

£280m

Change: (27)%
2022/23: £383m

Adjusted² operating profit

£312m

Like-for-like¹ change: (25)%
2022/23: £402m

Adjusted² operating profit margin

10.6%

2022/23: 13.5%

Net debt

£418m

2022/23: £113m

Overall results

	2024	2023	Change	Like-for-like ¹ change
Revenue	£2,942m	£2,982m	(1)%	(8)%
Gross profit	£1,264m	£1,352m	(7)%	(11)%
Gross margin	43.0%	45.3%	(2.3) pts	(1.1) pts
Operating profit	£280m	£383m	(27)%	(25)%
Adjusted ² operating profit	£312m	£402m	(22)%	(25)%
Adjusted ² operating profit margin	10.6%	13.5%	(2.9) pts	(2.2) pts
Adjusted ² operating profit conversion	24.7%	29.7%	(5.0) pts	(4.4) pts
Profit before tax	£249m	£372m	(33)%	(31)%
Adjusted ² profit before tax	£281m	£391m	(28)%	(30)%
Earnings per share	38.8p	60.4p	(36)%	(34)%
Adjusted ² earnings per share	43.8p	63.6p	(31)%	(34)%
Cash generated from operations	£301m	£413m	(27)%	
Adjusted ² free cash flow	£151m	£264m	(43)%	
Adjusted ² operating cash flow conversion	81.9%	92.0%	(10.1) pts	
Net debt	£418m	£113m		
Net debt to adjusted ² EBITDA	1.1x	0.2x		
Return on capital employed	17.4%	30.8%		
Dividend per share	22.0p	20.9p	5%	

1. Like-for-like change excludes the impact of acquisitions and the effects of changes in exchange rates on translation of overseas operating results, with 2022/23 converted at 2023/24 average exchange rates. Revenue is also adjusted to eliminate the impact of trading days year on year. Acquisitions are only included once they have been owned for a year, at which point they start to be included in both the current and comparative periods for the same number of months (see Note 3 on pages 135 to 138 for reconciliations).
2. Adjusted excludes amortisation and impairment of intangible assets arising on acquisition of businesses, acquisition-related items, substantial reorganisation costs, substantial asset write-downs, one-off pension credits or costs, significant tax rate changes and associated income tax (see Note 3 on pages 135 to 138 for reconciliations).

“

Our financial performance reflects the challenging market and unwinding of our unusual post-pandemic trading benefit.”

Financial review continued

Revenue

Group revenue decreased by 1% to £2,942 million. Like-for-like revenue declined 8% after adjusting for the £282 million contribution from acquisitions, £57 million from adverse exchange rate movements and a negative impact of £24 million from fewer trading days. Trading performance was affected by the challenging macroeconomic environment and the unwinding of our post-pandemic trading tailwinds.

RS benefited from strong post-pandemic trading that boosted our financial performance in 2021/22 and 2022/23 due to excellent product availability when global supply chains were constrained, enhancing our revenue and profit over the two-year period. We estimate this benefit contributed c. £95 million of revenue during 2022/23 which has since unwound as global supply chain issues eased and our customers reduced their high inventory levels, reducing our like-for-like revenue by c. 3% during 2023/24. The unwind of the tailwinds is most evident in electronics and A&C categories and through the reduction in the number of one-off, low-value and transitory customers.

Customer numbers were flat at 1.1 million but on a like-for-like basis decreased by 0.1 million, the majority of which were one-off, low-value customers that we attracted during the post-pandemic trading and have now returned to their normal procurement channels. Larger corporate and key account customer numbers were stable. Our average order value (AOV) (excluding RS Integrated Supply's pass-through sales orders) grew marginally to £257 from £255. This reflected Risoul's higher AOV, a small increase in EMEA, and a reduction in Americas which was impacted by customer destocking.

Our industrial product and service solutions ranges, which account for 81% of Group revenue, decreased by 4% like-for-like. This was a function of a weak A&C product category (42% of Group

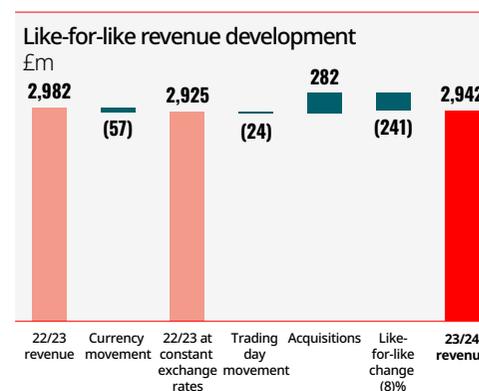
revenue), where performance is most correlated with the electronics cycle, offsetting growth in all other categories as the post-pandemic trading tailwinds, especially in Americas, unwound. The macroeconomic environment was challenging as illustrated by the deteriorating Purchasing Manager Index (PMI) and industrial production figures across our main markets.

Our electronics product and service solutions range accounts for 18% of Group revenue. Like-for-like electronics revenue decreased by 22% reflecting the tough comparatives in the prior period due to the very strong performance over the last two years and the unwind of price inflation.

Digital, accounting for 61% of Group revenue, performed slightly ahead of the Group overall with a like-for-like revenue decline of 6%. The flat like-for-like performance from eProcurement and purchasing manager, which drives product pull through and customer loyalty, demonstrates the benefit of targeting higher lifetime value customers. Web revenue decreased by 9% on a like-for-like basis, reflecting less traffic from more transitory customers.

RS PRO, our main own-brand product range, accounts for 13% of Group revenue and grew by 3% like-for-like as the brand extended its product breadth by c. 8,000 and focused its end-to-end sales and marketing in the regions. It also benefited from the rebadging of our safety solutions own brands to RS PRO. Our competitively priced offer continues to gain traction as a quality alternative to branded ranges with quality assurance qualifications, in-house design and testing facilities.

Service solutions revenue, associated with 24% of our Group revenue, increased by 3% like-for-like. This is mainly due to a 2% like-for-like increase in procurement solutions and, in addition, 6% growth in RS Integrated Supply like-for-like revenue reflecting additional contract wins and ongoing strong customer retention.



Gross margin

Group gross margin decreased 2.3 percentage points to 43.0%, of which 1.2 percentage points was a function of the dilutive impact from our recent acquisitions due to their lower digital and own-brand product participation compared to the rest of the Group. Like-for-like gross margin decreased 1.1 percentage points as post-pandemic trading benefits reversed and inflation gains unwound, especially within electronics products. There was an additional inventory impairment for slow moving product within OKdo.

Gross profit fell by 11% on a like-for-like basis. The combined effect of the post-pandemic trading benefit in like-for-like revenue and short-term gross margin improvement led to c. £70 million benefit to our gross profit in 2022/23 which reduced our like-for-like gross profit by c. 5% during 2023/24.

Operating costs

Operating costs, including regional and central costs, increased by 2%. Excluding the impact of acquisitions, the benefit of currency movements, amortisation and impairment of acquired intangibles and acquisition-related items, adjusted operating costs reduced by 6% like-for-like with lower variable supply chain costs and annual incentive accruals more than offsetting salary cost increases and inflation in rates and utilities.

A large proportion of our operating costs relates to our people. We awarded a mid-single digit pay increase across the Group which included an above average increase for our non-management employees in most markets in recognition of the greater impact of inflationary pressures. Given our financial performance during 2023/24, our annual incentive accruals and share-based payments reduced and there was no repeat of the £10 million ad hoc cost-of-living payments made in the prior year, equating to a £47 million total reduction. We anticipate 2024/25 to include improved employee annual incentives.

We continue to invest in our processes, systems and infrastructure to both support growth and efficiency. We invested £24 million during the year and will continue to improve our digital and commercial capabilities, customer experience and data analytics. We are also simplifying our technology platform to support standardised processes. We expect to invest an incremental £15 million, a total of c. £40 million during 2024/25, as we continue to widen our differential with our competitors. There was an additional £5 million of costs relating to technology impairments.

The capital investment we have made in recent years in our supply chain network and regional DC expansions in Fort Worth, US and Bad Hersfeld, Germany, continue to see improved operational efficiency and reduced cost to serve. Our freight costs in continental Europe (excluding Distrelec) have reduced due to lower volumes and optimised inventory sourcing and stocking.

We are taking action to manage our operating costs more effectively. In November 2023 we identified over £30 million of annualised savings. We delivered £9 million of savings during the year, with £8 million of associated costs incurred and a further £5 million of integration costs for the Distrelec acquisitions. During 2024/25 we expect to spend a further c. £13 million to deliver further in-year benefits of c. £22 million.

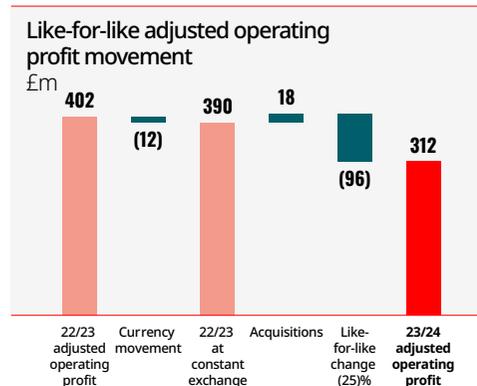
Financial review continued

Central costs (Group strategic investment, Board, Group Finance and Group Professional Services and People costs) decreased by £11 million to £49 million. This is largely because of lower share-based payments and annual incentive costs highlighted earlier. We are reassessing the definition of central costs and will limit it to Group Head Office activity which will result in some of our central costs being attributed to the regions in 2024/25.

Adjusted operating costs as a percentage of revenue increased by 0.5 percentage points to 32.4% (2022/23: 31.9%). Excluding the impact of acquisition integration costs, impairments and restructuring costs, adjusted operating costs as a percentage of revenue would have been 31.8%. Adjusted operating profit conversion is 5.0 percentage points lower at 24.7%.

Operating profit

Operating profit decreased by 27% to £280 million. Excluding the impact of acquisitions and the adverse impact of currency movements, adjusted operating profit saw a like-for-like decrease of 25%. We estimate that 2022/23 operating profit benefited by c. £60 million from the post-pandemic trading tailwinds which unwound during 2023/24 contributing c. 14% of the like-for-like adjusted operating profit decrease. This is c. £25 million higher than reported at the first half results (November 2023) as we estimate there was also a gross margin benefit across our total Group revenue from price inflation. Adjusted operating profit margin declined by 2.9 percentage points to 10.6%.



Items excluded from adjusted profit

To improve the comparability of information between reporting periods and between businesses with similar assets that were internally generated, we exclude certain items from adjusted profit measures. The items excluded are described below (see Note 3 on pages 135 to 138 for definitions and reconciliations of adjusted measures).

Amortisation and impairment of acquired intangibles

Amortisation of acquired intangibles was £27 million (2022/23 amortisation and impairment of acquired intangibles: £17 million) and relates to the intangible assets arising from acquisitions.

Acquisition-related items

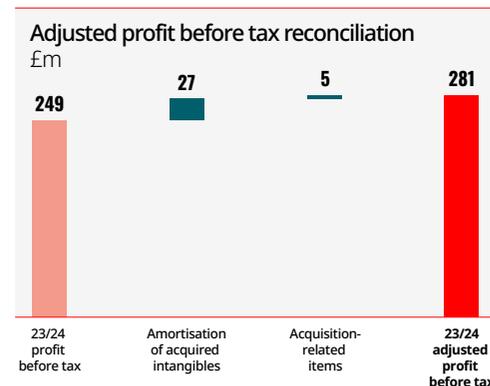
Acquisition-related items of £5 million are predominantly transaction costs which are directly attributable to the acquisition of Distrelec.

Net finance costs

Net finance costs were £32 million, up from £12 million mainly due to the impact of increased net debt resulting from the acquisitions of Distrelec and Risoul and higher interest rates. At 31 March 2024, 26% of the Group's gross borrowings excluding lease liabilities (2022/23: 49%) were at fixed rates, with surplus cash deposited at variable rates.

Profit before tax

Profit before tax declined 33% to £249 million. Adjusted profit before tax was down 28% to £281 million, 30% on a like-for-like basis.



Taxation

The Group's income tax charge was £65 million (2022/23: £87 million). The adjusted income tax charge, which excludes acquisition-related tax

items and the impact of tax relief on items excluded from adjusted profit before tax, was £73 million (2022/23: £91 million), resulting in an effective tax rate of 26.1% on adjusted profit before tax (2022/23: 23.2%). This reflected the change in the UK tax rate from 19% to 25% effective from 1 April 2023. Going forward we expect the 2024/25 effective tax rate on adjusted profit before tax to be c. 26%.

Earnings per share

Earnings per share declined by 36% to 38.8p. Adjusting for items excluded from adjusted profit and associated income tax effects, adjusted earnings per share of 43.8p declined 34% on a like-for-like basis.

Cash flow

Lower EBITDA (earnings before interest, tax, depreciation and amortisation) was compounded by a substantial outflow in payables of £82 million. This decrease in payables was due to high balances at March 2023 relating to 2022/23's increase in inventory, and lower accruals due to the slowdown in the business and lower annual incentive accruals

Summary cash flow

£m	2024	2023
Operating profit	280	383
Add back depreciation and amortisation	84	65
EBITDA	364	448
Add back impairments and loss on disposal of non-current assets	7	12
Movement in working capital	(69)	(49)
Defined benefit retirement contributions in excess of charge	(10)	(11)
Movement in provisions	1	(1)
Other	8	15
Cash generated from operations	301	413
Net capital expenditure	(52)	(46)
Operating cash flow	249	367
Add back cash effect of adjustments ¹	6	3
Adjusted¹ operating cash flow	256	370
Net interest paid	(31)	(13)
Income tax paid	(73)	(94)
Adjusted¹ free cash flow	151	264

1. Adjusted excludes the cash impact of substantial reorganisation costs and acquisition-related items.

Financial review continued

at March 2024. As a result, cash generated from operations was £301 million (2022/23: £413 million) with a 10.1 percentage point fall in adjusted operating cash flow conversion to 81.9%.

Net capital expenditure increased from £46 million to £52 million as we continued to invest in optimising our distribution sites, implementing new product management systems, augmenting digital commerce capabilities and strengthening our technology platforms.

Capital expenditure remained at 1.3 times depreciation in line with our typical maintenance capital expenditure levels of 1.0 – 1.5 times depreciation. We anticipate capital expenditure in 2024/25 to be c. £50 million including planned spend to deliver our 2030 ESG action plan such as continuing to decarbonise our regional DC in Beauvais, France, and starting at Bad Hersfeld, Germany, and Fort Worth, US. We anticipate a further c. £7 million of depreciation charges in 2024/25 relating to the capital expenditure on our product and delivery information systems.

Net interest paid increased by £18 million to £31 million due to increased net debt resulting from the acquisitions of Distrelec and Risoul and higher interest rates.

Income tax paid fell to £73 million reflecting lower taxable profit, timing differences and utilisation of losses.

Adjusted free cash flow fell to £151 million following the decrease in operating profit and the unwind of elevated payables from March 2023 as a consequence of large inventory orders during 2022/23.

Working capital

Trade and other receivables have increased by £9 million to £701 million, with the acquisition of Distrelec increasing receivables by £27 million. As the fall in revenue is partly related to the reduction in one-off, low value customers it has a smaller effect on receivables as these customers typically transact using credits cards or with shorter payment terms.

Gross inventories were £725 million, an increase of £65 million with the acquisition of Distrelec accounting for £52 million and the remainder in continental Europe as we continue to add inventory into our extended regional DC in Bad Hersfeld, Germany. Our inventory levels increased in the first half due to the easing of global supply chain issues resulting in the improvement in performance of suppliers fulfilling new orders and the receipt of inventory previously on long lead times. As expected, this unwound in the second half due to our actions to reduce inventory levels in response to declining volumes and, as a result, our inventory turn was flat at 2.6 times year on year. Inventory provisions have increased by £25 million to £69 million, due to the continued sales slowdown pushing inventory into excess, particularly of electronics products where minimum order quantities are high and single-board computing products which are slow moving.

Overall trade and other payables decreased to £603 million from £659 million with the acquisition

of Distrelec increasing payables by £36 million. The overall reduction reflects the timing of payments for inventories with high balances outstanding at March 2023 relating to 2022/23's increase in inventory plus the slowdown in the business this year reducing accruals, including those for annual incentives.

Net debt

Our net debt has increased to £418 million from £113 million with the acquisition of Distrelec increasing net debt by £333 million.

The acquisition was in part funded by a new three-year term loan of €150 million and drawing down part of our £400 million SLL facility. The SLL, term loan and the private placement loan notes form our committed debt facilities of £685 million, of which £245 million was undrawn at the year end. In October 2023, our request to take up one of the one-year term extensions to the SLL was approved by the lenders and so this facility now matures in October 2028, with a further one-year extension option and a lender option accordion of up to a further £100 million remaining.

Summary balance sheet

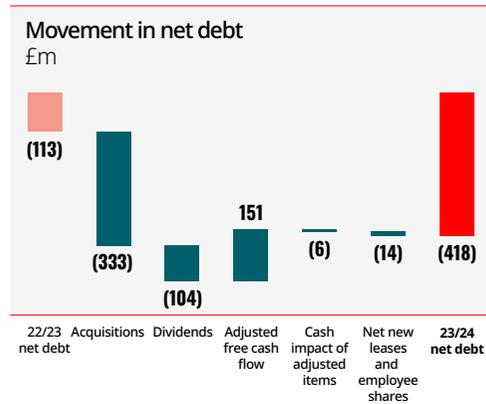
£m	31 March 2024			31 March 2023		
	Assets	Liabilities	Net assets	Assets	Liabilities	Net assets
Intangible assets	983	-	983	705	-	705
Property, plant and equipment	181	-	181	186	-	186
Right-of-use assets	73	-	73	47	-	47
Investment in joint venture	1	-	1	2	-	2
Other non-current assets and liabilities	18	(125)	(107)	13	(104)	(91)
Current assets and liabilities	1,383	(637)	746	1,330	(685)	646
Capital employed	2,638	(761)	1,877	2,283	(789)	1,494
Retirement benefit net assets / (obligations)	2	(27)	(26)	1	(37)	(36)
Net cash / (debt) (including lease liabilities)	259	(677)	(418)	260	(373)	(113)
Assets / (liabilities)	2,898	(1,466)	1,433	2,544	(1,199)	1,345

Net debt analysis

£m	2024	2023
Non-current borrowings	(440)	(185)
Bank overdrafts	(163)	(140)
Lease liabilities	(74)	(49)
Gross borrowings	(677)	(373)
Cash and short-term deposits	259	260
Net debt	(418)	(113)

Financial review continued

The Group's financial metrics remain strong, with net debt to adjusted EBITDA of 1.1x and EBITA to interest of 10.5x, leaving significant headroom for the Group's banking covenants of net debt to adjusted EBITDA less than 3.25 times and EBITA to interest greater than 3 times.



Retirement benefit obligations

£m	31 March 2024			31 March 2023		
	UK	Other	Total	UK	Other	Total
Fair value of scheme assets	421	31	452	425	7	432
Defined benefit obligations	(385)	(26)	(411)	(391)	(6)	(396)
Effect of asset ceiling / onerous liability	(52)	(4)	(56)	(61)	-	(61)
Status of funded schemes	(16)	2	(15)	(26)	1	(25)
Unfunded schemes	-	(11)	(11)	-	(11)	(11)
Total net obligations	(16)	(10)	(26)	(26)	(10)	(36)

ROCE

ROCE is the adjusted operating profit for the 12 months ended 31 March 2024 expressed as a percentage of the monthly average capital employed (net assets excluding net debt and retirement benefit obligations). ROCE was 17.4% compared to 30.8% last year, due to the impact of acquisitions (5.1 percentage points) and the decline in adjusted operating profit (8.7 percentage points), partly offset by a decrease in monthly average capital employed (0.4 percentage points).

Retirement benefit obligations

Retirement benefit net obligations of the Group's defined benefit schemes were £26 million compared to £36 million at 31 March 2023. The UK defined benefit scheme (our largest scheme) had a net obligation of £16 million under International Accounting Standard 19 'Employee Benefits', being the present value of the agreed future deficit contributions agreed following the March 2022 triennial funding valuation and payable to September 2025.

Dividend

The Board intends to continue to pursue a progressive dividend policy whilst remaining committed to a healthy dividend cover over time by driving improved results and stronger cash flow. The Board proposes to maintain the final dividend at 13.7p per share. This will be paid on 19 July 2024 to shareholders on the register on 14 June 2024. As a result, the total proposed dividend for 2023/24 will be 22.0p per share, representing an increase of 5% over the 2022/23 full-year dividend. Adjusted earnings dividend cover for 2023/24 is 2.0 times.

Foreign exchange risk

The Group does not hedge translation exposure on the income statements of overseas subsidiaries. Based on the mix of non-sterling denominated revenue and adjusted operating profit, a one cent movement in the euro would impact annual adjusted profit before tax by £2.0 million and a one cent movement in the US dollar would impact annual adjusted profit before tax by £0.7 million.

The Group is also exposed to foreign currency transactional risk because most operating companies have some level of payables in currencies other than their functional currency. Some operating companies also have receivables in currencies other than their functional currency. On their behalf, Group Treasury maintains three to seven months hedging against freely tradable currencies to smooth the impact of fluctuations in currency. For Risoul, hedges can extend out to 11 months for US dollar trading projections. The Group's largest exposures related to euros and US dollars.



ESG IN ACTION

SOLAR PANELS FOR SOUTH AFRICA

The 52kW capacity solar panel array and 40kWh battery installed at our offices and FC in Midrand, South Africa have supplied over 45% of the site's electricity use since they were commissioned in October 2023.

Previously, power cuts in South Africa meant that the site relied on its diesel generator for up to 13 hours a day compared to less than six hours per month now the system is operational.

On-site solar power generation has cut energy costs by around 40%, reduced carbon emissions and has provided much needed energy security for RS South Africa.

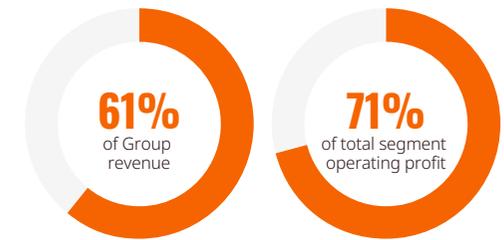


>45%

of the site's electricity is generated by solar panels

Regional review

EMEA PERFORMANCE



Overall results

	2024	2023	Change	Like-for-like ¹ change
Revenue	£1,795m	£1,769m	1%	(5)%
Operating profit ²	£256m	£276m	(7)%	(9)%
Operating profit margin	14.2%	15.6%	(1.4) pts	(0.6) pts
Digital revenue ³	£1,322m	£1,311m	1%	(3)%
RS PRO revenue ³	£346m	£338m	2%	3%
Service solutions revenue ³	£532m	£506m	5%	5%

1. Like-for-like adjusted for currency and to exclude the impact of acquisitions; revenue also adjusted for trading days.
2. See Note 2 on pages 132 and 133 for reconciliations to Group operating profit.
3. See Note 2 on pages 133 and 134 for disaggregation of revenue analysis and reconciliations to region's revenue.

Highlights

74%

of revenue from digital

19%

of revenue from RS PRO

30%

of revenue from service solutions

50.9

NPS

Revenue increased 1% including the acquisition of Distrelec. Like-for-like revenue declined 5% due to the electronics downcycle and low levels of industrial production across the region. PMIs have been below 50 (which represents a contraction) in all major countries throughout the year. Revenue decline was concentrated in Germany given its electronic exposure. We estimate the post-pandemic trading tailwinds contributed c. £35 million of revenue in EMEA during 2022/23 which, as it unwound, reduced our like-for-like revenue by c. 2% during 2023/24.

Our industrial product ranges performed well with 1% like-for-like growth especially within maintenance, mechanical and fluid power, and safety and protection as we continue to focus our sales and marketing efforts on core industrial categories. Demand for electronics reduced at a time when there was excessive inventory and industry destocking. The A&C industrial category is also closely correlated to the electronics cycle and, whilst growth was negative, we outperformed the electronics market.

We have focused our marketing efforts on high lifetime value customers and have seen strong performance from our corporate accounts where revenue grew as that market segment consolidated their distribution partners across multiple categories. Additionally, we are improving the profitability of small value transactions by applying appropriate handling charges. There has been a decrease in small transitory customers, gained during supply shortages and are not our target customers, who have now reverted to their normal distribution channels.

UK and Ireland, which accounts for 38% of the region's revenue, saw a small revenue decline reflecting market weakness and less demand from mid-sized customers. France saw low single digit growth delivering solid performance in our industrial product categories, especially where we have worked closely with our suppliers on specific promotions. Germany suffered from weak PMI data and a high exposure to electronics products, leading to a double-digit revenue decline.

Digital delivered good growth in our eProcurement and purchasing manager solutions. These solutions are integrated within our customers' systems, pulling through product revenue and generating customer loyalty and recurring revenue. Web revenue has been impacted by reduced demand from small and medium-sized customers.

Our service solutions, which are associated with 30% of EMEA's revenue, benefited from greater participation of our digital solutions as we actively migrated higher-value customers from the web. RS Integrated Supply in EMEA continues to win new contracts and has a strong retention rate for existing customers, however the operational investment required in the early years of contract rollout continued to impact financial performance and depress profitability.

RS PRO increased as customers respond to a lower price point, high quality alternative, and as we rebranded our own-brand Safety Solutions products to RS PRO. We launched RS PRO into the Distrelec ecommerce platforms and saw early success especially in markets where Distrelec has a higher presence than RS such as Switzerland.

Distrelec contributed £135 million to revenue and £6 million to EMEA's operating profit since its acquisition on 30 June 2023. Trading in Distrelec has been similarly impacted by market conditions notably in its electronics exposure in Germany and eastern Europe. However, integration plans have been accelerated which, combined with further cost savings identified, will deliver returns that will cover the Group's cost of capital within three years.

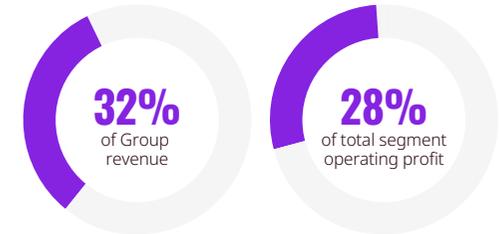
EMEA's like-for-like gross margin was flat due to disciplined control of discounts and some buying efficiencies offsetting the unwinding of the post-pandemic trading benefits (c. 0.7 percentage points impact).

Operating costs fell by 4% like-for-like. Cost measures were offset by inflationary pressures, redundancy charges relating to our cost action programme (including the closure of the FC in Newport, UK and initial steps integrating Distrelec) and impairments on some software and technology products. EMEA's operating profit margin fell by 0.6 percentage points like-for-like to 14.2%. We estimate c. £25 million of operating profit associated with the post-pandemic trading benefit did not repeat in 2023/24.

EMEA's rolling 12-month NPS was 50.9, up from 49.2 in 2022/23. We continued to improve inventory availability as lead times reduced, while inventory investments in our expanded regional DC in Germany and our new FC in Spain have also improved service levels to customers.

Regional review continued

AMERICAS PERFORMANCE



Overall results

	2024	2023	Change	Like-for-like ¹ change
Revenue	£934m	£946m	(1)%	(13)%
Operating profit ²	£101m	£149m	(32)%	(37)%
Operating profit margin	10.9%	15.7%	(4.8) pts	(4.2) pts
Digital revenue ³	£336m	£405m	(17)%	(13)%
RS PRO revenue ³	£7m	£7m	(6)%	(2)%
Service solutions revenue ³	£133m	£133m	0%	(2)%

1. Like-for-like adjusted for currency and to exclude the impact of acquisitions; revenue also adjusted for trading days.
2. See Note 2 on pages 132 and 133 for reconciliations to Group operating profit.
3. See Note 2 on pages 133 and 134 for disaggregation of revenue analysis and reconciliations to region's revenue.

Highlights

36%

of revenue from digital

1%

of revenue from RS PRO

14%

of revenue from service solutions

64.8

NPS

Revenue declined 1% with like-for-like revenue down 13% excluding Risoul, exchange rate movements and the impact of trading days. This performance reflects the change in the electronics cycle and the very strong comparatives in the prior period where we benefited from strong inventory availability. This was enabled by the expansion of our regional DC in Fort Worth, US completed during 2020/21. We estimate the post-pandemic trading benefit contributed c. £50 million of revenue in Americas during 2022/23 which, as it unwound, reduced our like-for-like revenue by c. 5% during 2023/24.

Our performance reflected the soft economic backdrop, PMI data and change in the electronics cycle. Our business has a strong correlation to the build cycles in the electronics market given the additional high exposure to A&C industrial products (70% of the region's revenue versus 42% across the Group) and so was impacted by the decrease in demand and oversupply within the electronics industry more acutely. Additionally, our customer spend in Americas has a greater proportion of direct material and project-related expenditure, with less of a MRO demand than the rest of the Group, and therefore was more affected by customers reducing demand and destocking.

Revenue from digital declined by 13% like-for-like, in line with the region's performance. Our rebranding in February 2023 impacted our search engine optimisation (SEO) and smaller, transactional customer accounts who have less interactions with our sales team. Additionally, the lack of digital sales in Risoul diluted the region's digital revenue participation.

RS Integrated Supply in Americas has undergone several changes as we placed more focus on higher lifetime value customers and put in place processes that will allow the business to scale more quickly and efficiently. We have signed several new contracts with multinational customers and are focusing on driving cross-selling opportunities with RS PRO. Our other service solutions were impacted by lower procurement solution transactions in the declining market.

RS PRO still accounts for only 1% of the region's revenue and is a key focus for our sales and leadership teams. We expect improved revenue participation from our rebranding (RS in Americas having previously traded under the Allied name) and tailoring our product offering to be more appropriate for our customers in the region. We expect participation as a percentage of the region's revenue to increase as we start offering RS PRO products in Risoul.

Risoul had a strong year of growth partially offset by foreign exchange movements on an appreciating Mexican peso. We launched a transactional website in February 2024 to support the future expansion of the business and are introducing a broader product range and enhanced procurement solutions.

Americas' gross margin fell by 2.8 percentage points on a like-for-like basis as the post-pandemic trading tailwinds unwound (accounting for c. 1.4 percentage points) and some increased price competition from the wider availability of products in the market.

Operating profit and operating profit margin declined due to reduced revenue and the resulting gross profit decline. We reduced our operating costs by 8% like-for-like reflecting the restructuring of our teams in the first half of the year and reduced discretionary costs. We continue to invest in initiatives focused on customer growth, digital and our service solutions offering. We estimate c. £25 million of operating profit associated with the post-pandemic trading benefit did not repeat in 2023/24.

Americas' rolling twelve-month NPS was 64.8, down from 65.9 in 2022/23 but still the highest in our Group. This is a strong performance given competitive pricing pressure, lag effect of the rebrand and temporary impact of disrupted relationships from the restructuring of sales teams to better serve our broad customer base. Our focus remains on delivering a strong customer experience through timely response and consistent service.

Regional review continued

ASIA PACIFIC PERFORMANCE

Overall results

	2024	2023	Change	Like-for-like ¹ change
Revenue	£214m	£268m	(20)%	(15)%
Operating profit ²	£4m	£38m	(90)%	(89)%
Operating profit margin	1.8%	14.3%	(12.5) pts	(11.7) pts
Digital revenue ³	£123m	£161m	(23)%	(17)%
RS PRO revenue ³	£33m	£37m	(11)%	(4)%
Service solutions revenue ³	£43m	£46m	(6)%	0%

1. Like-for-like adjusted for currency and to exclude the impact of acquisitions; revenue also adjusted for trading days.
2. See Note 2 on pages 132 and 133 for reconciliations to Group operating profit.
3. See Note 2 on pages 133 and 134 for disaggregation of revenue analysis and reconciliations to region's revenue.

Highlights

58%

of revenue from digital

16%

of revenue from RS PRO

20%

of revenue from service solutions

21.8

NPS

Asia Pacific's revenue declined by 20% including currency movements. Like-for-like revenue decreased by 15% reflecting a significant market slowdown and subsequent contraction in the electronics market demand coupled with the easing of supply constraints. We estimate the post-pandemic trading tailwinds contributed c. £10 million of revenue in Asia Pacific during 2022/23 which, as it unwound, reduced our like-for-like revenue by c. 4% during 2023/24. Despite the challenges in the region, we believe that with the expansion of capability and geographic footprint capacity over the last year, RS in Asia Pacific will grow to be a differentiated and market-leading, solution-based distributor in the coming years. We have built an extensive geographic operational footprint that separates us from our competitors within the region.

Japan generates over 55% of its revenue from electronics and its customers are largely electronics focused. Greater China, representing 23% of the region's revenue, faced uniquely challenging trading conditions due to reduced external investment as trade shifted outside China's borders and trading sanctions reduced our customer base.

Australia and New Zealand, which accounts for 33% of the region's revenue, maintained low single digit like-for-like revenue growth with targeted marketing to large corporate customers offsetting the market decline. We saw robust trading from large industrial customers and have a lower exposure to electronics customers. Since the year end we have completed a small acquisition, Trident, in Perth, Australia, that expands our service,

warehousing and local support in a major resource hub in Asia Pacific.

South East Asia, which contributes 31% of the region's revenue, saw a high single digit like-for-like decline in revenue mainly due to electronics weakness. Our strategic investments in local inventory capacity, including an upgrade to our FC in Thailand and leasing new FCs in Malaysia, Philippines and New Zealand, improved lead times and supported second half recovery.

Digital like-for-like revenue performance reflected weaker market demand. In the second half, we saw a substantial improvement in both paid and SEO performance. This was driven by better alignment of our marketing to focus on locally stocked products and a new team improving our content and value-add functionality. We also launched several local digital initiatives in the second half, including search engine enhancements.

RS PRO like-for-like revenue decline outperformed the region performance, supported by an enhanced go-to-market strategy, including targeted product marketing campaigns and competitive pricing.

Our gross margin decreased on a like-for-like basis by 6.5 percentage points almost half of which was the unwind of price inflation benefits related to post-pandemic trading. Additionally, we saw heightened competitive pricing as supply chain constraints eased, order books unwound and excess inventory was available in the market.



Our operating profit margin decline reflected the negative operational gearing impact of the lower volumes and gross margin on our cost base. We adjusted our cost base, which delivered some financial benefits in the second half. Over the full year, our operating costs fell like-for-like by 3%. We are focused on operating a more appropriate and flexible cost structure in the region, moving to more local sourcing and increasing our local fulfilment capacity in South East Asia and New Zealand, which is improving our speed to market, reducing delivery times and improving our customer service significantly. We estimate that c. £10 million of operating profit associated with the post-pandemic trading (revenue and gross margin) benefit did not repeat in 2023/24.

Despite the challenges in the region, our focus remains on delivering a strong customer experience. Our rolling twelve-month NPS for Asia Pacific improved to 21.8, compared with 20.2 in 2022/23.

HOW WE MANAGE OUR RISKS EFFECTIVELY

The Group has risk management and internal control processes to identify, assess, manage and monitor the risks which have the potential to affect the achievement of its strategy.

Risk governance

The Board has overall accountability for the Group's risk management, which is delegated to the ExCo and supported by the Group's risk team. The Board and ExCo are committed to setting and embedding a sound risk culture which is aligned with the principles and values of the Group and recognise that the right risk culture is vital in assisting management and employees in the avoidance of many potential organisational difficulties. They aim to set the correct tone from the top and ensure that risk is an intrinsic element of the governance structure.

Risk appetite

We define our risk appetite as the amount of risk that the Group is willing to take to meet its strategic objectives and deliver projected returns. The Board has the responsibility of assigning a risk appetite against each of the risk themes and agreeing behaviours that align to each of the appetite categories. The appetite is underpinned by key factors such as our ways of working, treating customers fairly, our strategic actions, along with national and international laws and regulations within the areas in which we operate. There is a low tolerance for health and safety risks,

regulatory risks or risks to the reputation of the business. RS will not tolerate fraud or other financial crimes in any aspect of its operations and any suspected acts will be fully investigated and prosecuted if appropriate. See pages 59 and 70 for more information regarding our Code of Conduct and policies.

Risk framework

Risk management is an essential part of business activities, to assist identifying the problems the Group may face and to help avoid or manage them where necessary. Effective risk management empowers management and the organisation to act with autonomy and accountability and supports the Group to use risk information as a guide to good decisions and help prioritise resources.

The risk framework is designed to identify and mitigate potential risks proactively, ensure regulatory compliance, enhance operational efficiency and foster stakeholder confidence. It is a strategic asset for safeguarding the Group's financial health, managing our reputation and ensuring targets are achieved. The members of the ExCo are responsible for the operational day-to-day understanding and adherence to the risk framework and are also tasked with creating

a positive risk culture. Senior managers are responsible for producing risk registers for their areas of the business and being transparent in providing information to the risk team. This process involves market, business and function risk leaders to provide bottom-up visibility of possible risks.

Assessment of risks

The risk owner identifies the controls for each risk and assesses the impact (using both financial and non-financial criteria) and likelihood of the risk occurring (using consistent measures). These assessments consider the effects of the existing controls leading to the resulting net or residual risk.

This assessment process is supplemented by an annual risk and controls questionnaire which is completed by all relevant operating locations and Group-wide functions. This provides more detailed risk information across the Group and is reviewed by the Group's risk team.

Emerging risks

Some risks cannot be easily quantified, often due to a lack of information to facilitate a clear understanding of the consequences. These risks are categorised as emerging and they are closely monitored until more information is available.

OUR RISK MANAGEMENT PROCESS



ACCOUNTABLE AND RESPONSIBLE TEAMS

Overall accountability

Board

Overall accountability for the Group's approach to risk management. Supported by the Audit Committee to ensure effective internal controls and risk management systems, the Board also approves the Group's risk appetite and the principal risks.

Risk owners

Executive Committee

Responsible for owning and reviewing the Group's risk management process, risks and mitigating internal controls and making recommendations to the Board.

Markets, businesses, regions and Group functions

Identifying, reviewing and communicating local risks using risk registers where applicable.

Supporting teams

Group Risk

Supports the business to identify, assess, manage and report risks. This includes providing a consistent measurement process for risks and helping identify risks that should be reported at a Group level.

Other specialist functions

Other functions complementing the Group risk team that oversee areas including information security, technology, legal, compliance and environmental and health and safety teams.

Assurance

Operational Audit

Operational Audit, as part of its scheduled audits, reviews the effectiveness of the Group's mitigating controls for its risks.



MANAGING RISKS IN ACTION:

BEING CYBER SECURE

Cyber security continues to be a key concern for all businesses. However, it is short-sighted to only consider technological cyber security risks. RS Group's approach to cyber security has a strong focus on human behaviour and culture and our information security team is passionate about helping our people to stay safe online, whether at work or at home.

We take a people-first approach to our education and awareness, recognising that cyber security can be perceived as complicated and overly technical. Our information security team and our education partners create engaging and friendly content that ensures that employees feel safe to reach out and ask questions, and that they get answers in plain language, not specialist jargon. This includes delivering face-to-face briefing sessions as well as formal and informal videos, how-to guides and blog posts.

Recently, we performed a survey across all employees to help understand their cyber security awareness and tailor our approach to different types of learners and different profiles of risk. This had a strong response rate and we will be using the data gathered to make further improvements in the coming year.

We have also recently launched a new training platform in conjunction with a third-party specialist that continues our people-focused approach to cyber security awareness. This includes tools, tricks and informative blog posts to keep our employees up to date, as well as quizzes to show them where they could improve their online safety knowledge. This platform is informed by research in human psychology and corporate anthropology and adopts a continual learning approach, delivering smaller courses on a regular basis rather than a single annual training package. As well as improving engagement, crucially this enables both greater measurement and greater remediation of human cyber risk.



We take a people-first approach to our education and awareness, recognising that cyber security can be perceived as complicated and overly technical.”

OUR PRINCIPAL RISKS AND UNCERTAINTIES

Principal risks

The Board and ExCo confirm that they have undertaken a robust assessment of the Group's principal and emerging risks, including those that could threaten its business model, future performance, solvency or liquidity, and assessed them against the Group's risk appetite.

For several principal risks, ExCo members will, as part of their ongoing activities, update the Board on these risks and their mitigation. This allows the Board to determine whether the actions being taken by management are sufficient.

Risks direction definition

↑ The risk is likely to increase within the next 12 months

↔ The risk is likely to remain stable within the next 12 months

↓ The risk is likely to reduce within the next 12 months

★ New risk

Cyber security

Risk theme: Operational



What is the risk and how could it affect us?

A successful attack on our systems, sites, data or a third party, means that confidential information is lost or business critical systems become unavailable that may lead to negative customer or supplier impacts, regulatory action, reputational damage and / or loss of business and revenue.

What are we doing to manage the risk?

- Controls in place include technical and organisational protection measures including:
 - Firewalls
 - Anti-malware software
 - Staff training and awareness
 - Procedures to update security patches
 - Regular security testing
 - Incident response processes
- Regular assessment and continuous development of security controls, including investing in employee education and awareness and further security testing capabilities. This includes running simulations of security incidents with both senior and operational leaders.

What are our future areas of focus?

- Continue to stay abreast of developments relating to cyber security, including regulatory changes such as The Network and Information Security (NIS2) Directive.
- As security threats continue to evolve, we also work collaboratively with the National Cyber Security Centre and other third-party security intelligence organisations.

Change initiatives

Risk theme: Operational



What is the risk and how could it affect us?

We are not able to implement successfully a business and technology change programme to deliver the strategic agenda which could lead to a lack of engagement and prioritisation for deployment and embedding the required change initiatives into the business.

What are we doing to manage the risk?

- The design and implementation of a robust strategic delivery and execution framework, with sponsorship and leadership by the members of the ExCo, supported by a defined governance process.

What are our future areas of focus?

- Deployment of a change management methodology and creation of a community of practice.
- Provide regular reporting through the quarterly business review process.

M&A activity

Risk theme: Operational



What is the risk and how could it affect us?

We do not realise the appropriate value from our acquisitions.

What are we doing to manage the risk?

- Process to build and maintain a pipeline of opportunities, including thorough screening for fit with our agreed strategy and with our culture.
- Rigorous due diligence and contract negotiation processes, including full involvement of expertise across our businesses, functions and (where appropriate) external advisors.
- Clear value-focused returns criteria for investments, expertise in comprehensive suite of valuation techniques and a commercial approach to negotiation.
- Robust integration planning process closely linked with the due diligence process; ownership of the business plan and synergy targets by the acquiring business; detailed synergy capture plan and strong governance of post-acquisition delivery process.

What are our future areas of focus?

- Continue to audit and refine internal processes.
- Continue to train and develop latest industry-standard techniques for valuation, acquisition and integration.

Risks, viability and going concern continued

Talent and capability

Risk theme: Operational

**What is the risk and how could it affect us?**

If we are not able to attract, develop and retain the necessary high-performing employees and capabilities, we may not be able to meet our ambitious strategic goals and maintain customer service levels and relationships.

What are we doing to manage the risk?

- Holistic people plan to create the right culture that delivers on our employee vision.
- Upweighting succession planning with greater focus on action follow up.
- Investing in leader and manager capability development.
- Improved cascade of objectives and improved performance management.

What are our future areas of focus?

- Introducing strategic workforce planning to ensure we have the capabilities required to deliver the strategy.
- Launching employee value proposition for external attraction and internal retention.

Geopolitical environment

Risk theme: Operational

**What is the risk and how could it affect us?**

Future global destabilisation impacts our international business activities, increasing operating costs, additional trade sanctions, supply chain delays, and / or hinders passage of products between our distribution sites with delays and higher costs.

What are we doing to manage the risk?

- Continually monitoring the existing markets in which the Group operates to identify potential uncertainties that may impact our service to customers within countries, regions or globally.
- Through our supplier (direct and indirect) relationships, identifying potential supply vulnerabilities and ensuring appropriate resilience is in place.
- Considered as part of the due diligence process when looking at potential acquisition targets.
- Continued investments in trade compliance intelligence and capabilities.

What are our future areas of focus?

- Increase share of local and nearshore sourcing reduces singular risk from one sourcing market.
- Continued expansion of our product range in both depth and breadth reduces dependency on any specific supplier or sourcing market.

Market disruption

Risk theme: Strategy and change

**What is the risk and how could it affect us?**

Unexpected changes in market buying behaviours result in lower than forecast financial results.

What are we doing to manage the risk?

- Continually assess what is 'value' to our customers and the optimal ways to deliver this at an appropriate return for the Group.
- Continue to improve our online user experience through rich and differentiated product content to make it easier for customers to compare and select the right product across an unrivalled product range.
- Mitigate cyclical by building increased flexibility into our cost base and targeting less cyclical customer verticals and product categories.

What are our future areas of focus?

- Continued targeted expansion of our product range in both depth and breadth to ensure we cover our customers' existing and future needs, including horizon-scanning on future technologies and driving consolidation of customers' purchases with us.
- Further development of solutions offering to provide more value to customers and enhance customer loyalty.

Risks direction definition

- ↑ The risk is likely to increase within the next 12 months
- ↔ The risk is likely to remain stable within the next 12 months
- ↓ The risk is likely to reduce within the next 12 months

★ New risk

Risks, viability and going concern continued

Risks direction definition

- ↑ The risk is likely to increase within the next 12 months
- ↔ The risk is likely to remain stable within the next 12 months
- ↓ The risk is likely to reduce within the next 12 months
- ★ New risk

Business resilience

Risk theme: Operational



What is the risk and how could it affect us?

We are not adequately prepared for a major business disruption, caused by an unplanned event disrupting critical infrastructure (physical and / or digital assets), and cannot carry out key processes and functions.

What are we doing to manage the risk?

- Global supply chain network with the ability to fulfil customer orders by another distribution site and maintain service.
- Ongoing assessments of critical third-party inventory suppliers and appropriate inventory levels to mitigate risk where identified.
- Resilient IT systems infrastructure featuring operating redundancies and disaster recovery.
- Annual disaster recovery testing of core IT systems, both digital and supply chain.
- Strict control over upgrades to core transaction systems and other applications.

What are our future areas of focus?

- Continued expansion of product ranges stocked closer to customers to reduce dependency on individual distribution sites within the network.
- Continue to update legacy systems and test disaster recovery of existing systems.

Climate change

Risk theme: Operational



What is the risk and how could it affect us?

We do not adequately manage the potential impacts on the business due to climate change effects. This could be either:

- The physical risks of more extreme weather conditions (including heatwaves, storms or floods) could impact employee health and wellbeing, our supply chain channels and customer service, reducing revenue and increasing operating and capital costs in order to mitigate the risks.
- The transition risks associated with the migration to a low-carbon industrial sector, including declining demand from heavy and energy intensive industries or single-use RS products and increased costs of logistics (due to carbon taxes on fuels and investment in clean technologies), could lead to reduced revenue or reduced customer NPS.

What are we doing to manage the risk?

- Refreshed our climate scenario analysis, to overlay climate scenarios onto our five-year strategic plan.
- Continued to expand our sustainable products, including our Better World product range, to support our customers' climate goals.
- Improved our supply chain and operational capabilities, to reduce emissions from our distribution sites and product shipments.
- Continued to invest in measures to improve operational resilience at our distribution sites.
- Supporting new RS businesses to develop and execute their first-phase decarbonisation plans.

What are our future areas of focus?

- Continue to grow our customer offerings and revenue from sustainable products, service solutions and low-carbon industries, optimise our supply chain and focus on business continuity planning and building upgrades at our distribution sites most exposed to physical climate impacts.
- Recent acquisitions have impacted the Group's carbon reduction progress. Investment will be required to decarbonise these businesses (and future acquisitions) to continue to meet the Group's target to be net zero in its direct operations by 2030 and avoid reputational risk.

Access to debt and capital markets

Risk theme: Financial resilience



What is the risk and how could it affect us?

We are not able to access adequate capital to support ongoing operations and future growth. This may impact us in that we cannot generate adequate cash flow to support day-to-day operations, cannot access financing to support organic and inorganic investments and / or do not have adequate debt facilities to operate as a going concern.

What are we doing to manage the risk?

- Cash forecasting and working capital management.
- Proactive investor relations programme for equity.
- Diversification of funding sources.
- Diversification of debt funding maturities.
- Existing facilities refinanced in excess of 12 months prior to maturity.
- Robust bank relationship management with appropriate distribution of ancillary business.

What are our future areas of focus?

- Ongoing evaluation of alternative lenders and funding sources.
- Alignment with strategic forecasts and awareness of M&A pipeline to ensure preparedness for future funding needs.
- Continuous assessment of the debt markets and bank economic advice to make opportunistic funding decisions and avoid future economic adverse conditions.

Risks, viability and going concern continued

Legal and regulatory compliance

Risk theme: Regulatory compliance



What is the risk and how could it affect us?

We fail to manage legal and regulatory compliance risks which could lead to:

- Serious health and safety incidents / breaches
- Non-compliance with trade, transport or product regulations across different markets
- Breaches of any other regulatory or legislative requirements (such as the UK Bribery Act 2010 and Criminal Finances Act 2017)
- Non-conformance with operational compliance, AI policies and NIS2 directive.

What are we doing to manage the risk?

- Accident and near miss reporting, reduction strategies and actions provided by specialist support.
- Ongoing reviews of relevant national and international compliance requirements.
- Training and awareness programmes focusing on legal regulations and requirements.
- Code of conduct for all employees and whistleblowing facilities to raise concerns.
- Ethical sourcing policy for suppliers.
- Our trade compliance systems scanning customer orders to ensure trade compliance requirements are being followed.

What are our future areas of focus?

- Implementing a monitoring programme focused on key ethics and compliance risks.
- Continued awareness campaign and promotion of the Speak Up process.
- Focused training on fraud for key roles within the business.
- Global review process to be introduced to review and challenge submissions.
- Review and monitoring of AI use across RS.

Risks direction definition

- ↑ The risk is likely to increase within the next 12 months
- ↔ The risk is likely to remain stable within the next 12 months
- ↓ The risk is likely to reduce within the next 12 months
- ★ New risk



MANAGING RISKS IN ACTION:

OUR APPROACH TO AI GOVERNANCE

Similar to our approach to other technological developments in recent history, such as cloud computing, 3D printing or video conferencing, our AI governance strategy aims to balance the benefit and business opportunity of using this new technology with the risks that it entails (notably on quality, bias, accuracy of output, reputational, legal or security issues). While we do not want to stifle innovation, any deployment of AI within the Group must be done safely and in line with risk appetite.

We have put in place a series of controls adapted to the risk profile of the Group as a user of AI tools:

- A new Group AI Policy was launched in April 2024 with guidance for our people on how to use AI tools
- Key principles of the policy have been showcased as part of the Code of Conduct and Privacy training
- An AI community was formed in December 2023 with representatives from Technology, Information Security, Group Legal and Compliance as well as Indirect Procurement. This community is being expanded to cover regional representation as well. Colleagues who wish to use an AI tool at work can seek

advice from the AI community through the Innovation Forum

- Technology colleagues are reviewing the IT systems catalogue to assess current AI usage
- Questions targeting AI usage have been built into the supplier pre-qualification questionnaire as part of the procurement process. This will prevent our suppliers adding AI capabilities as part of their service offering for the Group without express permission
- Suppliers are also asked to sign bespoke clauses to cover the Group on AI risk

Looking ahead, the Group will need to navigate an evolving global legal framework around the world. The EU is currently leading the charge with an AI Regulation, expected to apply fully by 2026 across all EU member states. We will be closely monitoring legal developments with a particular focus on the EU AI Regulation in order to assess further implications for the Group and adapt our internal control framework accordingly. The AI community will continue to advise our colleagues on implementing AI safely but will also seek to develop an AI toolkit to enable self-service and increase efficiencies.

Our AI governance strategy aims to balance the benefit and business opportunity with the risks that it entails.

Risks, viability and going concern continued

Viability statement

Assessment of prospects

Our business model and strategy, as described on page 13, is structured so that the Group is a digitally-enabled global distributor of product and service solutions, providing small volumes of our suppliers' products to satisfy our industrial customers' MRO demands. We supply a very broad spread of customers both in terms of industry sector and geography. The Group is not reliant on one particular group of customers or suppliers, with its largest customer accounting for under one percent of revenue and its largest supplier less than five percent of revenue. Our business model is differentiated by: our global network of distribution sites; our customer-centric team; our strong supplier relationships; our broad and deep product offering and service solutions capabilities; and our strong digital presence. The Group has high inventory availability with products sourced from a large number of suppliers and provides customers with a reliable and fast service.

The Group's results and financial position are reviewed monthly by both our ExCo and the Board. Every day the ExCo receives an analysis of the previous day's revenue and gross margin. The Board receives and reviews regularly the monthly management accounts, including cash flows, and also receives regular performance and forecast updates from the CFO and CEO.

We update our detailed rolling 18-month forecast of the Group's income statement, balance sheet and cash flows frequently which are regularly reviewed, and the assumptions approved, by the Board.

The Group's long-term prospects are assessed primarily through our strategic and financial planning process. This includes the preparation of a five-year strategic plan and an annual budget setting process involving both Group and regional management which are updated annually and reviewed and approved by the Board. The ExCo receives and reviews progress against the strategic plan objectives regularly. The Board also receives updates and, if appropriate, the strategic plan is updated depending on progress and performance.

The Board also considers the long-term prospects of the Group as part of its regular monitoring and review of risk management and internal control system, as described on pages 32 and 80 to 83.

Our regular cash flow forecasts enable us to track our net debt position and to take any necessary actions on a timely basis. Our capital position is supported by regular reviews of the Group's funding facilities and banking covenants' headroom, through the Group's Treasury Committee. In April 2023 we took out a new €150 million three-year term loan to partly fund our acquisition of Distrelec and in October 2023 our request to take up one of the one-year term extensions to the £400 million SLL facility was approved by lenders and so now matures in October 2028. Only £155 million of this facility was drawn down at 31 March 2024.

As described throughout this Annual Report and Accounts, the Group's performance was impacted by the challenging macroeconomic environment over the past year and the unwinding of our post-pandemic trading benefit. As a result, like-for-like revenue declined by 8% and adjusted free cash flow fell by 43% to £151 million leading to net debt of £418 million (including lease liabilities of £74 million) at 31 March 2024. We also paid dividends during the year of £104 million (2022/23: £89 million) and the acquisition we completed during the year increased net debt by £333 million. We have ended the year with a strong balance sheet.

Details of our sources of finance are outlined in Note 23 on page 163, with the earliest facilities maturing being the three-year term loan and two tranches of our private placement loan notes in 2026/27.

The Group's debt covenants are EBITA to interest to be greater than 3:1 and net debt to adjusted EBITDA to be less than 3.25:1. At 31 March 2024 EBITA to interest was 10.5x (2022/23: 34.2x) and net debt to adjusted EBITDA was 1.1x (2022/23: 0.2x) (see Note 3 on pages 137 and 138 for reconciliations) and under our strategic plan these are also comfortably met.

Viability assessment period

In its assessment of the Group's viability, the Board has reviewed the assessment period and has determined that a three-year period to 31 March 2027 continues to be most appropriate. The robustness of the strategic plan is significantly higher in the first three years with the final two years being a high-level extrapolation. The Group has few contracts with either customers or suppliers extending beyond three years and, in the main, contracts are for one year or less.

The business operates with a minimal forward order book, generally taking orders and shipping them on the same day. In addition, as more business becomes digital and we become more agile, speed of change increases and so visibility is relatively short term. Of the Group's long-term obligations, the UK pension scheme is the largest and its triennial funding valuation forms the basis of our agreeing its funding with its trustee. Our share-based payment schemes are also mainly for three years.

Assessment of viability

Each of the Group's principal risks and uncertainties on pages 34 to 37 has a potential impact on the Group's viability and so the Board considered various scenarios and examined a number of factors that could impact each in the future. It decided which scenarios would have the most impact on the viability of the Group and determined an appropriately severe but plausible stress test for each of these scenarios.

The strategic plan approved at the January 2024 Board meeting, adjusted to include the estimated effect of our acquisition of Trident in April 2024, is considered to reflect the Board's currently best estimate of the future prospects of the Group. Therefore, in order to assess the viability of the Group, the scenarios and stress tests were modelled by overlaying them onto the adjusted strategic plan to quantify the potential impact of one or more of them crystallising over the assessment period.

Risks, viability and going concern continued

The scenarios and related stress tests modelled and how they link to the principal risks and uncertainties were:

Scenario and related stress tests modelled	Link to principal risk and uncertainties
<p>Revenue and gross margin down with no cost mitigations Revenue falls in 2024/25 by more than the like-for-like decline in 2023/24, with a further decline in 2025/26. Gross margin declines in 2024/25 to 40% and operating costs stay static as no mitigation is taken. Costs move in line with revenue in future years.</p>	<ul style="list-style-type: none"> – Change initiatives – M&A activity – Talent and capability – Geopolitical environment – Market disruption – Climate change – Legal and regulatory compliance
<p>Cash collection down Cash collection from trade receivables deteriorates leading to trade receivables impaired by 2% of revenue in 2024/25.</p>	<ul style="list-style-type: none"> – Geopolitical environment
<p>Significant infrastructure failure Major incident at the distribution site with the largest impact, destroying the building and its contents.</p>	<ul style="list-style-type: none"> – Business resilience – Climate change
<p>Major cyber breach / information loss Major system failure (possibly caused by a cyber attack) leading to a serious loss of service, fines for data breach and loss of reputation leading to halving of revenue growth.</p>	<ul style="list-style-type: none"> – Cyber security – Business resilience

In performing the above tests it was assumed that no major reorganisations or significant working capital initiatives occur in mitigation, capital expenditure is not lower than that in the strategic plan, dividends continue to be paid and there are no changes in or extensions to debt financing. As a result, all the above tests model the new principal risk and uncertainty 'Access to debt and capital markets'.

In none of the stress tests were the Group's covenants breached nor were the Group's debt facilities used up. The results of the stress tests to the left showed the Group would be able to withstand the impact of these scenarios occurring.

Reverse stress tests were also undertaken to assess the circumstances that would threaten the Group's current financing arrangements. These included significant declines in revenue, significant declines in revenue and gross margin and a major deterioration in cash collection and would have to result in adjusted operating profit margin falling to under 5% in at least one of the following three years. Also, a reverse stress test of an acquisition of a significantly loss-making business was undertaken and would have to cost over £300 million to use up our debt facilities. All these reverse stress tests assumed that no major reorganisations or significant working capital initiatives occur in mitigation, capital expenditure is unchanged from that in the strategic plan, dividends continue to be paid and there are no changes in or extensions to debt financing. The Board considers the risk of these circumstances occurring to be remote.

The above scenarios are hypothetical and extremely severe for the purpose of creating outcomes that have the ability to threaten the viability of the Group; however, multiple control measures are in place to prevent and mitigate any such occurrences from taking place. If any of these scenarios actually happened, various options are available to the Group to maintain liquidity so as to continue in operation.

Confirmation of viability

Based on the assessment outlined above, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three years to 31 March 2027.

Going concern

The going concern period is defined as a period of at least 12 months from 22 May 2024.

Based on the assessment outline above and the output of our detailed rolling 18-month forecasts, the Board believes that it is appropriate to continue to adopt the going concern basis in preparing the Group's accounts.

Environmental, social and governance (ESG)

CREATING VALUE FOR A BETTER WORLD

Advancing sustainability	42
Championing education and innovation	50
Empowering our people	52
Doing business responsibly	58

+ Read more about our ESG approach
at: rsgroup.com/sustainability



FOR A BETTER WORLD

Our purpose, making amazing happen for a better world, reflects our commitment to delivering results for people, planet and profit. To create value for all our stakeholders, our 2030 ESG action plan targets four global goals and 15 actions where we are driving positive change.

Our 2030 ESG action plan

We continue to take ESG action to support our 1.1 million customers, c. 9,000 people and over 2,500 global suppliers. By targeting the Group's most material ESG actions, as identified through our Corporate Sustainability Reporting Directive (CSRD) aligned double materiality assessment, we are enabling our strategy, strengthening relationships and generating value for all our stakeholders.

Our ESG action plan supports six UN SDGs. A summary of progress against each of our global goals and key action areas can be found in the table below, with detailed progress updates against all 15 actions outlined on pages 42 to 61.

All 2023/24 and 2022/23 ESG data now includes post-acquisition data for businesses acquired by the Group in 2022/23 and 2023/24, unless stated otherwise.

To read more about our ESG approach, including our methodology for collecting and calculating ESG data, accounting for acquisitions and historical performance, head to: rsgroup.com/sustainability

OUR 2030 ESG ACTION PLAN

GLOBAL GOALS



Supporting six United Nations Sustainable Development Goals (UN SDGs):



GLOBAL GOALS	KEY ACTION AREAS	PERFORMANCE HIGHLIGHTS		
<p>Advancing sustainability Developing sustainable operations and product and service solutions for our customers and suppliers</p>	<p>Net zero emissions in direct operations by 2030, value chain before 2050; Science Based Targets initiative (SBTi), UN Global Compact's Business Ambition for 1.5°C and UN Race to Zero commitments</p>	<p>61% reduction in Scope 1 and 2 emissions since 2019/20 excluding acquisitions¹</p>	<p>53% of our packaging has >50% recycled content, an increase of 6% pts since 2022/23</p>	<p>26% reduction in Scope 3 transport emissions intensity² since 2019/20</p>
<p>Championing education and innovation Partnering with education providers, building skills and fostering innovative solutions that improve lives</p>	<p>Building skills and fostering innovation with 1.5 million engineers and innovators</p>	<p>c. 5,200 educational institutions use our products in their teaching</p>	<p>£628k raised for The Washing Machine Project (TWMP) to improve lives since 2019/20</p>	<p>1.4m DesignSpark members, including professional design engineers and students</p>
<p>Empowering our people Creating a safe, inclusive and dynamic culture where everyone can thrive and grow</p>	<p>Working towards a diverse leadership team of 37% to 42% women and 17% to 22% ethnically diverse leaders³</p>	<p>75 employee engagement score – down from 78 in 2022/23</p>	<p>34% of our senior leaders are women and 11% are ethnically diverse⁴</p>	<p>46% reduction in our all accident frequency rate⁵ since 2019/20⁵</p>
<p>Doing business responsibly Ensuring the highest ethical standards throughout our business and global supply chain</p>	<p>Increasing screening and ESG objectives for suppliers. ESG metrics in employee rewards and sustainability-linked loan (SLL)</p>	<p>45% of employees have their annual incentives aligned to carbon reduction targets</p>	<p>32% of suppliers by spend set science-based targets (SBTs)</p>	<p>66% of RS PRO suppliers are Sedex members</p>

1. Excludes acquisitions completed in 2022/23 and 2023/24. Scope 1 and 2 emissions have been updated to reflect reporting and emissions factor changes.
 2. Tonnes of CO₂e due to Scope 3 transportation emissions per tonne of product sold.
 3. We have updated our 2030 D&I actions in 2023/24. See pages 54 and 55 for more.

4. 102 of 128 senior managers self-reported ethnicity via the employee database (including not specified / prefer not to say) and 11 identified as non-white.
 5. Per 200,000 hours worked.

ADVANCING SUSTAINABILITY



As a critical partner to the global industrial sector, we play an important role in advancing sustainability and tackling climate change.

By developing a cleaner and greener distribution service and providing sustainable product and service solutions, we can make a real and lasting impact and differentiate our brand as a strategic partner to our customers and suppliers.



2030 ACTIONS	PERFORMANCE	STATUS	COMMENTARY	READ MORE
<p>By 2030 in our direct operations:</p> <ul style="list-style-type: none"> – Carbon emissions: Be net zero with a SBT to reduce absolute emissions from our own operations by 75%¹ – Packaging: Make our packaging more sustainable: reduce intensity by 30%, with 100% of packaging widely reusable or recyclable and made with at least 50% recycled content – Recycling and waste: Reduce, reuse and recycle our waste: reduce intensity by 50%¹; recycle > 95% and achieve zero waste to landfill in our direct operations 	<p>61% reduction in Scope 1 and 2 emissions since 2019/20 excluding recent acquisitions^{2,3}</p> <p>35% reduction in packaging intensity since 2019/20⁴</p> <p>82% of total waste recycled</p>	<ul style="list-style-type: none"> ● ● ● 	<p>Positive progress made from site energy savings, switching to renewable electricity and creating a net zero fleet. Including acquisitions, direct emissions increased by 19% from 5,700 tCO₂e in 2022/23 to 6,800 tCO₂e in 2023/24</p> <p>Packaging intensity decreased by 8% from 2022/23 and by 35% since 2019/20 with recent acquisitions included. Positive progress due to reducing customer packaging and using reusable eco-totes in internal systems</p> <p>Overall percentage of waste recycled improved as we continued to prioritise better waste segregation, recycling and reuse. For example, our global distribution centre (DC) in Nuneaton, UK increased its recycling rate from 74% to 87%</p>	<p>Pages 43 to 46 rsgroup.com/sustainability</p>
<p>Working towards a net zero global value chain by 2050:</p> <ul style="list-style-type: none"> – Product transportation: Reduce Scope 3 transport emissions by 25% per tonne of product sold¹ – Products and solutions: Develop innovative and sustainable product and service solutions for all our customers, including offering 100,000 Better World products¹ – Supplier engagement: Commit to engaging 67% of suppliers by spend to set SBTs by 2025 	<p>26% reduction in intensity of Scope 3 transport emissions since 2019/20⁵</p> <p>c. 30k products in the Better World product range</p> <p>32% of suppliers by spend have set SBTs</p>	<ul style="list-style-type: none"> ● ● ● 	<p>Ongoing progress by prioritising modal shifts and optimising our supply chain to source, store and ship more products locally to customers through our distribution sites. However, our intensity KPI was impacted by a change in global emissions factors and supply chain challenges</p> <p>Increased Better World product range to c. 30,000 products from over 90 suppliers, available in 30 countries worldwide. We also launched new solutions to help our customers run their businesses more sustainably</p> <p>Positive seven percentage point increase in suppliers setting SBTs during the year, but off track to meet our 2025 target. We will continue to engage suppliers in ESG action in 2024/25</p>	<p>Pages 47 to 49</p>

1. By 2029/30 from 2019/20.
 2. Performance excludes acquisitions completed in 2022/23 and 2023/24.
 3. Scope 1 and 2 emissions updated to reflect reporting and emissions factor changes.
 4. Tonnes per £m revenue.
 5. Tonnes of CO₂e due to Scope 3 transport emissions per tonne of product sold.

Status key

Each of our actions are broken down into annual targets that need to be met to remain on track to achieve our 2025 and 2030 goals. The key below reflects our current position:

- On track or ahead
- Slightly behind target – monitor closely
- Not on track – further action required

More information is available in our full ESG scorecard: [rsgroup.com/sustainability](https://www.rsgroup.com/sustainability)

Our net zero plan

Our ambition is to be net zero in our direct operations by 2030 and across our wider value chain by 2050. For RS, this means implementing our science-based emissions reduction targets across Scope 1, 2 and 3 emissions and using certified Gold Standard offsets for any additional residual, hard-to-abate emissions. To achieve this, we have set four SBTi which were validated by the SBTi in 2023/24 and cover the Group's most material operational activities, including our direct operations, logistics, suppliers and products. These targets and their supporting initiatives drive our decarbonisation approach in line with the 2015 Paris Agreement to limit global warming to 1.5°C above pre-industrial levels. Our detailed climate performance covering our direct and indirect activities can be found on pages 44 to 47, our Task Force on Climate-related Financial Disclosures (TCFD) response on pages 62 to 67 and our independent assurance statement from ERM CVS on pages 68 and 69.

Net zero across our direct operations by 2030 pages 44 and 45			Net zero across our value chain by 2050 pages 47 to 49		
We are committed to taking action to decarbonise our direct operations. Our three priority areas are:					
1. Decarbonising our buildings	2. Switching to renewable electricity	3. Creating a net zero fleet	1. Sustainable product and service solutions	2. Product transportation	3. Supplier engagement
Upgrading our distribution sites to be more automated, energy efficient and sustainable to provide a better service to our customers and reduce our environmental impacts.	Generating and procuring renewable electricity by installing solar photovoltaic panels on our buildings and procuring green electricity.	Transitioning our company car fleet to electric and hybrid vehicles and encouraging adoption with our people.	Expanding our range of sustainable product and service solutions to help customers reduce costs, save resources and achieve their environmental goals.	Cutting the distance our products travel by sourcing, storing and shipping closer to customers and suppliers and switching to less carbon intensive modalities.	Collaborating with our suppliers to prioritise carbon reduction activities that drive reductions across the value chain, including sourcing, designing, manufacturing and shipping products more sustainably.
Key actions in 2023/24: <ul style="list-style-type: none"> – Implemented environmental management dashboards at our 10 largest sites which include monthly emissions reduction targets and monitoring – Moved to a new energy-efficient local fulfilment centre (FC) in Madrid, Spain and progressed multi-year project to improve the efficiency of our regional DC in Beauvais, France – Worked with a third-party decarbonisation partner at our regional DC in Bad Hersfeld, Germany to create a net zero plan 	Key actions in 2023/24: <ul style="list-style-type: none"> – Installed solar panels at our FC in Midrand, South Africa which have provided over 45% of the site's electricity use since October 2023 – Solar panels on the roof of our FC in Madrid, Spain – Group Energy Management Policy promoted to all owned and leased sites to procure green electricity where available. Where purchasing a renewable energy tariff is not possible, we purchase Energy Attribute Certificates for select sites 	Key actions in 2023/24: <ul style="list-style-type: none"> – Installed over 40 additional electric charging points in locations across the UK – Accelerated UK fleet policy to mandate the switch to hybrid or electric vehicles (EVs) to reach our 2030 target – Established cross-functional working groups to roll out EV and hybrid company car policy to EMEA markets 	Key actions in 2023/24: <ul style="list-style-type: none"> – Increased the number of Better World products in our range and broadened our framework to target multiple sustainability improvements across the product lifecycle (see page 48) – Continued to expand our sustainability-focused maintenance, repair and operation (MRO) services, such as energy monitoring and compressed air surveys (see page 49) 	Key actions in 2023/24: <ul style="list-style-type: none"> – Product replenishments from the UK to our regional DC in Fort Worth, US moved to sea and road deliveries, rather than air, to reduce emissions – Optimised our regional DC in Bad Hersfeld, Germany to enable more European customers to be served locally by road – Increased carrier engagement and selection based on sustainability principles 	Key actions in 2023/24: <ul style="list-style-type: none"> – Engaged with our top 67% of suppliers by spend to act on four sustainability priorities detailed in our ESG supplier handbook, including setting SBTs and becoming members of EcoVadis or Sedex (see page 61) – Conducted c. 300 meetings with suppliers to target development of more sustainable products, for inclusion in the Better World product range
Impact: 4% reduction in premises energy use in 2023/24 excluding acquisitions ¹	Impact: 90% renewable electricity use in 2023/24	Impact: 30% Group company cars and 82% of UK fleet are electric or hybrid	Impact: c. 30k Better World products offered to customers in 2023/24	Impact: 26% reduction in product transport intensity since 2019/20 ²	Impact: 32% suppliers by spend set carbon targets with SBTi

1. Performance excludes acquisitions completed in 2022/23 and 2023/24.

2. Tonnes of CO₂e due to Scope 3 transport emissions per tonne of product sold.

Enabled by:



Advancing sustainability within our business

Carbon emissions (Scope 1 and 2) in our direct operations

By 2029/30, our ambition is to be net zero in our direct operations. We have set a SBT validated by SBTi to reduce absolute emissions from our own operations by 75% and will use Gold Standard certified offsets closer to 2030 for any residual, hard-to-abate emissions.

Scope 1 and 2 emissions (tonnes CO₂e)¹

Excluding recent acquisitions²

4,600

10% reduction from 2022/23

Including recent acquisitions³

6,800

19% increase from 2022/23

Carbon intensity (tonnes CO₂e/£m)¹

Excluding recent acquisitions²

1.8

Unchanged from 2022/23

Including recent acquisitions³

2.3

21% increase from 2022/23

In 2023/24, we integrated post-acquisition data from our acquisitions completed in 2022/23 and 2023/24³ into our Scope 1 and 2 emissions reporting. This has increased our direct carbon footprint from 5,100 to 5,700 tonnes CO₂e in 2022/23 and from 4,600 to 6,800 tonnes CO₂e in 2023/24. Risoul, our industrial product and service solutions business in Mexico, has had a significant impact on our direct operational footprint as it owns its fleet of logistics vehicles to deliver products directly to customers.

We have restated our historic emissions to include emissions from businesses acquired in 2022/23 and 2023/24. This is summarised in the Scope 1 and 2 emissions table (bottom right), along with our pathway to net zero in our direct operations (top right) which shows our updated trajectory towards meeting our ambitions.

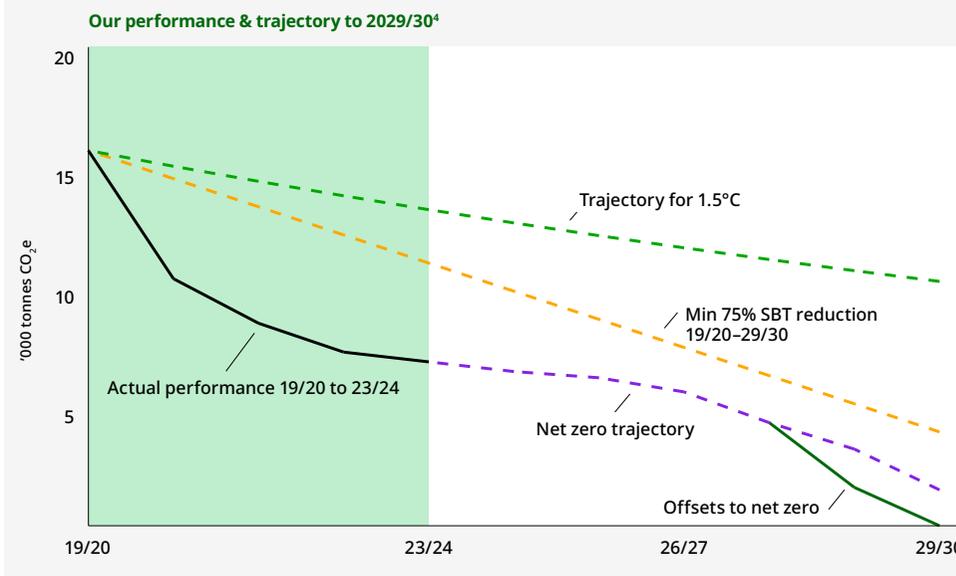
Pathway to net zero

We remain committed to achieving our Group net zero ambition and to working with our acquired businesses to decarbonise their operations and inspire action with customers and suppliers.

Our ESG team is proactively supporting operational teams at our acquired businesses of DH, Risoul and Distrelec to develop first-phase decarbonisation plans aligned to the Group's net zero ambition and SBTs. Initial plans will focus on site energy efficiency, options for renewable electricity, hybrid and electric vehicles and logistics optimisation.

We will share more information on our plans and progress in our climate transition plan which will be published in line with compliance timelines.

Our pathway to net zero in our direct operations



Scope 1 and 2 emissions¹ (tonnes CO₂e)

	Change from 2020	2024	2023	2022
Excluding recent acquisitions ²	(61)%	4,600	5,100	6,300
Including emissions from acquired businesses, from the point of RS ownership ³	(43)%	6,800	5,700	6,300
Including emissions from acquired businesses, in 2019/20 baseline year (SBTi target) ⁴	(57)%	6,800	7,300	8,500

1. KPIs are on a constant exchange rate basis and updated to reflect changes in reporting methodology, emissions factors and additional data. Coverage includes operations under our direct financial control globally.

2. Performance excludes acquisitions completed in 2022/23 and 2023/24.

3. Includes post-acquisition data from acquired businesses domnick hunter-RL (Thailand) Co., Ltd. (DH) and Risoul y Cia, S.A. de C.V. (Risoul) (completed in 2022/23) and Distrelec B.V (Distrelec) (completed in 2023/24).

4. Performance and plan re-based to 2019/20 to include emissions from acquired businesses.

Carbon emissions (Scope 1 and 2) in our direct operations continued

We continued to make strong progress in reducing our Scope 1 and 2 emissions in our existing business in 2023/24, achieving a 10% reduction from 2022/23 excluding recent acquisitions¹.

This was driven by continued activities to reduce energy consumption across our distribution sites, switching to renewable electricity and progressing towards an electric and hybrid company car fleet in the UK.

Through continued energy efficiency improvements at our sites, we achieved a 4% reduction in energy consumption in 2023/24 and a 9% reduction from 2019/20¹. The Group's energy intensity has reduced by 33% since our baseline year of 2019/20^{1,4}. We also increased the proportion of our UK company cars that are electric or hybrid to 82% (2022/23: 54%).

Carbon reduction will remain a key focus in 2024/25. This is a core KPI for the Group and 45% of our people and leaders are incentivised to drive progress through the Scope 1 and 2 emissions reduction metric in the annual incentive (page 60).

Streamlined Energy and Carbon Reporting (SECR) disclosure

In accordance with UK SECR requirements, our 2023/24 Group Scope 1 and 2 emissions are summarised in the table to the right and restated to include post-acquisition data from acquisitions completed in 2022/23 and 2023/24. Our Scope 3 emissions performance breakdown by material category can be found on page 47.

Environmental Management Systems (EMS)

All of our distribution sites have a robust EMS in place to manage risk, track ongoing performance and identify opportunities to target further emissions reductions. Additionally, 37 distribution sites covering 49% of our operations by revenue and 59% by floor area, are covered by ISO 14001 environmental management certifications.

Greenhouse gas (GHG) emissions (Scope 1 and 2) and SECR disclosure

	Metric	2024	2023
Group Scope 1 emissions			
Combustion of fossil fuels ⁵	tonnes CO ₂ e	6,022	5,067
Operation of facilities, including fugitive emissions ³	tonnes CO ₂ e	119	113
Group Scope 2 emissions⁶			
Purchased electricity (market-based)	tonnes CO ₂	788	594
Electricity use from renewable sources	% Group electricity	90%	91%
Electricity use from own renewable generation	% Group electricity	2%	2%
Intensity metric			
CO ₂ e due to premises energy and vehicles use per £m revenue	tonnes CO ₂ e / £m	2.3	1.9
Total GHGs per £m revenue ³	tonnes CO ₂ e / £m	2.4	2.0
SECR disclosures⁷			
UK total Scope 1 and 2 emissions (market-based)	tonnes CO ₂ e	2,614	3,114
UK energy consumption	GWh	26.3	29.2

1. Performance excludes acquisitions completed in 2022/23 and 2023/24.
2. 2022/23 Scope 1 and 2 CO₂e emissions restated as 5,700 tonnes to include businesses acquired in 2022/23.
3. Figure includes 119 tonnes of CO₂e due to fugitive emissions from air-conditioning systems (2022/23: 113 tonnes), which are not included in our reported Scope 1 and 2 emissions of 6,800 tonnes CO₂e.
4. KPIs are on a constant exchange rate basis and updated to reflect changes in reporting methodology, emissions factors and additional data. Coverage includes operations under our direct financial control globally.
5. Includes emissions of 3,656 tonnes relating to fuel use in company vehicles (2022/23: 2,534 tonnes).
6. Scope 2 emissions calculated using CO₂ factors as CO₂e factors are not consistently available for all countries. Market-based emissions from electricity purchased from renewable sources were nil tonnes CO₂ (2022/23: nil). Market-based emissions from electricity purchased from non-renewable sources calculated using grid average emission factors. Location-based Scope 2 emissions calculated using grid average factors were 7,630 tonnes CO₂ (2022/23: 7,609 tonnes).
7. SECR: UK emissions were 38% of global market-based emissions. UK energy use, including vehicle energy use, was 46% of global energy use.

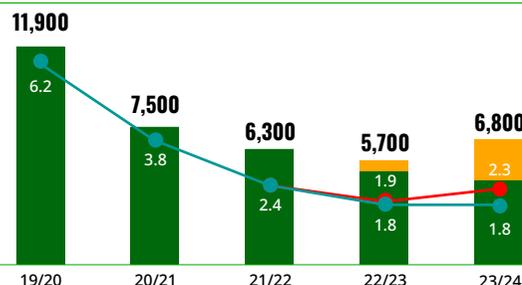
GHGs are calculated in line with the GHG Protocol (Corporate Standard) using UK Department for Environment, Food & Rural Affairs and country-specific grid average International Energy Agency emissions factors. Further details can be found in our basis of reporting document and ESG data centre on our website: rsgroup.com/sustainability

In 2023/24, the Group commissioned independent external assurance from **ERM CVS** of its absolute CO₂e emissions from Scope 1 and 2 and Scope 3 categories 1, 4 and 11; emissions intensity from Scope 1 and 2, product transportation and RS PRO products in-use; and packaging intensity. Their independent assurance report is set out on pages 68 and 69.

Scope 1 & 2 emissions^{2,4}

tonnes CO₂e

6,800



- CO₂e (tonnes) due to 2022/23 and 2023/24 acquisitions
- CO₂e (tonnes) excluding recent acquisitions
- CO₂e intensity (tonnes CO₂e / £m revenue) excluding recent acquisitions
- CO₂e intensity (tonnes CO₂e / £m revenue) including recent acquisitions

Packaging

By 2029/30, we want to make our packaging more sustainable: reduce intensity by 30% and 100% of packaging to be widely reusable or recyclable and made with at least 50% recycled content.

Packaging intensity^{1,2}

1.57

8% reduction from 2022/23

% packaging made with at least 50% recycled content

53%

6 pts increase from 2022/23

Packaging sustainability is a critical issue for our customers. They want to know that we are taking proactive measures to reduce the amount of packaging used, while increasing the amount of recycled content and recyclable materials to minimise waste. Packaging intensity is one of our non-financial KPIs and is included in our SLL targets (see page 60).

In 2023/24, our packaging intensity reduced by 8% from 2022/23 and by 35% from 2019/20. We continued to reduce overall packaging tonnage by using more reusable eco-totes and pallets in our internal replenishment systems and automated packaging machines to produce made-to-fit transit cartons that save space and reduce waste.

Reusable plastic collars were introduced and plastic pallets were increased for inventory replenishments between RS locations in EMEA. This has significantly reduced waste across the organisation.

We made significant progress in switching to more sustainable packaging materials across our regions this year to support our customers:

- **RS in EMEA:** we moved to brown packaging boxes which are made from 100% recycled material
- **RS in Americas:** we increased the proportion of packaging made with over 50% recycled content from 15% by weight in 2022/23 to 46% in 2023/24
- **RS in the UK, France, Italy and Germany:** we replaced plastic tape with paper tape sealing to reduce plastic consumption by four tonnes and make it easier for customers to recycle

Combined, these efforts mean that over 53% of total packaging by weight is made from materials that contain at least 50% recycled content. This represents a 6 percentage points increase in recycled content from 2022/23. At the end of 2023/24, 94% of our packaging was reusable or recyclable, unchanged from 2022/23.

In 2024/25, we will develop the next phase of our packaging strategy, including our initiatives, investment plans and a review of our 2030 packaging targets to identify further opportunities for action.



Recycling and waste

By 2029/30, we want to reduce, reuse and recycle our waste: reduce intensity by 50%, recycle over 95% and achieve zero waste to landfill in our direct operations.

Waste intensity^{1,2}

1.37

increased by 1% from 2022/23

Waste recycled

82%

increased by 6 pts from 2022/23

We are committed to reducing, reusing and recycling our waste to create a cleaner and greener world. By reducing our use of natural resources, we can also reduce costs and support customer and supplier sustainability preferences.

Waste has been a key area of focus for our distribution site management teams in 2023/24 as we prioritised better waste segregation, recycling and reuse across our global operations. Our global DC in Nuneaton, UK implemented a major continuous improvement project to reduce supplier and customer packaging and increase

recycling. This led to a 13 percentage point increase in the site's recycling rate.

In 2023/24, our waste intensity increased by 1% from 2022/23 but was 10% lower than in the 2019/20 baseline year. The proportion of total waste recycled increased by 6 percentage points to 82%. Waste that is not recycled is typically sent for incineration, energy recovery and only to landfill as a last resort. In 2023/24, 11% of our total waste was incinerated, 5% was sent to landfill and 2% was treated via other means of disposal.

1. Tonnes / £ million revenue.

2. KPIs are on a constant exchange rates basis and are updated to reflect changes in reporting methodology.

Advancing sustainability within our value chain

Scope 3 emissions

As a global distributor of industrial product and service solutions, Scope 3 emissions represent over 99% of our total carbon footprint. It is therefore vital that we collaborate with suppliers and customers to influence reductions in both upstream and downstream emissions. In doing so, we are driving collective climate action and creating greater value for all our stakeholders.

In 2023/24, emissions from the Group's three material Scope 3 emissions categories totalled some 5.2 million tonnes CO₂e. We have set SBTs for each of these categories which were validated by the SBTi in 2023/24.

In 2023/24, we worked with third-party experts to refine our Scope 3 product emissions methodologies from a spend-based approach

to a product specific methodology that provides greater accuracy. This has resulted in an increase in our two most material emissions categories from 2022/23: purchased goods and services and in-use emissions from RS PRO products (see table below).

Our reporting methodologies are detailed in our basis of reporting document, which can be found at: rsgroup.com/sustainability. Performance data has been externally assured by ERM CVS (see pages 68 and 69). Moving forward, we will continue to mature our Scope 3 data collection, methodologies and reporting.

In 2024/25, we will focus on in-use emissions from our wider product portfolio, beyond RS PRO.

Key Scope 3 emissions categories

	% Change from 2020	2024	2023	2022
Product transportation	(18)%	48,400	49,400	54,500
Product transportation (Scope 3, Category 4) ^{1,3,5}				
Product transportation carbon intensity ^{2,3,5} (SBTi target)	(26)%	1.23	1.23	1.29
Purchased goods and services	(12)%	2.9m	2.9m	3.0m
Purchased goods and services (Scope 3, Category 1) ^{3,5}				
% of suppliers by spend with SBTs (SBTi target)	+17% pts	32%	25%	19%
In-use emissions from RS PRO products	+4%	2.2m	2.5m	2.3m
Use of sold products: RS PRO (Scope 3, Category 11) ^{3,4,5}				
RS PRO products in-use carbon intensity ^{3,4,5} (SBTi target)	(18)%	184	222	203

1. Tonnes of CO₂e (from inbound, outbound and inter-site deliveries controlled by RS Group).

2. Transport emissions intensity (tonnes of CO₂e from inbound, outbound and inter-site deliveries controlled by RS Group, per tonne of product sold).

3. KPIs updated to reflect changes in reporting methodology and emissions factors.

4. Tonnes of CO₂e from RS PRO products in-use per tonne of product sold.

5. Subject to independent external assurance by ERM CVS. See independent assurance report on pages 68 and 69.

Product transportation

By 2029/30, we aim to reduce Scope 3 transport emissions by 25% per tonne of product sold.

Scope 3 transport emissions intensity^{2,3}

1.23

unchanged from 2022/23

With thousands of product shipments every day, including inbound supplier deliveries and outbound customer deliveries, it is critical that we continue to optimise our supply chain to reduce our transport emissions. In 2023/24, our transport emissions intensity² was unchanged from 2022/23, with an overall decrease of 26% from 2019/20.

Our progress in 2023/24 was impacted by several factors outside our control, including an increase in global emissions factors used to calculate our transport emissions and global supply chain challenges. This was further compounded by a short-term increase in Asia Pacific customer deliveries by air. Despite these challenges, we have continued to make positive strides in our global product transportation strategy to set us on a positive path for the future.

We continued to prioritise modal shifts from air to sea and road in 2023/24. We also implemented several key logistical improvements across our locations. This included the following activities:

- **RS in EMEA:** we have expanded the inventory capacity of our regional DC in Bad Hersfeld, Germany by 14% in 2023/24 and introduced new routes into France, Italy and Spain, resulting in less products being shipped from the UK into mainland Europe, reducing emissions and saving transportation costs
- **RS in Spain:** our expanded FC in Madrid holds more products locally, reducing delivery distances and emissions
- **RS in Asia Pacific:** we expanded our supply chain network with FCs in Malaysia, Thailand, the Philippines and New Zealand to reduce the distance of customer deliveries in these markets by 9%
- **RS in Americas:** UK to US product replenishments moved from air to sea, reducing transport emissions on these lanes by 22%

In 2024/25, we will develop the next phase of our transportation strategy, including our initiatives, investment plans and a review of 2030 targets. A key priority will be working with our acquired businesses to support supply chain optimisation and seek opportunities to further reduce air travel, cost and emissions.

Sustainable products

By 2029/30, we want to develop innovative and sustainable product and service solutions for all our customers, including an ambition to offer over 100,000 Better World products to customers.

Sustainable products

c. 30,000

products in our Better World product range in 2023/24

Better World products

Better World products enable our customers to make more sustainable and responsible purchasing decisions they can trust. Initially launched in 2022/23 as a range of c. 20,000 products in the UK and Republic of Ireland, we expanded the range in 2023/24 to include 10,000 new products from 50 additional suppliers, across 30 countries.

With customers often finding sustainable purchasing confusing and limited, we launched a claims based framework in March 2024 to offer better choices that are backed by clear, credible and verified sustainability claims.

Partnering with external consultants to ensure its robustness, the framework is structured by product attributes that are aligned to evolving legislation such as the Green Claims Directive. The framework also covers key areas of the product lifecycle, with claims grouped into three categories based on customer need:

- **Made more sustainably:** features products that are produced using more sustainable materials or manufacturing processes
- **Sustainable solution:** features products that help customers run their business more sustainably; from reducing energy and emissions to protecting health and safety
- **Supports circularity:** features products with an increased lifespan, or that can be reused, repaired or recycled to reduce waste

Our Better World product range now features c. 30,000 products from over 90 suppliers and includes over 1,300 products that support energy and carbon reduction or renewable energy generation across customer facilities.

Our ambition is to grow the range to over 100,000 products in the coming years and create a clear and robust sustainability standard for our industry that supports both customers and suppliers. To achieve this ambition, we need our suppliers to accelerate the development and verification of sustainable products at a significantly faster pace. This is something we are strongly advocating for with our supplier partners, but recognise it will take more time for the industry to make this fundamental shift and we have therefore updated our target year to 2029/30.

The Better World product range also forms the foundation of our alignment towards the EU taxonomy for sustainable activities. As we continue to develop the framework, we will begin to report key metrics that are taxonomy-aligned. Our aim is to complete a taxonomy benchmarking analysis over the next year in preparation for reporting in 2025/26.



Better World products answer the clear market need for more sustainable options. The framework helps customers make the right decisions for their own environmental goals.”

Markus Schlink
Corporate Account Manager, Siemens AG

- + Download the Better World product guidelines here: rsgroup.com/sustainability/advancing-sustainability/sustainable-products

Sustainable service solutions

Sustainability solutions

We want to help our customers run their businesses more efficiently, cost effectively, safely and sustainably at all stages of the industrial lifecycle. By offering value-added and sustainability-focused industrial MRO services, we are strengthening customer relationships and increasing revenue through service fees and product pull through:

– Maintenance, repair and operations:

We offer industrial MRO solutions including energy, water and compressed air leakage surveys that promote operational efficiency, cut costs and reduce emissions

Highlights: In 2023/24, we successfully launched customer energy and air leak surveys focused on operational compressed air, heat loss / steam loss, panel thermography, LED lighting and pumps. These surveys have been rolled out to a number of UK and Ireland customers as part of an initial trial

– Recycling and circular economy solutions:

We are working with established third-party recycling providers in the UK to provide product recycling schemes for customers and circular economy trials

Highlights: In 2023/24, we continued to develop two new recycling solutions focused on personal protective equipment (PPE) and cable recycling. We are actively seeking pilot customers to develop this further and broaden our offer to cover both refurbish and repair

– Health and safety (H&S) solutions:

We have partnered with training providers to create a comprehensive suite of H&S training courses and customer site surveys including air quality testing, fire risk assessments, H&S audits and healthy building certification

Highlights: In 2023/24, in the UK, we launched H&S training courses in collaboration with supplier partners

Supporting low carbon industries

Our product and service solutions support the growth of low-carbon industries by providing their product procurement, industrial MRO and logistics needs. In doing so, RS plays an important role in enabling the transition to a low-carbon economy, while creating new green revenue streams from high value growth industries:

– Renewables:

We are partnering with the UK renewables sector to enable fast access to critical MRO products and solutions which will minimise their downtime and support growth

Highlights: In 2023/24, we formed a strategic partnership with energy company Equinor to provide MRO solutions to the off-shore wind sector in the UK. This collaboration will support vital offshore wind projects, including the world's largest offshore wind project, Dogger Bank, UK. We also joined Offshore Renewable Energy (ORE) Catapult and other partners in a project designed to provide off-shore wind operators with vital insight into wind turbine health, logistical planning and MRO product solutions

– Electric vehicles and solar:

We provide a range of products for customers that manufacture, install, operate and maintain EV charging equipment. We are also increasing our range of solar power equipment to support customer sustainability

Highlights: In 2023/24, we enhanced our EV charging offer, increasing the availability of charging points, cables, connectors and electronic components. Our aim is to develop charging kits and bundles to become a one-stop shop for installers and maintainers of EV equipment



Supplier engagement

By 2025, we commit to engaging 67% of suppliers by spend to set SBTs.

Suppliers by spend setting SBTs

32%

7% pts increase from 2022/23

With over 750,000 stocked products from over 2,500 suppliers and a significant proportion of our Scope 3 emissions from purchased goods and services, it is vital that we engage, inspire and collaborate with our supplier partners to decarbonise our value chain. In doing so, we can create long-term value while helping our suppliers reach higher levels of sustainability and making their products and services more attractive to customers.

We continued to engage with our key suppliers in 2023/24 to encourage them to develop and offer more sustainable products, prioritise carbon reduction and set SBTs. Through regular interactions, supplier events, quarterly business reviews (QBRs) and supplier ESG communications, we have made good progress in encouraging our suppliers to take sustainability action. Read page 61 for more.

In 2023/24, 32% of suppliers by spend have set SBTs with the SBTi, an increase of 7 percentage points from 2022/23. Despite steady progress, this means that we are not on track to meet our 2025 ambition of 67%. In 2024/25, we will continue with our programme of supplier ESG engagement to influence further progress.

CHAMPIONING EDUCATION AND INNOVATION



It is essential that we inspire the next generation of industrial innovators to ensure we have the right skills to thrive in the future.

By providing educational products, inspirational learning content and immersive skills development opportunities, we help young engineers and technologists embark on exciting future careers. We also collaborate with social impact partners on projects that improve lives.



2030 ACTIONS	PERFORMANCE	STATUS	COMMENTARY	READ MORE
<p>Inspiring future engineers and innovators: Reach one million young people with educational technologies, learning content and skills development</p>	<p>796,000 young engineers and students reached through educational programmes, products and DesignSpark platform since 2020/21</p>	●	Continued to reach young people through our global education programme which serves c. 5,200 educational institutions. OKdo's participation in the BBC micro:bit – the next gen campaign also distributed micro:bits to c. 200,000 primary school students in the UK	See page 51 rsgroup.com/sustainability
<p>Purpose-driven innovation: Engage with 1.5 million engineers and innovators in creating socially responsible and sustainable solutions</p>	<p>357,000 engineers and innovators engaged in purpose-driven innovation initiatives since 2020/21</p>	●	Increased engagement with innovators and engineers by 10% in 2023/24. Our subscription-based DesignSpark service is set to help businesses innovate faster, however more work is needed to reach our 1.5 million target by 2030	See page 51
<p>Social impact partnerships: Support our social impact partners to develop solutions that improve lives – including supporting TWMP to help 100,000 people in need</p>	<p>31,000 lives improved through TWMP since 2019/20</p> <p>£628,000 raised for TWMP since 2019/20</p>	●	Raised c. £298,000 for TWMP in 2023/24 through external fundraising from customers and suppliers. This will enable TWMP to increase production and distribution in 2024/25	See page 51

Status key

Each of our actions are broken down into annual targets that need to be met to remain on track to achieve our 2025 and 2030 goals. The key below reflects our current position:

- On track or ahead
- Slightly behind target – monitor closely
- Not on track – further action required

More information is available in our full ESG scorecard: [rsgroup.com/sustainability](https://www.rsgroup.com/sustainability)

Our key actions

Inspiring future engineers and innovators

By 2029/30 we want to reach one million young people with educational technologies, learning content and skills development opportunities to support future engineers and innovators.

We are passionate about inspiring young people, not only by encouraging them to pursue tech-based careers but by directing their development towards purpose-led engineering.

As well as providing educational products to c. 5,200 institutions, we are shaping the next generation of innovators through two key programmes:

- **OKdo education** provides coding and electronics products, tools and games to help young students (aged 6-18) learn to code
- **RS Grass Roots education** gives young engineers and technologists (aged 18-30) vital skills to inspire and shape their early career

Key actions in 2023/24

OKdo education highlights:

- Participated in the BBC micro:bit – the next gen campaign, an ambitious project from the BBC, Micro:bit Foundation and Nominet to provide every primary school in the UK with tools, resources and training to support skills development in the classroom. As a key partner, OKdo distributed 675,000 micro:bits to reach 90% of UK primary schools (c. 20,000)
- Continued to support the BBC's annual do your :bit challenge: by donating £20,000 and 500 micro:bit boards to the Compton Unified Schools District, US

RS Grass Roots education highlights:

- RS student project fund provided students with up to £300-worth of RS products to bring their university projects to life. We also ran Student Project Competition, EPIC and separate projects in South Africa and Spain
- Provided online learning content to accelerate SuperSkills development and help engineering students gain important employability skills

+ More information
rsgroup.com/sustainability
uk.rs-online.com/web/content/discovery/education
www.okdo.com



Purpose-driven innovation

By 2029/30 we want to engage with 1.5 million engineers and innovators in creating socially responsible and sustainable solutions.

As a purpose-led business at the heart of the global industrial sector, we are passionate about fostering ingenuity by bringing the engineering community together to develop new tech that benefits people and planet.

In 2023/24, through our **DesignSpark** platform, we engaged with a global community of 1.4 million design engineers, students and innovators from around the world, to accelerate the design and development of projects that improve lives. By promoting our #ActivistEngineering ethos, we encourage engineers to adopt a responsible mindset to influence change.

Key actions in 2023/24

DesignSpark highlights:

- Promoted the second phase of our Air Quality Project – an initiative that encourages DesignSpark members to use a certified open-source, cloud-connected sensor platform (ESDK) to tackle global pollution
- Continued to work with the Maltese government to support air quality education by implementing our Breathe Better Bear project across ten schools, with additional schools set to take part over the next year. The project features a toy bear linked to an ESDK sensor to educate primary school children on air pollution and climate change
- Launched a new podcast series called Mission Responsible to coincide with National Engineering Week. The podcast explores how responsible engineering can build a better planet by exploring topics focused on building a sustainable future

+ More information
rsgroup.com/sustainability
rs-online.com/designspark/home



Social impact partnerships

By 2029/30 we want to support our social impact partners to develop solutions that improve lives, including supporting TWMP to help 100,000 people in need.

To act as a force for good, we support global social impact projects that develop innovative solutions to solve challenges and save lives.

Since 2019/20, we have provided financial and volunteering support to two primary partnerships:

- **TWMP** provides displaced and low-income communities with an accessible, off-grid washing machine solution that has improved the lives of 31,000 people to date
- **Engineers Without Borders-International (EWB-I)** works across the globe to put sustainability at the heart of engineering

Key actions in 2023/24

TWMP highlights:

- In 2023/24, we raised c. £298,000 for TWMP Foundation through fundraising activities, employee donations and matched-giving. Since 2019/20, we have raised a total of £628,000 for the charity
- 110 RS employees volunteered to build 39 flatpack washing machines which were sent to communities in need across India, Kenya and Uganda
- Participated in community wash days near to our regional DC in Fort Worth, US, where employees volunteered to support the homeless community

EWB-I highlights:

- We sponsored EWB-I's Engineering for People Design Challenge in the UK and US, which gives c. 20,000 students the opportunity to design sustainable solutions that tackle community development challenges

+ More information
rsgroup.com/sustainability
www.thewashingmachineproject.org
www.ewb-international.org



EMPOWERING OUR PEOPLE



Our unique team of c. 9,000 individuals is the lifeblood of our business. Every day, their passion and expertise enable us to provide product and service solutions that delight our customers and make amazing happen for a better world.

Our commitment is to be first choice for our people, creating an inclusive and engaging environment where all our people can grow, learn and thrive.



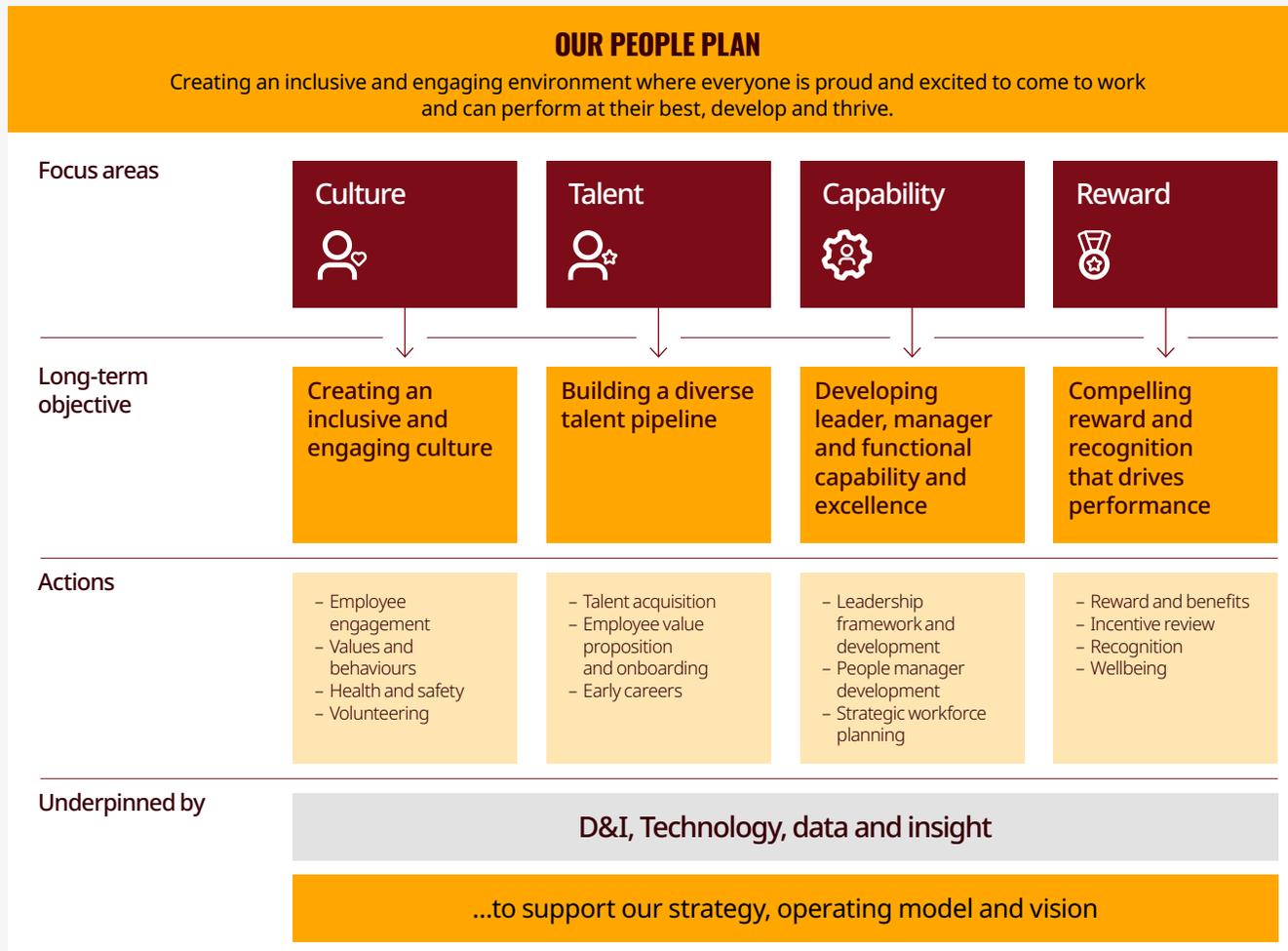
2030 ACTIONS	PERFORMANCE	STATUS	COMMENTARY	READ MORE
<p>Engaged employees: Achieve and maintain an employee engagement score in the top 10% of high-performing companies</p>	<p>75 employee engagement score (out of 100)</p>	●	3 point decrease in 2023/24, from 78 to 75. We have taken action to refine our strategy, values and operating model and enhance our people plan to support engagement	See page 54 rsgroup.com/sustainability
<p>Diversity and inclusion (D&I): Ensure our team is reflective of the customers, suppliers and communities we serve by working towards 37% to 42% of our senior leaders being women and 17% to 22% being ethnically diverse¹</p>	<p>34% women in senior leadership roles</p> <p>11% ethnically diverse senior leaders²</p>	●	We have made some progress towards our D&I actions to create a more diverse leadership team in 2023/24. Gender diversity among our leaders increased by 4 percentage points to 34%, while ethnic diversity remained unchanged at 11%. Following a benchmark in 2023/24, we have subsequently refined our global D&I strategy and 2030 actions	See pages 54 and 55
<p>Health, safety and wellbeing: Aim for zero accidents involving our people</p>	<p>0.37 8% decrease in our all accident frequency rate³ since 2022/23</p>	●	Our health and safety performance continued to improve, with a further all accident frequency rate reduction in 2023/24. We will continue to take action to reach zero accidents by 2030	See page 56
<p>Volunteering: Inspire 50% of colleagues to volunteer to support their communities and build new skills</p>	<p>23% of employees have volunteered in the last two years</p>	●	The number of employees using their two days of paid volunteering leave increased by 5% points this year. With 23% of our employees volunteering in the last two years, there is still work to be done to reach our 2030 ambition	See page 56

1. We have updated our 2030 D&I actions in 2023/24. See pages 54 and 55 for more.
 2. 102 of 128 senior managers self-reported ethnicity via the employee database (including not specified / prefer not to say) and 11 identified as non-white.
 3. Per 200,000 hours worked.

Status key
 Each of our actions are broken down into annual targets that need to be met to remain on track to achieve our 2025 and 2030 goals. The key below reflects our current position:
 ● On track or ahead
 ● Slightly behind target – monitor closely
 ● Not on track – further action required
 More information is available in our full ESG scorecard: rsgroup.com/sustainability

Putting people first

The RS people plan details our approach to attracting, developing, engaging and retaining an outstanding team to meet our long-term strategic and operational aims.



Our vision for our people is to be first choice by creating an inclusive and engaging environment where everyone is proud and excited to come to work and can perform at their best, develop and thrive.

In 2023/24, we strengthened our commitment to people and culture through the development of our refreshed operating model, people plan and values launched in March 2024 (see pages 13, 18 and 19).

Led by our Chief People Officer, our people plan focuses on four core pillars of culture, talent, capability and reward. It is guided by our values and behaviours and underpinned by two core foundational priorities: D&I to ensure we are promoting diverse thought and representation in everything we do and technology, data and insight to ensure we have robust tools and data to consistently meet the needs of all our stakeholders.

Through our people plan, we are confident we will continue to build and support an outstanding RS team who will embody our values, execute our strategy brilliantly and deliver high performance to create long-term value for all our stakeholders.

Read about how we are putting our people first on pages 54 to 57.

Culture

Employee engagement

By 2029/30, we want to achieve and maintain an employee engagement score in the top 10% of high-performing companies.

Engagement score

75

Down by 3 from 78 in 2022/23

Creating a high-performance, engaged and motivated team is critical for our long-term success. To ensure we are meeting the needs of our people consistently, we regularly check in with them to assess ongoing levels of satisfaction and engagement. In 2023/24, our My Voice survey included 21 questions and was run in 11 languages to gain valuable insights from our global team. We received an 88% response rate this year (2022/23: 86%), our highest to date. We also received more than 11,000 comments (an increase of 11%), which is testament to the trust our colleagues have in sharing their views.

Overall, our engagement score declined by three points in 2023/24, from 78 to 75¹. Feedback highlighted uncertainty surrounding recent leadership changes, as well as concerns about global economic conditions. This sentiment was

echoed by external engagement benchmarks, which saw a general trend in declining engagement scores globally in 2023². Our current score places us four percentage points below our ambition to be in the top 25% of high-performing companies by 2024/25.

In response, we continue to invest in our people plan and identify ways to evolve our listening approach. From 2024/25, we will conduct quarterly pulse surveys to encourage managers to check in with their people more regularly. This will be further supported by My Voice, which will provide a global view on Group sentiment every 18 months. We hope that these actions will strengthen our two-way listening approach and ensure we continue to meet the needs of our people quickly and effectively.

11,000+

comments received in our latest My Voice engagement survey

- 1. As at 31 March 2024, we were four points away from the global benchmark for the top 25% of high-performing companies.
- 2. Glint's June 2023 Global Benchmark saw a 1% decline in overall engagement scores since our last survey.



Diversity and inclusion

By 2029/30, we want to ensure our team reflects the customers, suppliers and communities we serve by working towards 37% to 42% senior leaders being women and 17% to 22% being ethnically diverse.

% female leaders

34%

Increase of 4 pts from 2022/23

% ethnically diverse leaders³

11%

Unchanged from 2022/23

As a global business, it is vital that we create an inclusive and dynamic environment where all our people can grow and thrive. By promoting a culture of openness and respect, we continue to attract and retain the best talent in our industry and beyond, while harnessing a diverse range of strengths relating to gender, ethnicity, age, neurodiversity, disability and sexuality.

We continued to implement measures to increase the broad diversity of our senior leadership team in 2023/24. During the year, the number of senior leaders that are women increased to 34% (2022/23: 30%), while the percentage of our leaders who are ethnically diverse³ was unchanged.

Despite our continued efforts, we have not made progress at the pace we would wish. To understand why and to help us make a bigger shift, we conducted an external review of our D&I strategy during the year. This identified opportunities to embed D&I more robustly in our governance, systems and processes and data.

We have subsequently used these findings to refine our global D&I strategy, strengthen our action plan and review our 2030 actions to ensure they remain ambitious and achievable. As an outcome, in April 2024, our ExCo agreed revised 2030 D&I actions to ensure our team is reflective of the customers, suppliers and communities we serve, by working towards 37% to 42% of our senior leaders being women and 17% to 22% being ethnically diverse.

By introducing a minimum target range to our actions, we continue to be ambitious and aspirational, while creating flexibility to accommodate significant regional variations and changes in representation across our global communities and talent pipelines.

Gender

We are committed to promoting gender diversity across the Group and wider industry to drive our business and sector forward.

Globally, our Group-wide gender split remains balanced, with near equal numbers of men and women across the organisation (2023/24: 49% female; 51% male). At a senior leadership level, our female manager population increased by four percentage points in 2023/24 to 34% (2022/23: 30%)⁴.

At Board level, composition increased to 56% female Board members (2022/23: 44%), including our Chair and CFO, following the appointment of Kate Ringrose. This was recognised in the FTSE Women Leaders Review for 'Women on Boards' in 2024, where we ranked joint fourth for FTSE 100 Board diversity.

- 3. 102 of 128 senior managers self-reported ethnicity via the employee database (including not specified / prefer not to say) and 11 identified as non-white.
- 4. The percentage of our manager population which is female has been subject to independent external assurance by ERM CVS. See independent assurance report on pages 68 and 69.

Diversity and inclusion continued

We continued to implement measures to support, develop and promote gender diversity across the Group in 2023/24. Highlights include:

- **Elevate:** Our women and allies' network brings together and supports global members who are working to bring gender diversity to the forefront of the agenda
- **Accelerating leaders:** Continued to support talented women through accelerator programmes like Remarkable Women and Mission Include's 30% Club which promote personal and professional development
- **Women in Tech:** Partnered with Women in Electronics in the US to invite 32 women into our workplace and expand employment opportunities for women in industry
- **STEM Returners:** Worked with STEM Returners to recruit, develop, retain and promote women and other under-represented groups

Ethnicity

We are committed to promoting a diverse culture reflective of the communities and countries we serve. In support, we are working towards building a more ethnically diverse leadership team. In 2023/24, 11% of our senior leaders identified as ethnically diverse¹ (2022/23: 11%).

To accelerate, we conducted a review of our D&I strategy, 2030 actions and initiatives in 2023/24. We will be taking action on this in 2024/25 to continue to create a more ethnically diverse and gender balanced team.

While we are behind on our 2030 action, we continue to raise awareness of ethnic and cultural diversity across our existing employee base. We have taken important measures to attract, recruit and promote talented people of all races and ethnicities in 2023/24. Highlights include:

- **EmbRACE:** Our ethnically diverse employee resource group (ERG) and allies' network brings together global members who are working to recognise and celebrate diversity
- **Accelerating diverse leaders:** 20 RS employees joined Mission Include's 30% Club to help

under-represented groups develop leadership skills. A further 20 employees participated by joining the programme as mentors

- **Cultural awareness training:** Delivered global training with a focus on cognitive bias and promoting cultural intelligence
- **Celebrating diversity:** Continued to celebrate events including Black History Month in the UK and US, Windrush (UK) and Juneteenth (US)

Moving forward, ethnicity will remain a key priority in our refreshed D&I strategy as we look to identify ways to improve our performance and attract diverse talent into our industry and organisation.

Broader inclusion

We are committed to operating as an equal opportunity employer and supporting D&I in its broadest sense so that everyone is proud and excited to come to work and can perform at their best, develop and thrive. We support under-represented and vulnerable employees by giving them the tools they need to succeed.

Our employee-led ERGs support colleagues in the areas of gender (Elevate), ethnicity (EmbRACE), sexual orientation and LGBTQIA+ (Spectrum) and, youth (Bloomers). Our ERGs actively run events throughout the year to raise awareness across the entire organisation.

We recognise we still have a long way to go, but we are passionate about investing in our people and becoming an inclusive employer of choice.

1. 102 of 128 senior managers self-reported ethnicity via the employee database (including not specified / prefer not to say) and 11 identified as non-white.

Our external disclosures relating to Board and senior management are aligned to the Financial Conduct Authority's Diversity and Reporting requirements (see pages 90 and 91). Read more about our diversity and inclusion programmes, policies and progress on our website: [rsgroup.com/sustainability](https://www.rsgroup.com/sustainability)

Health, safety and wellbeing

By 2029/30, we aim for zero accidents involving our people.

All accident frequency rate (per 200,000 hours)

0.37

Decrease of 8% from 2022/23

In 2019/20, we set the ambition to reach zero accidents involving our people by 2029/30. To achieve this, our Target Zero programme aims to implement measures that continuously improve performance, prevent avoidable incidents and support physical health and mental wellbeing.

Following the acquisition of DH, Risoul and Distrelec, we conducted health and safety audits, assessments, induction and awareness training to align the new sites and our colleagues to Group standards.

We continued to make progress in reducing the number of total accidents and incidents across the Group in 2023/24. Our all-accident frequency rate per 200,000 hours was down 8% to 0.37 – a reduction of 46% since 2019/20. During the year, the total number of accidents across the Group decreased to 32. No accidents resulted in life-changing injuries or fatalities.

To promote a safety-first culture, we encourage our people to have greater awareness and individual ownership of their actions to protect themselves, their colleagues and families. We do this through comprehensive awareness training, best practice alignment and regular reflection through our learning from experience process.

13%

increase in reported near misses per head in 2023/24

In 2023/24, we continued our Behaviour Based Safety initiative to help employees and leaders identify and eliminate any behaviours that may result in future incidents. We also aligned our distribution sites on five DC safety priorities to ensure that key safety requirements are embedded consistently across our locations.

Near miss reporting continued to underpin our health and safety focus and we conducted regular campaigns to encourage our people to identify and report unsafe acts, hazards and near misses. The total number of near misses reported in 2023/24 increased to 20,124. Once reported, all near misses are investigated immediately, with most corrected at the time of reporting and others requiring more stringent control procedures to be addressed as soon as viable.

To ensure consistency across our operations, all our sites have health and safety management systems in place, with 29 sites certified to ISO 45001 or an equivalent standard, covering 58% of floor area and 33% of our sites. We continue to identify and target sites with higher accident rates and work with them to develop action plans which we monitor closely.

29

sites certified to ISO 45001 or an equivalent standard

Our performance

	Change from 2023	2024	2023	2022
All accidents	(3)%	32	33	40
All accident frequency rate (per 200,000 hours)	(8)%	0.37	0.40	0.53
Lost time accidents	(23)%	17	22	23
Lost time accident frequency rate (per 200,000 hours)	(30)%	0.19	0.27	0.31
Total calendar days lost	(9)%	302	333	252
Near misses reported	+20%	20,124	16,740	13,770
Near misses per head	+13%	2.21	1.96	1.76

For additional health and safety data, including how we are supporting mental health and wellbeing, please visit our ESG data centre: rsgroup.com/sustainability

Volunteering

By 2029/30 we want to inspire 50% of our employees to use their volunteer time to have a positive impact on global communities.

% of employees who have volunteered in the last two years

23%

Increase of 5% pts from 2022/23

We continued to support local communities in 2023/24 by encouraging our people to use their two days of paid volunteering leave to participate in community-based initiatives and volunteer for good causes. As well as supporting local communities, volunteering is a great way to develop skills, improve engagement and boost health and wellbeing.

We were pleased to see an increase in volunteering by five percentage points this year, with employees donating a total of 1,700 days to support a local cause or one of our key social impact partners. Key highlights included volunteering for TWMP, where 110 employees volunteered their time to build 39 of the latest

Divya 1.65 washing machines and a further 50 volunteers participated in community wash days to give homeless people the dignity of clean clothes.

While volunteering participation continues to increase steadily, we still have work to do to ensure that 50% of our people are using their time to support community causes. Volunteering will be promoted alongside the roll out of our new values and behaviours in 2024/25 as an example of how we do the right thing.

For more on our volunteering initiatives and activities, go to: rsgroup.com/sustainability

Talent, capability, reward

Talent and leadership

We operate in a competitive industry, which is why we place strong emphasis on accelerating the long-term growth and career advancement of our people and leaders to retain talent and drive our commercial success.

In 2023/24, we continued to increase our insight and rigour into the selection and development of our leadership population. To achieve this, we introduced a Global Executive Talent Policy which defines our common approach to assessing internal and external leadership hires while balancing leadership behaviours with technical capabilities. In 2024/25, we will include leadership succession tracking into our QBRs to embed further talent planning, visibility and accountability.

As part of our talent review process, we regularly identify and nominate future leaders to participate in development activities that are best aligned to their needs. In 2023/24, we enrolled select candidates in strategic learning opportunities such as Ezra Coaching and

Influence with Impact. We also continued to encourage peer-to-peer interaction via monthly Management Matters facilitated sessions and our 2024 Leadership Event, which was attended by 193 people managers in March 2024.

We are also passionate about identifying and investing in emerging talent to accelerate their progression into leadership roles. Through Future Shapers, we are helping ambitious cohorts of employees to develop their leadership skills. Led by Ivy House, 14 employees participated in Future Shapers this year, with a total cohort of 71 employees since the programme began in 2019/20.

We continue to provide apprenticeships and supported 253 colleagues in the UK in 2023/24. We have been recognised as a Gold member of the 5% Club and our employees have spent over 11,000 hours developing their knowledge, skills and behaviours through 'earn and learn' training.

Capability development

Our people are integral to creating a high-performance culture that unlocks the innovation and ingenuity we need to deliver our strategy and to remain first choice for all our stakeholders. By setting a consistent global framework for learning and development, we are shaping the talent we need to thrive.

We invest in our people through a broad mix of on-the-job activities, learning opportunities and formal training. In 2023/24, our employees completed a total of over 51,000 hours of learning through our global learning platform, My Academy, on both mandatory and non-mandatory content. This is supplemented by live training which provides over 30,000 additional training hours.

Our approach to ensuring we have the right capabilities in place is driven by two key global processes: talking performance and talent & succession reviews. By promoting a regular rhythm of career conversations between managers and employees, we can identify developmental needs quickly and effectively to accelerate their progression.

In 2023/24, we introduced a new people managers' guidebook to support our managers with everything they need to positively engage, develop and manage their people. The guidebook includes guidance in facilitating excellent career and development conversations to support skills development and career progression.

We also relaunched our monthly Management Matters sessions in 2023/24 to bring people managers from all roles and regions together to share experiences and learning.



Reward and recognition

We want to provide competitive rewards and benefits to incentivise our people to perform at their best and to attract and retain top talent.

In 2023/24, we enhanced our rewards and benefits to provide a package of physical, social and financial incentives for our people and their families (see pages 103 and 104).

Our approach is guided by our global commitment to ensuring base pay levels are set to pay a living wage and that we offer competitive bonuses to our people, as well as long term incentive plans (LTIPs) to reward our senior leaders. This is supported by a market-based approach that aligns our benefits and rewards packages to local market norms and supports our commitment to diversity and inclusion.



DOING BUSINESS RESPONSIBLY

Our commitment to doing the right thing underpins everything we do and ensures we remain a trusted and transparent partner.

We adopt a strong approach to governance, ethics and compliance both within our business and across our value chain. By actively collaborating with our 2,500+ product suppliers, we ensure that the more than 750,000 products we stock come from responsible businesses that share our high ethical and environmental standards.



2030 ACTIONS	PERFORMANCE	STATUS	COMMENTARY	READ MORE
<p>Responsible business: ESG-related targets included in our employee rewards programme across all levels, geographies and in our SLL</p>	<p>45% of employees had their annual incentive aligned to Group carbon reduction in 2023/24</p>	●	45% were incentivised to deliver Scope 1 and 2 emissions reduction goals in 2023/24, with a carbon metric accounting for between 10% to 15% in the Group's annual incentive. Three ESG metrics are in our £400 million SLL	See page 60 rsgroup.com/sustainability
<p>Responsible supply chain: Evaluate our suppliers against our high ethical and environmental standards and set ESG objectives for strategic suppliers</p>	<p>59% of suppliers by spend with signed Ethical Trading Declaration</p> <p>52% of suppliers by spend have an EcoVadis rating</p> <p>66% of RS PRO suppliers by spend are Sedex members</p>	● ● ●	We continue to drive ESG action with our strategic product and service suppliers across EMEA and RS Integrated Supply. Specifically, we target our key suppliers (top 67% by spend) by encouraging them to work on four ESG priorities set out in our Supplier ESG Handbook. By including supplier spend from recent acquisitions, the number of suppliers in the top 67% by spend has increased from c. 350 businesses to 390. This has impacted the percentage of suppliers with a signed Ethical Trading Declaration and an EcoVadis assessment in 2023/24. We will continue to work with the acquisitions in 2024/25 to align to our supply chain ambitions	See page 61
<p>Status key Each of our actions are broken down into annual targets that need to be met to remain on track to achieve our 2025 and 2030 goals. The key below reflects our current position:</p> <ul style="list-style-type: none"> ● On track or ahead ● Slightly behind target – monitor closely ● Not on track – further action required <p>More information is available in our full ESG scorecard: rsgroup.com/sustainability</p>				

ESG governance

The ExCo, led by our CEO, has ultimate responsibility for the development, delivery and progress of our 2030 ESG action plan. They oversee the development, implementation and performance management of all ESG-related policies, goals, initiatives, investments and disclosures. The ExCo receives quarterly ESG performance updates and annual training on our net zero strategy and climate transition plans to ensure they are taking action on the Group's key climate-related risks and opportunities, the latest regulations and embedding best practice.

The Board has close oversight of our ESG action plan. They ratify key ESG policies, targets, initiatives and investments, while monitoring progress via regular ESG updates. In respect of ESG, the Board is supported by two of its committees: the Audit Committee (see pages 92 to 98), who ensure alignment to existing and emerging ESG compliance and the Remuneration

Committee (see pages 99 to 115), who make decisions on ESG metrics and targets to be included in executive remuneration and employee rewards.

In 2023/24, the Audit Committee reviewed the Group's climate-scenario modelling and wider TCFD disclosure, as well as our updated Scope 3 emissions modelling and recommended these to the Board for disclosure (see page 80). We also selected a new Non-Executive Director ESG lead, Bessie Lee, to provide a deeper governance link between the Board, ExCo and ESG team.

The Group ESG team is responsible for the day-to-day delivery of our ESG action plan. Operating within our Corporate Services function, the team is led by our VP of Social Responsibility & Sustainability and is supported by four cross organisational steering groups focused on net zero, packaging, transport and Better World products. These teams meet monthly to develop

strategic plans, oversee initiatives and manage ongoing performance. The ESG team are also supported by the ESG compliance steering group who oversees the development and delivery of the Group's approach to existing and emerging ESG legislation, including the TCFD and CSRD.

Reporting and disclosure

To ensure our ESG disclosures meet the evolving needs of our stakeholders, we continued to align our reporting to key frameworks, ratings and standards. Our 2023/24 ESG Report and data centre includes up to five years of environmental data and our climate-related KPIs. We also provide a separate basis of reporting document which outlines the reporting methodology for key ESG KPIs. Assurance of our ESG data from ERM CVS can be found on pages 68 and 69. For more, please go to: rsgroup.com/sustainability.

Our ESG disclosures are aligned to the following frameworks and standards:

- **TCFD:** In 2023/24, we enhanced our TCFD disclosure with financial modelling and refined our Scope 3 emissions methodology, disclosure and assurance process (see pages 62 to 67)
- **GRI & SASB:** Our ESG reporting aligns to the Global Reporting Initiative (GRI) and sector-specific recommendations of Sustainability Accounting Standards Board (SASB)
- **UNGC:** We are members of the United Nation's Global Compact (UNGC), and our latest Communication on Progress (COP) can be found on our website
- **UN SDGs:** Our ESG action plan is aligned to six of the UN SDGs where we can make the biggest impact (see page 41)

The ESG regulatory landscape continues to evolve rapidly and we are working hard to stay aligned with the latest standards and sector-specific recommendations. This includes taking measures to align our approach to emerging UK and EU regulation, including CSRD, the International Sustainability Standards Board (ISSB), UK Transition Plan Taskforce (TPT) and the EU and UK Green Taxonomies.

Awards and recognition

In 2023/24, RS Group was awarded **Best Company for Sustainability Reporting** in the industrial sector at the Corporate ESG Awards 2023, held by ESG Investing. We were also listed in the **S&P Global Sustainability Yearbook** for the first time, placing us in the top 15% of companies in our industry for ESG action.

We continued to align to leading global ESG ratings in 2023/24, including:

- **EcoVadis:** Platinum medal
- **CDP:** A- Climate score
- **MSCI:** AA rating
- **Sustainalytics:** 6.4 score (Global top 50 ESG companies)
- **S&P:** Sustainability Yearbook inclusion

Ethics and compliance

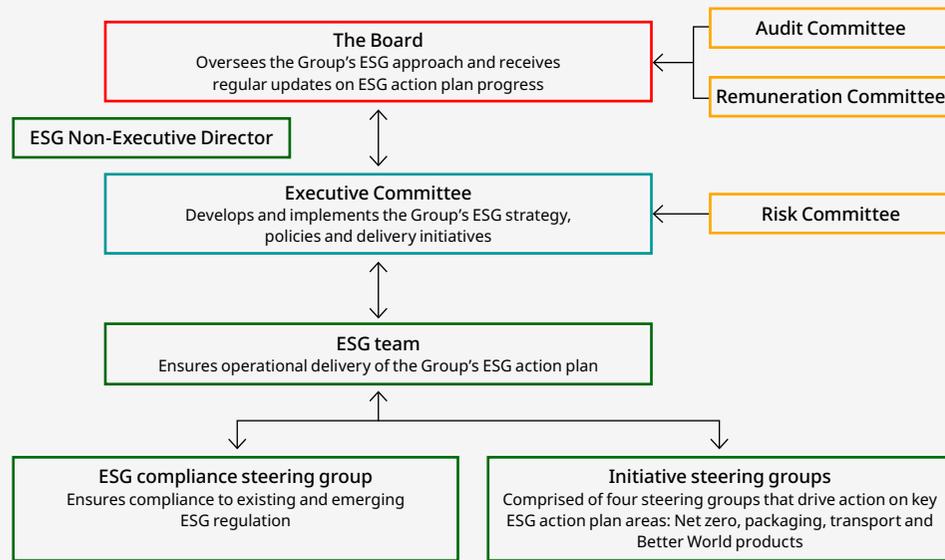
We are committed to upholding the highest standards of ethics and compliance across the Group and ask our suppliers and partners to do the same. To ensure consistent action, our key policies and processes align to regional legislative requirements and best practice standards. These include the policies and processes described below and on page 60.

Code of Conduct

In 2023/24, we launched a new Code of Conduct to reinforce our commitment to achieving the highest ethical and legal standards across the Group. The Code of Conduct sets out our policy to maintain the highest standards of ethical conduct and behaviour, legal and compliance requirements we must adhere to and ways of raising concerns via our Speak Up helpline (see page 60).

To familiarise people with the Code of Conduct, we launched mandatory training in early 2024 which 100% of our top 500 leaders and 91% of employees have completed to date, with ongoing training to cover remaining employees.

ESG GOVERNANCE STRUCTURE



ESG governance continued

Ethical trading

We continue to promote ethical standards for our people through the Code of Conduct and for our suppliers through our Procurement Policy and Ethical Trading Policy.

We are committed to partnering with suppliers with strong ESG standards. We ask all our products and service suppliers to sign our Ethical Trading Declaration, or provide their own equivalent ethical policy that aligns to our standards. As of 2023/24, 59% of suppliers by spend had signed our Ethical Trading Declaration or provided their own.

Anti-bribery and corruption

We are committed to conducting our business affairs ethically and transparently, ensuring we do not engage in or facilitate any forms of bribery or corruption as outlined in UNGC Principle 10.

Our Anti-Bribery & Corruption Policy covers our stance on bribes, gifts and hospitality, facilitation payments and political and charitable contributions. This policy and expected procedures are detailed in our Code of Conduct training which all employees are required to complete. We delivered anti-bribery training to 100% of our top 500 leaders in 2023/24.

Whistleblowing

Speak Up, our dedicated whistleblowing process is a confidential method for employees, customers and suppliers to raise concerns regarding ethical or legal concerns without fear of victimisation. Available globally, we provide both an internal channel and an external independent reporting service that is operated by a third party supplier.

In 2023/24, we received 23 Speak Up reports, all of which were investigated and where necessary acted upon. The operation of our Speak Up process is monitored regularly by our Audit Committee (see page 98). We refreshed our Speak Up Policy during the year and continued

to deliver dedicated training, awareness and Speak Up refresher campaigns.

Modern slavery

Our 2024 Modern Slavery Transparency Statement outlines our zero-tolerance stance towards any forms of slavery, human trafficking, child or forced labour within any part of our business or supply chain. This position is reinforced in our Anti-Slavery and Human Trafficking Policy and Ethical Trading Policy.

We comply fully with the International Labour Organization (ILO) Forced Labour Convention and Abolition of Forced Labour Convention and the ILO's Minimum Age Convention. In 2023/24, 91% of our employees undertook modern slavery training as part of our Code of Conduct training, including employees across all DCs.

Data, information security and privacy

We continue to operate a robust information security programme, central to which is our Information Security Policy that is aligned to the principles of the NIST Cybersecurity Framework and ISO 27001. We recognise and respect the high level of trust our customers, suppliers and employees place in us. This is why we continue to maintain a high level of focus on data, privacy and information security, as key mitigations to cyber security as a principal risk for the Group. We also published a Data Incidents Policy and an AI Policy which is being translated for global distribution.

In 2023/24, we brought all our mandatory information security and privacy training requirements into a single course that forms part of our Code of Conduct training. In addition, we provided tailored training to over 600 colleagues across the Group (100% of high risk teams) that deal with personal data from the UK and EU.

For a full list of Group codes, policies and standards, go to: [rsgroup.com/sustainability/codes-policies-and-standards](https://www.rs-group.com/sustainability/codes-policies-and-standards)

Incentivising ESG progress

By 2029/30, we want to include ESG-related targets in our employee rewards programme across all levels and geographies.

ESG metrics in Group performance scorecard

8

unchanged from 2022/23

% of employees with carbon reduction metric in annual incentive

45%

a 5% pts decrease from 2022/23

We have taken steps to integrate ESG targets into our employee rewards programme to drive progress towards our 2030 ESG action plan. As of 2023/24, 45% of Group employees have their annual incentive aligned to the Group's Scope 1 and 2 emissions reduction target, with this metric accounting for between 10% to 15% of the Group annual incentive. In 2023/24, we exceeded the maximum performance level for this metric. Furthermore, 75 of our senior leaders continue to participate in the Journey to Greatness LTIP, which has employee engagement as a measure.

In addition to these incentives, ESG forms a core part of our performance management at both a Group and individual level. The ExCo and Board receive ESG performance updates quarterly. We also have eight non-financial KPIs in our updated Group performance scorecard which the ExCo will use to manage ESG performance via QBRs with the regions and functions. Specific individuals and teams have ESG targets in their annual objectives and annual incentive structures to drive further progress.

Sustainability-linked loan

The Group continues to have access to funding via a £400 million SLL facility which is directly linked to the achievement of three of the Group's most material 2030 ESG actions – direct carbon emissions (Scope 1 and 2 CO₂e emissions), packaging intensity and the percentage of management that are women. In 2023/24, we met the annual performance targets for all three KPIs, as specified in the SLL framework agreement.



Responsible supply chain

By 2029/30, we want to evaluate all our suppliers against our high ethical and environmental standards and set ESG objectives for strategic suppliers.

Suppliers with signed ethical trading declaration	Suppliers with EcoVadis rating	Suppliers committed to SBTi	RS PRO suppliers that are Sedex members
59% 9 pts ¹ increase from 2022/23	52% 3% pts increase ² from 2022/23	32% 7 pts increase from 2022/23	66% 17 pts increase from 2022/23

Supplier ESG action plan

We are committed to leveraging our position at the centre of the global industrial value chain to drive responsible action among our suppliers, on behalf of our customers. We recognise that sustainability is a new part of the journey for some of our suppliers, which is why we are committed to educating, upskilling and encouraging them to set responsible business standards that align with our own. In doing so, we are forging stronger relationships and accelerating value chain decarbonisation.

We continued to strengthen our approach towards screening and collaborating with suppliers in 2023/24, which helps to reduce risk and increase trust among customers. We target to engage our top 67% of suppliers by spend (c. 390 suppliers) and all RS PRO suppliers on four ESG priorities outlined in our Supplier ESG Handbook:

– **Sign and return the Ethical Trading Declaration:** 59% of suppliers by spend with a signed Ethical Trading Declaration in place in 2023/24 (2022/23: 50%¹)

- **Develop and offer more sustainable products:** Engaged suppliers to develop and offer more sustainable products via ongoing webinars and individual meetings. 50 new suppliers and 10,000 new products were added to the Better World product range in 2023/24, which now totals c. 30,000 products from over 90 suppliers (see page 48)
- **Set science-based carbon reduction targets by 2025:** As of 2023/24, 32% of suppliers have set science-based climate goals through the SBTi (see page 49)
- **Become EcoVadis-rated or Sedex members:** Continued to encourage strategic suppliers to become EcoVadis rated, with 52% by spend now rated (2022/23: 49%²). Not only has participation increased, but overall scores have also improved from an average bronze medal in 2022/23 to silver in 2023/24. Additionally, we encourage RS PRO suppliers to become Sedex members, with 66% of our key suppliers now signed up (2022/23: 49%)

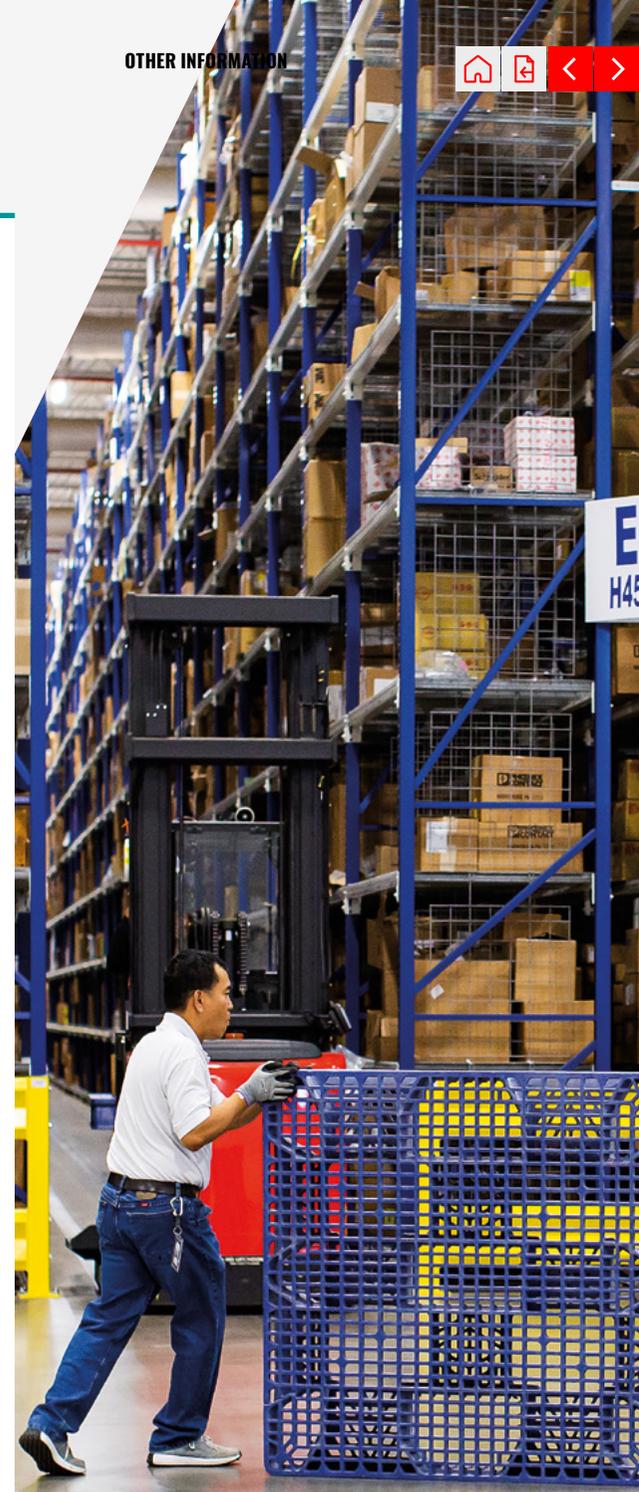
Beyond this, we continued to engage suppliers on key ESG topics throughout the year via webinars and events covering topics such as EcoVadis alignment, sustainable PPE, health and safety and Better World product development.

Finally, we continued to conduct detailed ethics and compliance monitoring with our key suppliers to ensure ongoing alignment to Group standards and expectations. This included:

- **Risk screening:** As of 2023/24, we have risk screened all existing suppliers on the RS database against global government lists
- **Supplier pre-qualification questionnaires:** Since May 2023, all new suppliers are required to complete a mandatory pre-qualification questionnaire as part of our supplier onboarding process. In 2023/24, we updated the questionnaire and trialled a re-qualification supplier ESG questionnaire for our top suppliers, covering 67% of supplier spend. We will aim to re-qualify our suppliers every three years to ensure they are all aligned to evolving and emerging standards
- **RS PRO site inspections:** 39 audits of higher-risk RS PRO suppliers from Asia took place in 2023/24

More information on our supplier ESG action plan can be found online at: rsgroup.com/sustainability

1. Restatement of 2022/23 from 52% to 50% due to updates in reporting methodology and data cleansing.
2. Restatement of 2022/23 from 50% to 49% due to updates in reporting methodology and data cleansing.



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Climate change is one of the greatest challenges facing our world today. As a Group, we are committed to climate action and supporting the critical priorities of the Paris Agreement to limit global warming to 1.5°C above pre-industrial levels. This is not only the right thing to do for people and planet, but core to our purpose of making amazing happen for a better world and our strategy, which is focused on delivering sustainable value for all our stakeholders.

We remain committed to communicating our progress on climate action transparently. This is the third year we have published a TCFD report and we have made good progress in this time, moving from qualitative to quantitative scenario analysis for our five climate-related risks and opportunities (CRRs), embedding strong governance and risk management controls and integrating climate and ESG priorities into our products, solutions, target customer industries and operational capabilities. Our progress to date enables us to mitigate our risks, while leveraging the opportunities to deliver long-term value for our stakeholders by supporting the transition to a low-carbon global industrial sector.

At the time of publication, we have aligned with the requirements of Listing Rule 9.8.6R and the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 by including climate-related financial disclosures that are consistent with the 11 TCFD recommendations.

Where possible, we have made use of the TCFD Final Recommendations Report and Annexes (2021) and technical supplements for our quantitative climate scenario analysis. We will continue to use these resources to strengthen our disclosures in the future, including development of our first climate transition plan.

The table below sets out the 11 TCFD recommendations and where the related information can be found within this report:

Recommendation	Disclosure	Reference
Governance	A) Describe the Board's oversight of climate-related risks and opportunities	Doing business responsibly (page 59)
	B) Management's role in assessing and managing climate-related risks and opportunities	Doing business responsibly (page 59)
Strategy	A) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	TCFD strategy (pages 63 to 67)
	B) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	TCFD strategy (pages 63 to 67)
	C) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	TCFD strategy (pages 63 to 67)
Risk management	A) Describe the organisation's processes for identifying and assessing climate-related risks	TCFD risk management (page 67) / Risks, viability and going concern (page 36)
	B) Describe the organisation's processes for managing climate-related risks	TCFD risk management (page 67) / Risks, viability and going concern (page 36)
	C) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	TCFD risk management (page 67) / Risks, viability and going concern (page 36)
Metrics and targets	A) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Advancing sustainability / TCFD metrics and targets (page 67)
	B) Disclose Scope 1, Scope 2 and if appropriate Scope 3 greenhouse gas (GHG) emissions and the related risks	Advancing sustainability (pages 44, 45 and 47)
	C) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Advancing sustainability (pages 42 and 43)

ESG continued

Our five CRROs are summarised in the table on this page and further detail can be found on pages 64 and 65. These remain consistent with our assessment and disclosure in prior TCFD reports (available at: rsgroup.com/sustainability/reporting-centre), which set out further complementary detail and context on our climate governance and risk management approach and our climate-related scenario analysis.

Governance

Our climate governance activities are fully integrated within our wider corporate governance. For an overview of our ESG governance arrangements and key activities for 2023/24, inclusive of climate risks and opportunities, refer to page 59. For an update on key ExCo and Board climate-related engagement and activities in 2023/24, please refer to pages 80 to 83.

Strategy

Driving climate action through our core business strategy

Climate action is core to our purpose, strategy, values and 2030 ESG action plan. We refined our strategy in 2023/24 and this has provided an opportunity to deepen this integration further. Some key examples of how we are mitigating climate risks and maximising opportunities, aligned to our strategy include:

- **Customers:** developing and retaining customers in industry sectors that are critical to the low-carbon transition, including renewables, utilities and automotive sectors (see page 14)
- **Products:** offering our customers more sustainable products that help them to reduce their energy consumption and transition to lower-carbon operations (see pages 15 and 48)
- **Solutions:** helping our customers run their businesses more sustainably, via solutions such as energy monitoring and product recycling (see pages 15 and 49)
- **Operational excellence:** reducing emissions from our DC operations and product shipments (see pages 16 and 42 to 47)

We are engaging with our suppliers, customers and wider value chain partners to drive collaborative action for a low-carbon global

industrial sector, for example, through our Better World product range and supplier ESG action plan (see pages 48 and 49). We are already seeing our commitment and progress on ESG be a key differentiator in attracting and retaining high-value customers. Alongside this, we are making good progress in developing our climate transition plan, utilising the TPT Framework released in 2023 and will publish this in line with developing compliance timelines.

Refining our approach to climate scenario analysis

In 2023/24, we refreshed our quantitative climate scenario analysis. Our ESG and Group financial control teams worked together to overlay climate scenarios onto our refreshed five-year strategic plan and projected out to 2050. This has helped to bring tighter ownership and control over our CRROs and demonstrates our commitment to embedding climate action across our business.

We have modelled the impact on Group adjusted operating profit after mitigation of the CRROs under three different climate scenarios from the International Energy Agency (IEA) for transition risk and under three Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathways (RCPs) for physical risk, which is consistent with our previous analyses (see reference table on page 66).

We identified the likely timeframe for each CRRO to emerge:

- **Short term: 0 to 5 years** (aligned to our five-year strategic plan)
- **Medium term: 5 to 10 years** (aligned to the risk management process, modelled as 2030 in our quantitative climate scenario analysis)
- **Long term: 10 to 30 years** (aligned to the risk management process, modelled as 2050 in our quantitative climate scenario analysis)

Whilst we have identified short-term climate opportunities, we have not identified any material short-term risks. We have modelled our medium and long-term CRROs in the table on page 66.

Our five CRROs

Products, solutions and customers



1. Changes in customer segments and product demand (transition opportunity)

Logistics



2. Technology transition and rising fuel costs (transition risk)

Distribution sites



- 3. Reduced emissions and energy costs through solar generation (transition opportunity)
- 4. Impact of extreme heat (physical risk)
- 5. Impact of extreme weather (physical risk)

We are already seeing our commitment and progress on ESG be a key differentiator in attracting and retaining high-value customers

2023/24 actions on our CRROs:

CRRO	Description	Business owners	Metrics monitored	2023/24 initiatives, progress and investment activities
Transition				
Opportunity	<p>1. Products, solutions and customers: Changes in customer segments and product demand</p> <p>Strategic action alignment:</p>  <p>Connected stakeholders:</p> 	<p>Products: Chief of Product and Supply Chain (P&SC)</p> <p>Solutions: Chief of Solutions and Services</p>	<ul style="list-style-type: none"> - Number of products in the Better World product range (ambition for 100,000) - Investment in and incremental revenue from sustainable products and services e.g. Better World products, industrial MRO services that reduce energy and carbon and low-carbon industry sectors - Overall green revenues metric to be developed, aligned to UK Green Taxonomy guidance 	<ul style="list-style-type: none"> - Better World products – c. 30,000 products launched in 30 countries (see page 48) - Low-carbon industry sectors – business development team and strategy established for UK offshore wind industry. Key strategic MRO partnership established with Equinor to serve the world's largest offshore wind farm – Dogger Bank, UK (see page 49) - New sustainability solutions to help customers monitor and reduce energy in their operations (see page 49) <p>2024/25 focus: Continue to grow our customer propositions and revenue from sustainable product and service solutions and low-carbon industries</p>
Risk	<p>2. Logistics: Technology transition and rising fuel costs</p> <p>Strategic action alignment:</p>  <p>Connected stakeholders:</p> 	Chief of P&SC and Regional Presidents (RPs)	<ul style="list-style-type: none"> - Total CO₂ emissions and emissions intensity for product transportation – 25% reduction per tonne of product sold by 2029/30 from 2019/20 (SBTi target) - Logistics costs as a % of revenue 	<ul style="list-style-type: none"> - 26% reduction in absolute carbon emissions from product transportation since 2019/2020¹, delivered via ongoing initiatives to regionalise and optimise our supply chain and switch transport modes to sea or ground to limit distance, air miles, costs and carbon emissions (see page 47) <p>2024/25 focus: Continued supply chain optimisation through regional sourcing, storing and shipping and modal shift to reduce distances travelled, carbon footprint and cost</p>
Opportunity	<p>3. Distribution sites: Reduced emissions and energy costs through solar generation</p> <p>Strategic action alignment:</p>  <p>Connected stakeholders:</p> 	Chief of P&SC and RPs	<ul style="list-style-type: none"> - Capital expenditure on distribution site solar generation and storage solutions has been embedded in goodwill impairment on page 95 - Reduction in energy costs - Percentage of 2023/24 electricity use from on-site solar generation: 2% 	<ul style="list-style-type: none"> - Investing in solar panels at our distribution sites or leasing new distribution sites with solar installed - 52kW solar panels array added to our FC at Midrand, South Africa - New leased FC in Madrid, Spain, with solar panels installed - Proposals in development for other key distribution sites (see page 43) <p>2024/25 focus: Review and progress proposals for installation of solar generation at further sites</p>

1. Scope 3 emissions from product transportation (Category 4) per tonne of product sold.

Strategic action



Stakeholder key



2023/24 actions on our CRROs:

CRRO	Description	Business owners	Metrics monitored	2023/24 initiatives, progress and investment activities
Physical				
Risk	<p>4. Distribution sites: Impact of extreme heat</p> <p>Strategic action alignment:</p>  <p>Connected stakeholders:</p> 	Chief of P&SC and RPs	<ul style="list-style-type: none"> - Distribution site operating temperatures - Worker productivity and absence during high-heat periods (>35°C and >40°C) - Capital expenditure in heating, ventilation and air conditioning (HVAC) systems has been embedded in goodwill impairment on page 95 	<ul style="list-style-type: none"> - Employee productivity monitored in distribution sites during high-heat periods with regular breaks and refreshments - Building upgrades and new building management system installed at our regional DC in Fort Worth, US, supporting HVAC optimisation (c. £0.5 million capital investment) - New, modern and energy-efficient FC in Madrid, Spain and improvement in roof insulation and windows at our regional Beauvais DC, France, to reduce solar gain (c. £1 million capital investment) <p>2024/25 focus: Ongoing mitigation through business continuity planning, review additional sites for HVAC and fabric improvement options</p>
Risk	<p>5. Distribution sites: Impact of extreme weather</p> <p>Strategic action alignment:</p>  <p>Connected stakeholders:</p> 	Chief of P&SC and RPs	<ul style="list-style-type: none"> - Distribution site insurance costs - Frequency and cost impact of severe weather events on distribution sites - Investment in distribution site facility improvements 	<ul style="list-style-type: none"> - Proactive business continuity planning by our regional DC team in Fort Worth, US, includes mitigations such as drop shipments, alternative warehousing, updated contingency plan and enhanced revenue recovery procedures <p>2024/25 focus: Ongoing mitigation through business continuity planning</p>

Strategic action

-  Customers
-  Products
-  Solutions
-  Experience
-  Operational excellence

Stakeholder key

-  Our people
-  Customers
-  Suppliers
-  Communities
-  Shareholders

Updated climate scenario analysis

In 2023/24, our ESG and Group financial control teams conducted quantitative climate scenario analysis, overlaying the CRROs onto our refreshed five-year strategic plan. High-level results of the analysis are shown in the table on the right, with the residual financial impact of CRROs post mitigation. Opportunities indicate a positive net impact on operating profit (shaded green) and risks indicate a negative net impact (shaded red). Our analysis indicates that physical risks are expected to be greater under a higher warming scenario, whereas transition opportunities and risks are greater under lower temperature scenarios, due to faster and more significant policy and market changes to deliver the low-carbon transition.

The main update to our analysis, compared to 2022/23, is that we have reassessed the physical risk from extreme weather on our DC in Fort Worth, US, to be 'Very Low' (post mitigation) under RCP 8.5 scenario (>4°C) compared to previously assessing it to be 'Low'. We conducted a more detailed, externally-facilitated recovery assessment that increased the speed and magnitude of the mitigating activities, which we have included in our analysis. We have also re-categorised our product demand CRRO as an opportunity (previously reported as an opportunity and a risk), as our updated analysis indicates that the downside risk of lost revenue is minimal. Our exposure to the fossil fuel sector is very low, relative to the potential opportunity to expand and further develop our sustainable product and service solutions and support low-carbon industries.

For further detail on our quantitative financial scenario analysis methods, please refer to our basis of reporting document at: rsgroup.com/sustainability

CRRO		Financial impact	Timeframe ¹	Annual net impact on Group adjusted operating profit Financial materiality key			
Transition				Temperature rise	1.5°C	2°C	>2°C
1.	Opp	Products, solutions and customers: changes in customer segments and product demand	Annual revenue impact	2030	Very Low	Very Low	Very Low
				2050	Medium	Low	Very Low
2.	Risk	Logistics: technology transition and rising fuel costs	Increased operating costs, fully offset through embedding in pricing margin	2030	No impact	No impact	No impact
				2050	No impact	No impact	No impact
3.	Opp	Distribution sites: reduced emissions and energy costs through solar generation	Annual operating costs impact (including depreciation)	2030	Very Low	Very Low	Very Low
				2050	Very Low	Very Low	Very Low
Physical					2°C	>2°C	>4°C
4.	Risk	Distribution sites: impact of extreme heat	Capital and operating costs to mitigate risk, expected to fully mitigate impact on productivity	2030	Very Low	Very Low	Very Low
				2050	Very Low	Very Low	Very Low
5.	Risk	Distribution sites: impact of extreme weather	Annual revenue impact and operating cost, offset by recovery via insurance policies	2030	No impact	Very Low	Very Low
				2050	No impact	Very Low	Very Low

Net financial impact

Overall, we have low exposure to physical climate risks, with our operations generally in low-risk locations. Furthermore, our diversified business model and global customer base, strong supplier partnerships and capital strength mean we are well placed to mitigate potential future risks. We are also well positioned to support the transition to a low-carbon industrial sector by leading in sustainable products, solutions and industry sectors.

Our analysis suggests that if we are able to deliver upon our strategic growth ambitions relating to low-carbon products, service solutions and industry sectors, we will see a net positive financial impact from the CRROs. This demonstrates the overall resilience of our business model to manage our risks and maximise our opportunities under various future climate pathways.

Financial materiality key²

Annual impact on Group adjusted operating profit

Very high	>32%	Low	8 to 16%
High	24 to 32%	Very low	0 to 8%
Medium	16 to 24%	No impact	0%

Temperature scenarios³

Temperature	Scenario	Temperature	Scenario
Transition		Physical	
1.5°C	NZE - 1.4°C	2°C	RCP 2.6 - 2.0°C
2°C	APS - 2.1°C	>2°C	RCP 4.5 - 2.4°C
>2°C	STEPS - 2.6°C	>4°C	RCP8.5 - 4.3°C

- 2030 - medium term, 2050 - long term. Time horizons for the climate scenario analysis were selected according to the time periods for which data was consistently available for both IEA and RCP scenarios within the range of RS's medium and long-term risk time horizons outlined on page 63.
- Aligned to RS enterprise risk management guidance, a CRRO is considered to be material where the annual net impact on adjusted operating profit is greater than +/-2%. CRRO 1 Products, solutions and customers: changes in customer segments and product demand is the only CRRO deemed to be material aligned to this threshold.
- NZE - The Net Zero Emissions scenario by 2050, APS - The Announced Pledges Scenario, STEPS - The Stated Policies Scenario (Source: IEA), RCPs 2.6, 4.5 and 8.5 (Source: IPCC).

ESG continued

Risk management

Our CRROs are managed via our risk management process to ensure a robust and consistent approach across the Group. We have a high-level CRRO risk register and mitigation plans, which are refreshed periodically in consultation with market and functional leaders. We also have strategies and controls in place to mitigate physical climate-related risks on our operations and wider supply chain (see page 36).

CRROs are integrated into our risk management process for ongoing management. Each CRRO has an owner, mitigating controls and a series of metrics and targets that are monitored and reported on. The internal audit and risk team monitor the controls associated with our CRROs and review these frameworks when conducting audit inspections. A review of ESG impacts is incorporated at the due diligence stage of acquisitions and investment will be added to future integration plans. Updates and key risks are provided to the Risk Committee, ExCo, Audit Committee and the Board during their bi-annual risk reviews to ensure a clear line of sight and integration into our strategy, business planning and decision making. For more information on our principal risks, including climate change, see pages 34 to 37.

Metrics and targets

To understand and manage our climate impacts, we monitor key metrics for our CRROs and have set performance targets related to the most material CRROs (aligned to the materiality of their financial impact as outlined on page 66). Each of our CRROs has a business owner to oversee the approach with relevant leadership teams, see pages 64 and 65. The Group's non-financial KPIs contain four climate-related metrics and targets (Scope 1 and 2 carbon emissions, carbon intensity, packaging intensity and waste recycled) and we have set four SBTs covering our most material Scope 1, 2 and 3 emissions categories, which were validated by the SBTi in 2023/24. These are reviewed by the ExCo quarterly and by the Board twice a year (see page 59).

Our science-based Scope 1 and 2 carbon reduction target is included in the annual performance incentive for 45% of all RS employees, including the annual incentive for Executive Directors, and is also included within our SLL, see page 60. We monitor a set of key climate metrics to ensure our net zero action plan is on track, refer to the Advancing sustainability section pages 42 to 49 for a full update on our progress and performance against our climate-related metrics and targets, as well as our online data centre for the total list of all ESG metrics we monitor. We will continue to develop our climate-related metrics and targets further through our climate transition plan, which we will publish in line with developing compliance timelines.

Our CRROs are managed via our risk management process to ensure a robust and consistent approach across the Group



ESG ASSURANCE

Independent limited assurance report to RS Group plc

ERM Certification and Verification Services Limited (ERM CVS) was engaged by RS Group plc (the Group) to provide limited assurance in relation to the selected information set out below and presented in RS Group's Annual Report and Accounts 2024 (the Report).

Engagement summary	
Scope of our assurance engagement	<p>Whether the 2023/24 data for the following ESG KPIs on pages 41 to 47 and 54 of the Report are fairly presented, in all material respects, in accordance with the reporting criteria:</p> <ul style="list-style-type: none"> - Total Scope 1 and Scope 2 GHG emissions (tonnes CO₂e) - Carbon intensity (total Scope 1 and Scope 2 (market-based) GHG emissions in tonnes CO₂e per £ million revenue) - Total Scope 3 GHG emissions from the following categories (tonnes CO₂e): <ul style="list-style-type: none"> o Category 1 – Purchased goods and services o Category 4 – Upstream transportation and distribution o Category 11 – Use of sold products (RS PRO products only) - Product transportation emissions intensity (tonnes CO₂e per tonne of product sold) - In-use carbon intensity (RS PRO products only) (tonnes CO₂e per tonne of product sold) - Packaging intensity (tonnes packaging per £ million revenue) - Percentage of management that are women (percentage) <p>Our assurance engagement does not extend to information in respect of earlier periods or to any other information included in the Report.</p>
Reporting period	- 2023/24 (1 April 2023 – 31 March 2024)
Reporting criteria	<ul style="list-style-type: none"> - WBCSD/WRI GHG Protocol Corporate Accounting and Reporting Standard (2004, as updated in 2015 with the Scope 2 Guidance) for the Scope 1 and Scope 2 GHG emissions - WBCSD/WRI GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard for the Scope 3 GHG emissions - The Group's internal definitions (basis of reporting) for the KPIs, as described in the Group's ESG basis of reporting 2023/24 (see: rsgroup.com/sustainability)
Assurance standard and level of assurance	<p>We performed a limited assurance engagement, in accordance with the International Standard on Assurance Engagements ISAE 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board.</p> <p>The procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.</p>
Respective responsibilities	<p>The Group is responsible for preparing the Report and for the collection and presentation of the information within it and for the designing, implementing and maintaining of internal controls relevant to the preparation and presentation of the selected performance data.</p> <p>ERM CVS' responsibility is to provide a conclusion to the Group on the agreed scope based on our engagement terms with the Group, the assurance activities performed and exercising our professional judgement.</p>

Our conclusion

Based on our activities, as described below, nothing has come to our attention to indicate that the 2023/24 data for the ESG KPIs listed under Scope of our assurance engagement on page 68 are not fairly presented on pages 41 to 47 and 54 of the Report, in all material respects, in accordance with the reporting criteria.

Our assurance activities

Considering the level of assurance and our assessment of the risk of material misstatement of the 2023/24 data and information for the selected disclosures a multi-disciplinary team of sustainability and assurance specialists performed a range of procedures that included, but was not restricted to, the following:

- Evaluating the appropriateness of the reporting criteria for the selected disclosures
- Interviews with RS Group management personnel and external consultants responsible for the management of the ESG KPI data to understand and evaluate the data management systems and processes (including internal review processes) used for measuring, collecting and reporting the ESG KPI data
- In-person site visits to RS Group facilities in Mexico, Italy and the UK to review the data measurement, collection and reporting

processes at the facility level and to test the consistency of reported 2023/24 data for the energy and fuel use underlying the Scope 1 and Scope 2 GHG emissions and for packaging with underlying source data and related documentation

- An analytical review of the 2023/24 data for all the Group locations included in the reporting boundary, including a review of the completeness of the data and of the mathematical accuracy of the consolidation of the data
- A review of the unit conversion and emission factors used in the calculation of the GHG emissions data and the alignment of these factors with the relevant sources
- A review of the definition of management roles applied by the Group in the calculation of the percentage of management that are women and a review of employee data by gender and grade
- A review of the presentation of information relevant to the scope of our work in the Report to ensure consistency with our findings

The limitations of our engagement

The reliability of the assured information is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context.

For the carbon and packaging intensity KPIs, we reviewed the accuracy of the calculations based on the final, assured GHG emissions and packaging data for 2023/24 and the audited revenue figure for 2023/24 provided by the Group; we have not separately audited the revenue figure used in the calculation of these KPIs.

For the Scope 3 GHG emissions from categories 1 and 11 and the in-use carbon intensity for RS PRO products, our work consisted of reviewing the calculations of the GHG emissions and the carbon intensity based on purchase and sales transactions extracted from the Group's financial systems and applying the methodology developed by the Group; we have not separately audited the purchase and sales transactions underlying these GHG emissions and carbon intensity.

Our observations

We have provided the Group with a separate Management Report with our detailed observations. Without affecting our assurance conclusion, we make the following observation:

- As disclosed on page 47 of the Report and in the ESG basis of reporting 2023/24, the Group accounts for product transportation (Scope 3 Category 4) GHG emissions from inbound, outbound and inter-site deliveries where these are controlled by RS Group

Our independence, integrity and quality control

ERM CVS is an independent certification and verification body accredited by the United Kingdom Accreditation Service to ISO 17021:2015. Accordingly we maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. Our quality management system is at least as demanding as the relevant sections of ISQM-1 and ISQM-2 (2022).

ERM CVS applies a Code of Conduct and related policies to ensure that its employees maintain integrity, objectivity, professional competence and high ethical standards in their work. Our processes are designed and implemented to ensure that the work we undertake is objective, impartial and free from bias and conflict of interest. Our certified management system covers independence and ethical requirements that are at least as demanding as the relevant sections of the IESBA Code relating to assurance engagements.

ERM CVS has extensive experience in conducting assurance on environmental, social, ethical and health and safety information, systems and processes and provides no consultancy related services to the Group in any respect.

Gareth Manning
Partner, Corporate Assurance
 UK, London

22 May 2024



ERM Certification and Verification Services Limited
 www.ermcvs.com
 Email: post@ermcvs.com

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

This section constitutes the Group's non-financial information statement (NFIS), produced to comply with sections 414CA and 414CB of the Companies Act 2006. The information presented below is incorporated by cross-reference and most of the policies listed can be found on our website: [rsgroup.com/sustainability/codes-policies-and-standards](https://www.rs-group.com/sustainability/codes-policies-and-standards). Our Code of Conduct underpins the Group's business activities while providing our stakeholders with clear guidance on expected behaviours, actions and compliance requirements covering each of the below areas.

	Reporting requirement and policy position	Relevant policies and standards	Due diligence and further information
Environmental matters	Our environmental policies set out our commitment to continuously improving our environmental performance to ensure sustainable growth in line with global goals.	Global Environmental Policy Group Energy Management Policy Supplier Ethical Trading Declaration	<ul style="list-style-type: none"> – Advancing sustainability: pages 42 to 47 – TCFD report: pages 62 to 67 – Sustainability section of website: rsgroup.com/sustainability
People	Our people policies support our people plan and ambition to create an inclusive and engaging environment where everyone is proud and excited to come to work and can perform at their best, develop and thrive.	Group Health & Safety Policy Diversity and Inclusion Policy Gender Pay Gap Report Equal Opportunity Policy Speak Up Policy	<ul style="list-style-type: none"> – Empowering our people: pages 52 to 57 – Governance report: pages 72 to 119 – Nomination Committee report: pages 88 to 91 – Sustainability section of website: rsgroup.com/sustainability
Social matters	We have strict standards of behaviour that we expect of our employees and supply chain partners, which are set out in our Code of Conduct and Ethical Trading Declaration. This includes respecting and safeguarding our people and wider community.	Supplier Code of Conduct Ethical Trading Declaration Information Security Policy Volunteering Policy	<ul style="list-style-type: none"> – Empowering our people: pages 52 to 57 – Doing business responsibly: pages 58 to 61 – Sustainability section of website: rsgroup.com/sustainability
Respect for human rights	We recognise and respect the Universal Declaration of Human Rights, ensuring that all people have freedom, dignity and equality. We uphold the highest ethical and legal standards within our business and supply chain.	Modern Slavery Policy Modern Slavery Statement UNGC Communication on Progress (COP) Conflict Minerals and Chemicals of Concern Policy	<ul style="list-style-type: none"> – Doing business responsibly: pages 58 to 61 – Sustainability section of website: rsgroup.com/sustainability
Anti-bribery and corruption	We have a zero-tolerance stance on all forms of bribery and corruption and are committed to conducting our activities in line with UNGC Principle 10. Our Group Anti-Bribery Policy covers our stance on these matters in detail.	Anti-Bribery Policy Commitment to Compliance and Quality Policy Competition Law Compliance Policy Tax Strategy Corporate Criminal Offence Policy	<ul style="list-style-type: none"> – ESG governance: pages 59 to 60 – Governance report: pages 72 to 119 – Audit Committee report: pages 92 to 98 – Sustainability section of website: rsgroup.com/sustainability
Business model			– Business model and strategy: page 13
Non-financial KPIs			– Non-financial KPIs: pages 22 and 23
Principal risks			<ul style="list-style-type: none"> – How we manage our risks effectively: pages 32 and 33 – Our principal risks and uncertainties: pages 34 to 39
Climate-related financial disclosures			– Disclosures aligned to clauses (a) to (h) of The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 detailed in the TCFD report: pages 62 to 67

SECTION 172 STATEMENT

The Companies Act 2006 and section 172

Under the Companies Act 2006, our Directors are required to act in a way that they consider, in all good faith, would most likely promote the success of RS Group plc and its stakeholders. Throughout 2023/24, we have strived to continue to demonstrate how, as a considerate, sustainable, responsible and solutions-driven business, our Board of Directors and the ExCo have achieved this. Throughout this report, there are many examples of how we have taken into account our key stakeholders: our people, customers, suppliers, communities and shareholders. Details of how the Board in particular has considered these stakeholders' interests can be found in the Corporate Governance Report on pages 80 to 82.

Forward-looking statements This financial report contains certain statements, statistics and projections that are or may be forward looking. The accuracy and completeness of all such statements, including, without limitation, statements regarding the future financial position, strategy, projected costs, plans and objectives for the management of future operations of RS Group plc and its subsidiaries is not warranted or guaranteed. These statements typically contain words such as 'intends', 'expects', 'anticipates', 'estimates' and words of similar import. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Although RS Group plc believes that the expectations reflected in such statements are reasonable, no assurance can be given that such expectations will prove to be correct. There are a number of factors, which may be beyond the control of RS Group plc, which could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. Other than as required by applicable law or the applicable rules of any exchange on which our securities may be listed, RS Group plc has no intention or obligation to update forward-looking statements contained herein.

The long-term consequences of decisions that are taken

Board oversight of our strategy and ongoing monitoring of performance against agreed metrics	Pages 13, 20 to 23 and 80 to 82
Ensuring we have the right foundations to support the Group's growth opportunity	Pages 11 and 12
Acquisition and integration of Risoul and Distrelec into the Group's business to create effective synergies	Pages 12 and 17
Accelerating our growth ambitions organically and inorganically	Page 17
Refining our strategy to provide greater focus, more alignment, better prioritisation and improved execution	Pages 13 to 16

The interests of our employees

Strengthening our commitment to our people and culture through the development of our new set of values	Pages 18 and 19
Creating an inclusive and engaging environment where everyone is proud and excited to come to work and can perform at their best, develop and thrive	Pages 53 to 55
Prioritising the health, safety and wellbeing of our workforce and providing career development and learning opportunities	Pages 56 and 57
Continuing our programme of Board employee engagement	Pages 73, 77, 80 and 81

The need to foster our business relationships with our customers, suppliers and regulators

Our competitive advantage and strategy in action	Pages 13 to 16
Aligning our operating plans to build organisational capabilities and a scalable market strategy	Pages 8 and 9
Engaging with our suppliers to help ease significant supply chain challenges	Pages 7, 9 and 49

The impact of the Group's operations on the environment and community

Enhancing a purpose-led culture, driving our environmental, social and governance goals in our commitment for a better world	Pages 40 to 69
Driving to be a sustainable and responsible leader in our sector	Pages 58 to 61
Supporting suppliers to provide more sustainable and clean products	Page 61

Our reputation for having high standards and sound ethical conduct

Code of conduct: for our people (Speak Up) and our suppliers	Pages 59 and 60
Ensuring anti-bribery training is regularly rolled out to our employees	Page 60
Ensuring we apply a zero-tolerance approach to modern slavery	Page 60

The need to act fairly between members of the Company

Continuing to pursue a progressive dividend policy	Page 28
Increasing operational effectiveness	Page 16

The Strategic Report was approved by the Board on 22 May 2024 and is signed on its behalf by:

Simon Pryce
Chief Executive Officer

CORPORATE GOVERNANCE

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Our governance framework has been refreshed during the year with a view to streamlining and clarifying responsibilities and simplifying decision making processes.



Chair's letter

CHAIR'S LETTER

RONA FAIRHEAD
CHAIR



Activities for 2023/24

- Overseeing the refinement of the Group's strategy and values
- Reviewing the enhanced governance framework and operating model, including the streamlining of the senior management to an empowered Executive Committee (ExCo)
- Appointment of Kate Ringrose as the Group's Chief Financial Officer (CFO)

Priorities for 2024/25

- Monitoring the embedding of our operational model and values
- Continued focus on environmental, social and governance (ESG) matters and further enhancement of ESG reporting
- Continued development of the mergers and acquisitions (M&A) pipeline
- Monitoring of performance against our strategic actions

Dear shareholder

The Board's priority during the year has been to ensure the Group is set up for long-term, sustainable success, while navigating through headwinds created by the wider macroeconomic environment. To help enable and support this we have adopted a more robust governance structure which provides clarified responsibilities while simplifying approval processes and decision making across the Group. Further details can be found on page 79.

Board changes

As reported in the Annual Report and Accounts 2023, Simon Pryce was appointed as Chief Executive Officer (CEO) with effect from 3 April 2023. Simon has provided exceptional leadership during his first year as CEO, enhancing the governance framework by streamlining the senior management team to an empowered ExCo, improving our performance management framework and aligning the strategy across the Group to become more focused with an action orientated and aligned plan to deliver our goals.

As announced during the year, David Egan stepped down as CFO with effect from 3 May 2023. Kate Ringrose was appointed as CFO with effect from 2 October 2023. Kate is a highly experienced CFO with a strong track record of successfully leading finance functions, driving operational excellence and delivering accelerated strategic growth. I would like to take this opportunity to thank Jane Titchener, who was appointed as interim CFO between David stepping down and Kate's appointment. Jane made a significant contribution during the interim period, ensuring that we maintained our financial discipline and provided valuable support to the Board.

Enhancing our governance framework

During the year, the Board oversaw the streamlining of the senior management team into an empowered ExCo led by Simon. Alongside this, the new operating model has been developed with our three regions supported by Group-wide enabling functions to ensure we deliver all of our performance, governance and reporting requirements. Our accelerator functions have been created to help drive scale and accelerate growth across the Group. This new structure brings more focused attention to the strategic actions of the Group, allows greater oversight and brings the voice of customers, suppliers, solutions and technology to the heart of everything we do.

Strategy

A dedicated strategy Board session was held in January 2024, where the ExCo presented their strategic plan to capitalise on the market opportunity and maximise stakeholder value. The refined strategy will help drive better execution and accelerate value creation through increased revenue and returns, expanding automated logistics and closer relationships with strategic suppliers, all underpinned by our continued commitment to industry-leading ESG. An overview of the industrial distribution landscape and markets provided the Board with a detailed backdrop for the macro-environment in which the Group operates. Each regional president presented the individual strategic plan for their region and key initiatives which would deliver the strategy.

Culture

The success of the Group depends on our people and our culture. During the year, the Board approved the adoption of our people plan and new set of values. For more information on our people plan and new values, see pages 53 and 18 and 19, respectively.

Stakeholder engagement

Our two designated employee engagement Directors met with employee representatives from the office in Frankfurt and regional distribution centre (DC) in Bad Hersfeld, Germany, in September 2023 and employees based in our London, UK, office in December 2023. During these sessions opinions and feedback were collected and reported back to the Board and relevant senior leaders and action plans put in place to address issues raised.

As a result of Simon and Kate joining during the year, they met with a number of major shareholders, together representing 50% of our share register. Our top 30 shareholders were also invited to engage with Joan Wainwright, the Chair of our Remuneration Committee, during the year to discuss the Directors' Remuneration Report and overall remuneration structure.

Further information regarding employee and shareholder engagement can be found on pages 81 and 100, respectively.

Board evaluation

An internal evaluation of the Board was conducted during the year. The outcome of this, along with an update following the previous year's externally-facilitated evaluation, can be found on pages 84 and 85.

Corporate Governance Code

The Company's statement of compliance with the UK Corporate Governance Code 2018 (the Code) can be found on page 87.

Rona Fairhead
Chair
22 May 2024

Our Board of Directors

THE RIGHT BLEND OF SKILLS AND EXPERIENCE

Members as at 22 May 2024

-  Nominations Committee
-  Audit Committee
-  Remuneration Committee
-  Disclosure Committee
-  Committee Chair

Kate Ringrose Chief Financial Officer



Committee membership  Date of appointment Oct 2023

Skills, experience and contribution

Kate has extensive experience of successfully leading the finance function in a FTSE 100 company. She has a proven track record in driving business transformation, improving business resilience, leading operational excellence and accelerating strategic growth. Kate is a chartered accountant and trained with KPMG in South Africa. Previously, Kate had a successful 18-year career at Centrica plc where she held various senior roles in energy supply, service solutions, trading and financial operations. Her most recent role was group CFO.

Current external roles

– None

Rona Fairhead Chair



Committee membership  Date of appointment Nov 2020

Skills, experience and contribution

Rona brings a tremendous range of commercial and strategic experience to the Company. Rona's strong understanding of UK corporate governance and her extensive experience in digital transformation and international expansion provide the Board with strong and valuable leadership to deliver long-term sustainable value for all our stakeholders. Previous roles have included chair of the BBC Trust, Minister of State in the UK Department for International Trade, non-executive director of HSBC Holdings plc and PepsiCo, Inc. and chair and chief executive officer of Financial Times Group.

Current external roles

- Non-executive director of Oracle Corporation
- Member of the House of Lords
- Member of the advisory board of Hong Kong Exchanges & Clearing Limited
- Senior independent director of CVC Capital Partners plc

David Sleath Senior Independent Director



Committee membership    Date of appointment Jun 2019

Skills, experience and contribution

David brings a wealth of experience to the Board, including valuable insight into the dynamics of service-led business models, having been the senior independent director at Bunzl plc. As serving chief executive officer, and previously chief financial officer, of SEGRO plc David has strong financial, real estate, manufacturing and distribution experience. He also brings to the Board in-depth financial, strategic and governance experience, which are essential to his role as Senior Independent Director. David has also previously served as president of the British Property Federation and group finance director of Wagon plc.

Current external roles

- Chief executive officer of SEGRO plc
- Board member, European Public Real Estate Association

Simon Pryce Chief Executive Officer¹



Committee membership  Date of appointment Sep 2016¹

Skills, experience and contribution

Simon is a highly experienced leader of customer-focused, global industrial manufacturing and service businesses. He has a strong track record of driving results and delivering excellent stakeholder outcomes through enhanced performance and the effective execution of organic and inorganic growth strategies. Previous roles include chief executive officer of Ultra Electronics Holdings plc, group chief executive at BBA Aviation plc and a range of international finance and management roles at GKN plc, JP Morgan and Lazards.

Current external roles

– None

Alex Baldock Independent Non-Executive Director



Committee membership   Date of appointment Sep 2021

Skills, experience and contribution

Alex has extensive experience in digital transformation, accelerating omni-channel growth and embedding customer focus, evidenced through his successful transformation of Currys plc. Alex was previously chief executive officer of Shop Direct, now the Very Group, where he led the business's digital transformation from a catalogue retailer to the UK's second largest e-commerce pureplay and through four consecutive years of record growth in sales, profits, customer satisfaction and colleague engagement.

Current external roles

- Group chief executive of Currys plc

Our Board of Directors continued

Louisa Burdett
Independent Non-Executive Director

 Committee membership   Date of appointment Feb 2017

Skills, experience and contribution

Louisa brings a wealth of financial, commercial, M&A and risk management experience to the role of Non-Executive Director and Chair of the Audit Committee. Louisa is a chartered accountant and has held senior financial positions in industrial, manufacturing, publishing and pharmaceutical companies. Louisa was previously the chief financial officer of Meggitt plc, group finance director at Victrex plc, and chief financial officer at Optos plc and the Financial Times Group.

Current external roles

- Chief financial officer of Croda International plc²
- Chief financial officer of Spirax-Sarco Engineering plc²

Joan Wainwright
Independent Non-Executive Director

 Committee membership   Date of appointment Nov 2019

Skills, experience and contribution

Joan has extensive experience in distribution, transforming digital platforms to generate revenue growth and leading customer experience programmes that drive measurable improvements. Her extensive knowledge of customer experience aligns with the Company's vision and she provides a strong insight into the customer dynamic in the US. Joan's previous roles include president, channel & customer experience at TE Connectivity Ltd, vice president, public affairs at Merck & Co, and deputy commissioner of communications at the US Social Security Administration.

Current external roles

- Director of NJM Insurance Group
- Member of the global advisory council of ServiceNow

Navneet Kapoor
Independent Non-Executive Director

 Committee membership  Date of appointment Jun 2022

Skills, experience and contribution

Navneet brings great international experience, in particular in the transformation and digital fields and change from product to service-driven approaches. In his current role at A.P. Møller-Mærsk, he is responsible for driving changes across culture and leadership, modernising processes and technology landscapes, and developing digital platforms and ways of working. Prior to this, Navneet held various senior leadership roles at Target India, part of Target Corporation, and was vice president, marketing at General Electric in Asia.

Current external roles

- Executive vice president and chief technology and information officer of A.P. Møller-Mærsk A/S

Clare Underwood
Chief of Corporate Services and Company Secretary


Date of appointment Mar 2022

Skills, experience and contribution

Clare brings a wealth of FTSE 100 governance experience to support the Board in effective governance. The skills and knowledge from her previous roles at John Laing Group plc and Cable and Wireless Communications plc enable her to provide first-class company secretarial advice and support. Clare is a member of the ExCo and leads the Corporate Services team, one of our enabling functions which serves the Group as centres of excellence in shared business services, automation, ESG, health and safety, legal, governance and compliance. Clare is also executive sponsor for our employee resource group, Elevate.

Bessie Lee
Independent Non-Executive Director

 Committee membership  Date of appointment Mar 2019

Skills, experience and contribution

Bessie has extensive strategic experience in digital marketing technology and media knowledge, principally in Greater China. She has in-depth experience in the world of eCommerce and digital media. She is a frequent media commentator, blogger and international speaker. Bessie has more than 30 years' experience in the media communications industry in Greater China. Her previous roles include chief executive officer at Mindshare, GroupM and WPP in China.

Current external roles

- Chief executive officer of Withinlink
- Chief executive officer of JLL Greater China

Other Directors who served during the year

David Egan stepped down from the Board on 3 May 2023.

Members as at 22 May 2024

-  Nomination Committee
-  Audit Committee
-  Remuneration Committee
-  Disclosure Committee
-  Committee Chair

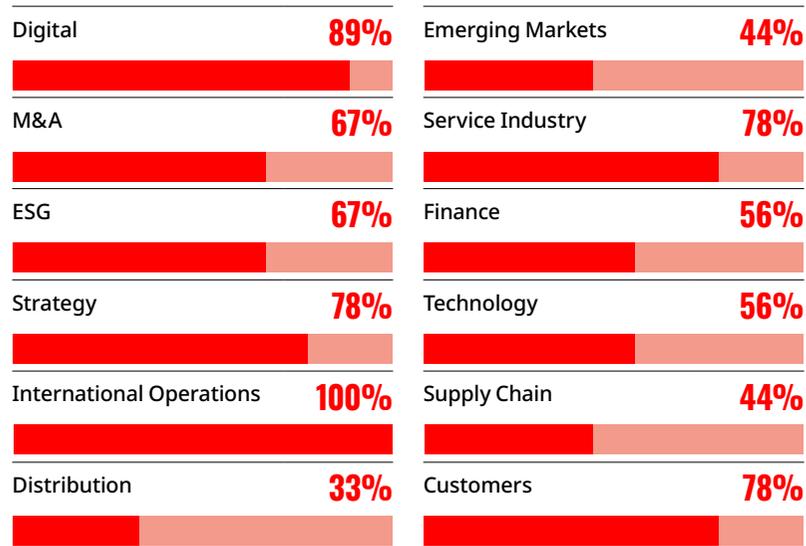
1. Joined in September 2016 as Non-Executive Director. Appointed as CEO on 3 April 2023.
2. Louisa will leave Croda International plc in June 2024 and join Spirax-Sarco Engineering plc in July 2024.

Governance at a glance

GOVERNANCE AT A GLANCE

SKILLS, EXPERIENCE AND KNOWLEDGE OF OUR BOARD

Summary of the skills, experience and knowledge held by our Directors



We are incredibly proud to be recognised in the FTSE Women Leaders Top Ten Best Performers in respect of the number of women on our Board, coming joint fourth in the FTSE 100. By having such a diverse Board, we've seen the real benefits from harnessing the full potential of diverse talents, perspectives and experiences to drive innovation, sound decision making and sustainable success."

BOARD COMPOSITION

As at 31 March 2024

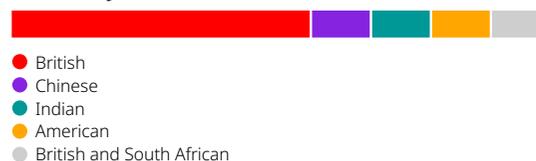
Gender¹



Ethnicity¹



Nationality



Independence



Board tenure



Age of Directors



1. Diversity data of the wider senior leader population, in accordance with the requirements of the Financial Conduct Authority (FCA) Listing Rules, is included in the Nomination Committee report on page 91.

BOARD AND COMMITTEE MEETING ATTENDANCE

Director	Board	Nomination	Audit	Remuneration
Rona Fairhead	9/9	5/5	-	-
Simon Pryce	9/9	-	-	-
Kate Ringrose ¹	4/4	-	-	-
Alex Baldock	9/9	-	4/4	6/6
Louisa Burdett ²	8/9	5/5	4/4	5/6
Navneet Kapoor	9/9	5/5	4/4	-
Bessie Lee	9/9	5/5	-	-
David Sleath ³	8/9	5/5	4/4	6/6
Joan Wainwright	9/9	5/5	-	6/6

1. Kate Ringrose joined the Board on 2 October 2023.
2. Louisa Burdett was unable to join an unscheduled Board and Remuneration Committee meeting due to prior engagements.
3. David Sleath was unable to join an unscheduled Board meeting due to a prior engagement.

BOARD LEADERSHIP AND GOVERNANCE FRAMEWORK

REVIEW OF OUR PURPOSE, VISION, VALUES, CULTURE AND STRATEGY

To achieve the long-term sustainable value generation of the Group, the Board has continued to work closely with the ExCo on the Group's purpose of making amazing happen for a better world.

During the strategy session held in January 2024, the Board was provided with an overview of the current Group strategy, where focus will be going forward, areas of prioritisation and the challenges to be addressed to drive better execution and accelerate value creation.

Our overall Group strategy remains the same, with clear focus on customers, products, solutions, customer experience and operational excellence. It has been refined during the year to provide greater alignment, better prioritisation and improved execution. During the strategy session, the Board considered and discussed details in respect of the industrial distribution landscape and markets along with the Group strategy to capitalise on the market opportunity and maximise stakeholder value.

The Board recognises the importance of ensuring alignment between purpose, vision, values and strategy to accelerate successful delivery. As part of the strategic review that took place during the year, our purpose and new set

of Group-wide values have also been considered in detail by the Board. This one set of Group-wide values will support delivery of our strategy by uniting and aligning the Group and providing direction for the culture and behaviours across the organisation. Having been reviewed, our purpose remains the same. See page 18 for details of our values.

Other activities undertaken by the Board during the year to monitor the Group's culture have included:

- A review of the proposed people plan which highlighted the key initiatives which will support our strategic actions. See page 53 for further information.
- Bessie Lee and Joan Wainwright (as our designated Directors for employee engagement) conducted two employee engagement sessions during the year. In-depth feedback was then provided to the Board following these engagements, with outcomes being shared with relevant management.
- In September 2023, the Board visited our offices in Frankfurt and regional DC in Bad Hersfeld, Germany. This included the opportunity for members of the Board to meet employees of the regional DC and have informal discussions with regional leadership.

Board leadership

The Board's principal responsibility is to promote and assess the long-term sustainable success of the Group as a whole, generating value for shareholders and contributing to the wider society. The Board is accountable to stakeholders for the Group's financial and operational performance and is responsible for taking material strategic decisions and providing oversight across the Group. The Board aims to lead with integrity and in a sustainable commercial manner to ensure value is created for all the Group's stakeholders. The Board also provides guidance and challenge to Executive Directors and senior leaders and applies a robust governance framework to ensure that this leadership is delivered effectively.

The Board is responsible for ensuring that the strategic objectives are adequately resourced and supported to help ensure the long-term success of the Group, realisation of its strategy, and to monitor the effective deployment of those resources. The Group's risk management framework supports the strategic actions of the Group, with controls to help mitigate identified risks. The Board regularly reviews the internal controls and overall risk management framework, with support from the Audit Committee. Full details of the risk management framework can be found on pages 32 to 37.

The Board is supported by its Committees, which make decisions and recommendations on matters delegated to them by the Board. This enables the Board to spend time on key strategic matters. Each Committee comprises Non-Executive Directors only and has an experienced Chair. Regular updates are provided to the Board by the

Committee Chairs as well as by the Chair of the Board, the CEO and CFO. Each Committee of the Board has provided reports on how they have discharged their responsibilities and details of their activities during the year, which can be found on pages 88 to 115.

The key topics the Board has focused on this year, as well as those it plans to assess for the coming year, are set out on page 83.

In addition to the Committees of the Board, the ExCo is responsible for making effective decisions that keep the Group focused on the right priorities, accelerate realisation of our strategy, drive performance and ensure we develop and maintain a diverse, supportive and inclusive culture where our people are empowered within a clear framework. The ExCo supports the CEO in exercising his authority in relation to material matters having strategic, cross-business or Group-wide implications and oversight of the day-to-day management of the Company's business. With effect from 1 April 2024, the members of the ExCo are the CEO, CFO, the Presidents for EMEA, Americas and Asia Pacific, Chief of Solutions and Services, Chief of Product and Supply Chain, Chief of Customer Experience, Chief of Corporate Services and Company Secretary, Chief People Officer (CPO) and Chief Information Officer. The ExCo has representation from each of the regions, both accelerating and enabling functions and brings the voice of customers, suppliers, solutions and technology to the decision making process.

Board leadership and governance framework continued

Division of responsibilities

There is a clear division of responsibilities between the leadership of the Board and the executive leadership of the Group. The responsibilities of the Chair, CEO, CFO, Senior Independent Director, Board and Committees are agreed by the Board. See page 79 for the overall governance framework and below for a summary of the division of responsibilities. Full details can be found at [rsgroup.com](https://www.rsgroup.com)

Position	Responsibilities
Chair	
Rona Fairhead	<ul style="list-style-type: none"> – Leading the Board and ensuring its oversight of strategy, performance, value creation, culture, stakeholders and accountability – Promoting open, trusting, challenging discussions and debate and constructive relations between Executive and Non-Executive Directors – Leading the Board succession planning and seeking to ensure effective communication with shareholders
Executive Directors	
Simon Pryce (CEO)	<ul style="list-style-type: none"> – Managing and leading the Group on a day-to-day basis, making decisions on matters affecting the operation and performance of the Group's business – Designing, developing and implementing the strategic plans – Ensuring robust management succession plans are in place
Kate Ringrose (CFO)	<ul style="list-style-type: none"> – Financial management and implementation and monitoring of financial controls – Developing the Group's financial policies and strategies – Ensuring a commercial focus across the business activities and appropriateness of risk management
Senior Independent Director	
David Sleath	<ul style="list-style-type: none"> – Acting as a sounding board to both the Chair and the CEO – Acting as a conduit for the views of other Non-Executive Directors and conducting the Chair's annual performance appraisal – Being available to shareholders to help resolve concerns
Non-Executive Directors	
Alex Baldock	<ul style="list-style-type: none"> – Overseeing and constructively challenging executive management regarding the performance of management against agreed performance objectives, and helping to review and monitor the Group's strategy – Satisfy themselves on the integrity of financial information and reviewing the Group's risk exposure and controls
Louisa Burdett	
Navneet Kapoor	
Bessie Lee	
Joan Wainwright	
Company Secretary	
Clare Underwood	<ul style="list-style-type: none"> – Supporting and advising the Board on matters relating to governance, ensuring good information flows and providing practical support to the Directors – Organising Directors' induction and training

Meetings during the year

The Board held a combination of in-person and virtual meetings in 2023/24 and a breakdown of attendance is shown in the table on page 76. In addition to the seven scheduled Board meetings, a further two ad hoc meetings were held.

There may be instances during the year where a Director is unable to attend a meeting. If this is the case, they are provided with all the meeting information and have the opportunity to discuss their feedback with the Chair or Company Secretary to ensure their contributions are raised at the meeting.

During the year, the Chair held a number of meetings with the Non-Executive Directors without the Executive Directors being present. The Non-Executive Directors also met without the Chair to discuss the Chair's performance.

The Chair and the Committee Chairs ensure Board and Committee meetings are structured to facilitate open discussion, debate and challenge. As part of the annual Board evaluation process, the functioning of the Board and each of its Committees are reviewed and considered by the Board as a whole. The findings of the review are used to establish an ongoing programme of actions to improve effectiveness of both the Board and the Committees. Further information on this can be found on pages 84 and 85.

Matters reserved for the Board

All matters that have a material impact upon the Group are reserved for the Board and are formally set out in a schedule which can be found on our website at: [rsgroup.com/investors/governance/governance-framework](https://www.rsgroup.com/investors/governance/governance-framework)

Board leadership and governance framework continued

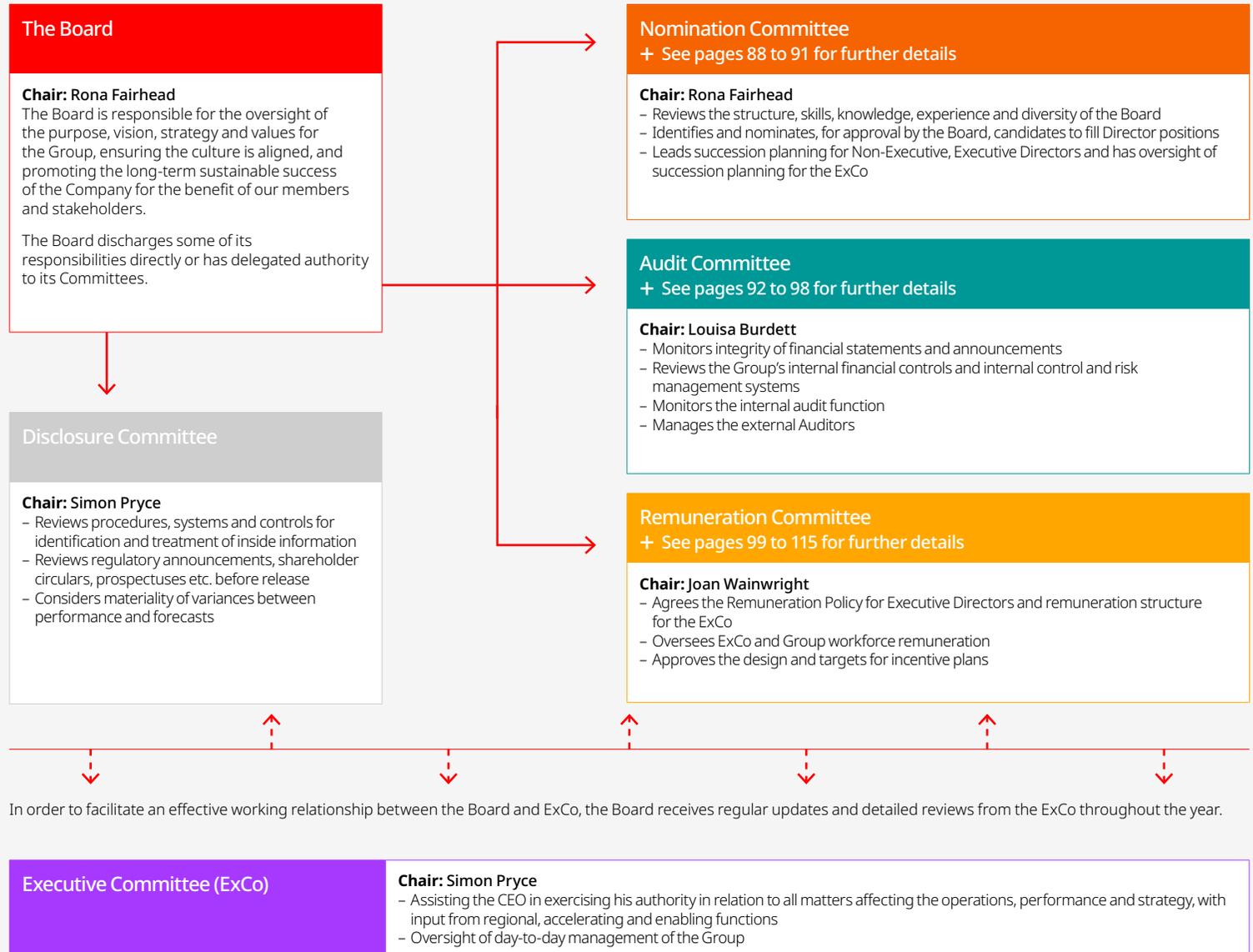
GOVERNANCE FRAMEWORK

Our governance framework underpins and supports robust governance across the Group to help ensure efficient decision making and clear division of responsibilities.

During the year, the Group's governance framework has been refreshed with a view to streamlining responsibilities and accountabilities, simplifying approval processes and creating a clearer flow of information to enable swifter, more robust decision making. As part of this, the following actions have been taken:

- Streamlined the senior management team to an empowered ExCo
- Reviewed and enhanced the Schedule of Matters Reserved for the Board. Flowing from this, a revised Group Delegation of Authority has been approved by the Board which provides the Group with clear guidance regarding the decision making and approval processes throughout the Group, balancing authority with responsibility and accountability
- Clearly defined the division of responsibilities between the Board, its Committees, individual members of the Board and the ExCo, with a dedicated session held at an ExCo meeting whereby the Company Secretary presented the details to the ExCo members
- The Disclosure Committee Terms of Reference have been refreshed and adopted

As part of our ESG governance, the Board has close oversight of our ESG action plan and is provided with frequent updates on its performance. For further details on ESG governance see pages 59 and 60.



Board activities during the year

BOARD ACTIVITIES DURING THE YEAR

The following pages outline some of the key topics reviewed, monitored, considered and discussed by the Board during the year. Before the start of each year, the Board and each of its Committees consider and review a calendar of events and agenda items for the year ahead. As part of our governance framework and in response to feedback received as part of the Board evaluation process, key strategic items are identified and scheduled throughout the year. The Chair, with assistance from the CEO, CFO and Company Secretary, agrees the agenda for each Board meeting. This process ensures that sufficient time is being set aside for strategic discussions and business critical items, while including regular standing items, such as reports on trading and financial performance and routine reporting or compliance requirements.

Our Strategic Report on pages 1 to 71 demonstrates how the business considers and engages with the Company's key stakeholders: our people, customers, suppliers, communities and shareholders. This section of the Governance Report sets out the areas of focus for the Board during the year, how these relate to our strategic aims and, where appropriate, how our stakeholders have been considered.

The Board delegates the day-to-day operational decision making of the business to the CEO and CFO with support from the ExCo and their teams. The Board recognises, however, that doing so does not absolve it of its accountabilities to the Group's stakeholders and the need to reinforce and support the ExCo's decisions by setting the

tone from the top. The Board must consider the needs of, and impacts of its decisions on, all stakeholders as well as the consequences of its decisions in the long term. The Board recognises that when making decisions it will sometimes have to consider the competing interests of stakeholders and that it may not always be possible to deliver an outcome that is welcomed by all stakeholders. In these situations, the Board is guided by the need to consider the long-term sustainability of the business.

A timeline is provided over the following pages detailing the key activities of the Board during the year. Throughout the year, the Board and its Committees received regular updates on various aspects of the business. Such updates included financial reporting of performance, details of our acquisition pipeline, feedback from employee engagement surveys and updates on shareholder engagement and activities. Regular reports were also provided in respect of health and safety performance and actions, whistleblowing activity, data protection and cyber security and any legal or regulatory matters which arose from time to time.

Net zero and climate transition plan sessions were delivered to the Board and the ExCo, highlighting strategic planning, performance monitoring and climate education and skills development. See the case study on page 83 for further details.

Key themes and observations from employee engagement sessions held in the UK and Germany during the year were around working conditions, IT infrastructure, strategy, culture and clarity of communications and processes.

Activity	Stakeholders
Finance Approval of the year end results, including consideration of viability and going concern. Approval of the payment of the final dividend, subject to shareholder approval in July. Multiple stakeholders were considered when deciding to pay the dividend, including impact on employees and their remuneration and working conditions, customer and supplier propositions, acquisitions and our shareholder base.	
ESG The Audit Committee approved, and recommended to the Board, the ESG-related disclosures around an ESG double materiality assessment, Scope 3 carbon emissions reporting and results of the quantitative climate scenario analysis for Task Force on Climate-related Financial Disclosures (TCFD), and the adoption of the TCFD report. The Board also approved the production of a dedicated ESG report to meet our full ESG reporting requirements. See pages 40 to 69 for further details.	
Governance Approval of the ESG governance framework, which includes confirming the ExCo's responsibility for climate strategy, development and execution of policies, initiatives and disclosures. The Board continues to maintain oversight through ratification of policies, strategy, key investment initiatives and performance monitoring. Bessie Lee was appointed as the Non-Executive Director ESG lead to create a clear and robust governance link between the Board and ExCo. Operational management of our 2030 ESG action plan and climate-related risks and opportunities are embedded within relevant central functions and the three regions (see pages 59 and 60 for further details relating to ESG governance).	
Evaluation of all provisions of the Code to review compliance for the year ended 31 March 2023.	
Reviewed the results of the externally-facilitated Board evaluation and agreed the actions arising from the evaluation. See pages 84 and 85 for further details.	



Activity	Stakeholders
Strategy Strategic update from the Asia Pacific team highlighting performance, regional market trends and strategic plans.	
The Board was provided with an update on the integration of Distrelec, including progress to date and key milestones. As part of both the acquisition and integration process, various stakeholders were considered, such as the impact on employees, customers and suppliers of both the acquired entity and the existing RS business to help ensure the acquisition will provide long-term benefits to all.	
Culture / people Approval of the appointment of Kate Ringrose as CFO, with effect from 2 October 2023. For further details of the recruitment and approval process, see page 89.	
Governance The Annual General Meeting (AGM) is held. Shareholders have the opportunity to attend, vote and raise any questions directly to the Board.	

Stakeholder key

- Our people
- Customers
- Suppliers
- Communities
- Shareholders

Board activities during the year continued

Activity	Stakeholders
<p>Strategy The Board visited our office in Frankfurt and regional DC at Bad Hersfeld, Germany. An update on the German, Austrian and Swiss region was provided by the leadership team, including an overview of current performance, regional market trends, strategic objectives, culture and integration of Distrelec.</p>	
<p>Presentations were also given to the Board in respect of supply chain and technology which provided an update on performance and oversight of strategic actions within the teams.</p>	
<p>Risk The Board reviewed the principal risks of the Group and considered the half-year risk statement. Further information regarding the management of the Group's principal and emerging risks can be found on pages 34 to 37.</p>	
<p>Culture / people Bessie Lee and Joan Wainwright held an employee engagement session with representatives from both the Frankfurt office and regional DC at Bad Hersfeld, Germany. Further information can be found on pages 73 and 80.</p>	
<p>The Board approved the objectives of the CEO. The objectives provide stretching targets and are clearly linked to the successful delivery of our strategic actions.</p>	

Activity	Stakeholders
<p>Finance Approval of the half-year accounts (including consideration of going concern) along with interim dividend payment to be made to shareholders in January.</p>	



Activity	Stakeholders
<p>Strategy The Board considered the strategic planning process. This included an overview of the planning process, the strategic development, long-term planning cycle and key discussion points for the Board to build in feedback ahead of the workshop in January.</p>	
<p>The Investor Relations team presented its strategy and action plan to the Board, providing an overview of the Group's proposed shareholder-related reporting and engagement, along with outlining the alignment between internal and external reporting cadence.</p>	
<p>Culture / people Bessie Lee and Joan Wainwright met with representatives from the London, UK, office for an employee engagement session. Feedback was provided to the Board and actions taken by management to address any issues raised.</p>	
<p>Review of the ExCo members' objectives, to ensure the ExCo members are aligned to the Group's strategic actions.</p>	

Activity	Stakeholders
<p>Strategy The Board received a deep dive session on Artificial Intelligence (AI), including the wider view on AI, opportunities for RS, risks and mitigations and our approach to governance.</p>	
<p>Strategic update from the Americas team provided a strategic regional update to the Board, including details of performance, current initiatives, strategic priorities and an overview of the external market.</p>	
<p>Culture / people Approval of the CFO's objectives, to ensure alignment to the Group's strategic objectives.</p>	
<p>A pensions funding update was provided to the Board. Regular updates on funding position of the UK defined benefit scheme help to ensure the pension fund is appropriately funded for our current and former employees. Further details regarding the pension scheme can be found on page 28.</p>	

Stakeholder key

- Our people
- Customers
- Suppliers
- Communities
- Shareholders

Board activities during the year continued

“The Board must consider the needs of, and impacts of its decisions on, all stakeholders as well as the consequences of its decisions in the long term.”



Stakeholder key

- Our people
- Customers
- Suppliers
- Communities
- Shareholders

Board activities during the year continued



GOVERNANCE IN ACTION

RESPONDING TO CLIMATE CHANGE

Enabling our Board and ExCo to respond effectively to climate change

As a global business enabling the technology, manufacturing and engineering sectors, our long-term success and value creation potential is inextricably linked to how we respond to the challenges and opportunities posed by climate change. The decisions and actions we take now will have an impact on our ability to mitigate our longer-term risks, while fully leveraging the clear opportunity we see to be a key enabler of a lower-carbon global industrial sector. To support this agenda, it is essential our ExCo and Board are fully informed and enabled to lead our climate response.

In 2023/24, we delivered climate sessions for our ExCo and Board on the key areas of our climate agenda:

- Our net zero trajectory – including strategy, performance, initiative development and investment planning (see page 43)
- ESG products and solutions strategy, initiative development and investment planning (see pages 48 and 49)
- Updates on our climate-related risks and opportunities progress and scenario modelling (see page 66)

These sessions ensure the ExCo and Board have a solid understanding of the latest climate science, best practice in climate risk mitigation, a view of the rapidly evolving stakeholder expectations and a clear line of sight of our current performance and future trajectory. This builds capability and ensures they can make the informed key decisions that will leverage our climate opportunities and mitigate our risks, as part of wider corporate governance and delivery of our strategy.



+ For more information on our net zero strategy and how we are advancing sustainability across the business, see page 43.



+ For more information on our commitment to doing business responsibly, see page 58.



Board evaluation

BOARD EVALUATION

Board evaluations provide invaluable insight and objectivity to the Directors and the Committees, which in turn enables the Board to improve its leadership, effectiveness and focus. Examining each Director's role and their corresponding responsibilities within the overall Board dynamic encourages collaborative decision making and strategic clarity.

The Board reflects on its performance and effectiveness annually. During 2023/24, the Board conducted an internal evaluation following the external evaluation in 2022/23. The scope of the evaluation covered the Board and its Committees, along with performance of the Chair, Senior Independent Director and Company Secretary. The Chair worked with the Company Secretary to devise the questionnaires, which were circulated

to the Board members, the external Auditors and Remuneration Committee advisor. The questionnaires were supplemented with interviews between the Chair and each member of the Board and the Company Secretary. The Senior Independent Director met with each of the Non-Executive Directors to review the Chair's performance and the feedback was subsequently shared with the Chair. The results of the evaluation

were assessed and discussed at the March 2024 Board meeting, following which the Board confirmed its view that the Board continues to operate effectively within an inclusive and transparent environment. Overall, there were positive improvements in the quality of discussions and papers, in particular, the strategy session in January 2024 provided a clear articulation of the Group's strategic direction.

The outcomes from the 2023/24 Board evaluation are as follows:

Key recommendations	Actions agreed
Succession planning and talent management	
<ul style="list-style-type: none"> – Succession planning was a key topic raised by the Board in the review. It was acknowledged that focus was required over the coming year to ensure that the Group has the right pipeline of future leaders. This has renewed focus with the appointment of the new CPO during the year 	<ul style="list-style-type: none"> – Succession planning would be scheduled for review twice a year by the Nomination Committee – The Nomination Committee considered and discussed an update on succession planning in March 2024. This provided a clear direction of focus and plans for the coming year. The Committee will monitor progress by receiving biannual updates
Strategy	
<ul style="list-style-type: none"> – More information and analysis on competition in key markets, how the Group differentiates itself and increased clarity on performance compared to the market to be included in Board discussions – Regular updates to be provided in respect of trends, investments and further development regarding the opportunities and threats in digital and AI 	<ul style="list-style-type: none"> – Following the strategy session in January 2024, the forward agenda of strategic items has been developed and was considered by the Board in March 2024. This will be built into Board agendas for the coming year to help ensure appropriate market and strategic information is included within the regional performance discussions
Board process	
<ul style="list-style-type: none"> – Rebalance of agenda items to provide greater focus on key strategic items in order to allow more time for deep dives and discussions and gain strategic input and insight from the Non-Executive Directors on key issues – To ensure items have the appropriate amount of time for discussion, papers circulated in advance of meetings would be taken as read to enable presentation time to be reduced and discussion time increased 	<ul style="list-style-type: none"> – A more strategically focused, forward looking agenda has now been adopted and this will be kept under review by the Chair, Executive Directors and the Company Secretary

Board evaluation continued

Progress against the 2022/23 Board effectiveness evaluation

A summary of the Board's progress against the actions from the 2022/23 evaluation is set out below.

Key recommendations	Actions agreed	Progress against actions
Succession planning and talent management		
<ul style="list-style-type: none"> – Consideration to be given in respect of skills gaps and maintaining the right balance of experience and background for new Board appointments – Continued focus on talent, development and succession of the members of the senior management team (now the ExCo) 	<ul style="list-style-type: none"> – Recruitment to take into consideration aspects such as existing appointments, time commitments and locality – Further agenda items to be included in the forward looking agenda regarding key people topics and succession planning 	<ul style="list-style-type: none"> – A role profile has been developed highlighting key attributes required for future Non-Executive Director appointments – As a result of the appointment of a new CPO, renewed focus has been given to the people plan, succession planning and development which will evolve over the coming year – An update on the ExCo succession plan was discussed by the Nomination Committee in March 2024
Strategy		
<ul style="list-style-type: none"> – Increased information to be provided to the Board regarding exploration of opportunities in global markets, with the continued prioritisation of technology and digital. Information provided on the market and competitors to be further enhanced – Refine how progress is tracked against the strategy, with KPIs underpinned by deep dives and regular focus on critical areas such as technology and new products 	<ul style="list-style-type: none"> – Annual forward looking calendar for strategic discussions to be reviewed – Performance reporting and KPIs to be reviewed by management. Deep dives to be aligned 	<ul style="list-style-type: none"> – With the appointment of both Simon and Kate as Executive Directors during the year, there has been a thorough review of our strategy. To align with this, the forward looking agenda was considered by the Board and the strategic aspects to be presented during the year were agreed to ensure a suitable cadence of topics – A deep dive in respect of AI was held in December 2023, with further sessions to be scheduled
Board effectiveness and process		
<ul style="list-style-type: none"> – Agendas to have a sharper focus around priority topics and reduce the number of standing reports and updates. Key topics to be presented as deep dives at regular intervals to help further enhance discussion – Continued consideration to be given on how to keep Board and Committee papers concise and easy to navigate 	<ul style="list-style-type: none"> – A review of agendas and standing reports will be built into the above review of the forward looking calendar – The Board paper template will be updated with clear guidance to users on what information to include and level of detail required 	<ul style="list-style-type: none"> – Board papers and presentations have been evolving over the year under new executive leadership. Templates and guidance have been updated however, to address any concerns or requirements of the Board; a specific question was included in this year's Board evaluation to seek further feedback – Board paper templates have been reviewed, with best practice being shared amongst presenters. This will help ensure consistency of content, highlighting key messages to the Board and providing a clear indication of what is required of the Board during the meeting

Governance code compliance

Training and induction

As part of the Board's continuous development, the Directors receive regular updates from the Company Secretary as well as a schedule of externally available briefings and training sessions. External training includes facilitated events, forum discussions and seminars related to the listed company environment, many of which were offered virtually. In 2023/24, the Board undertook deep dives which included the following:

- AI, which provided an overview of opportunities for the Group, risks and mitigations and the Group's approach to AI-related governance
- Emerging ESG-related reporting regulations, focusing on climate transition planning for the UK's Transition Plan Taskforce and the Corporate Sustainability Reporting Directive
- The Board held a session in October 2023 regarding the strategic planning process which outlined the longer-term cycle of strategic thinking, implementation and refresh.

Finally, to enhance operational awareness, the Board travelled to Germany to visit our office in Frankfurt and regional DC in Bad Hersfeld in September 2023. This provided an opportunity for Directors to meet with employees and see first hand the operations at the regional DC. As part of this site visit, the Board was given an in-depth business overview and strategy update for RS in Germany, Austria and Switzerland.

The Company Secretary is available to all Directors whenever needed and ensures that both Directors and Committees have access to independent professional advice (at the Group's expense) if they deem it necessary to carry out their role effectively.

Following the appointment of any new Director, the Chair and Company Secretary ensure that a customised induction to the Company and the role of the Board is made available. The induction programme is tailored to the individual Director, based on their skills, experience and needs. New Directors are provided with a pack which sets out the relevant information on the Company's approach to governance, information on key Group policies and day-to-day administrative matters, as well as historical Board and Committee papers if applicable.

Kate Ringrose joined the Board in October 2023, and has undertaken a thorough induction plan since her appointment, details of which can be found to the right. Simon Pryce also received an induction programme which was tailored to reflect the time he served as a Non-Executive Director since 2016. Simon spent the first four months of his appointment as CEO with a programme of meetings with key stakeholders. In addition to this he immersed himself in the business and travelled to all the regions to build his knowledge of our culture, operations and requirements across the Group.

Appointment and time commitments

The Chair, Senior Independent Director and other Non-Executive Directors each have letters of appointment with RS Group plc and do not serve, or are employed in any capacity by, the Group.

Non-Executive Directors are generally appointed for three-year fixed terms; however, in line with what is considered good governance practice, all Directors are proposed for annual re-election (or election if newly appointed) by shareholders at the AGM, where letters of appointment for each Non-Executive Director are available for inspection.

As illustrated on pages 74 and 75, the Board has a diverse and appropriate range of skills and experience and works effectively in its role.

The expectation regarding time commitment for Board members to effectively discharge their duties is set out in the Directors' letters of appointment. The external commitments of our Directors are kept under review to ensure they have the time to contribute effectively to the activities of the Board and its Committees throughout the year. Any additional external appointment taken on by a Director must be approved by the Chair prior to appointment, to ensure that the Director's ability to meet the required time commitments to the Group is maintained. During the year, Louisa Burdett informed the Board of her intention to step down from her position as CFO at Croda International plc from June 2024 and her appointment as CFO of Spirax-Sarco Engineering plc from July 2024. The Board considered the time commitment and potential conflicts of interest involved and was satisfied that she would continue to have sufficient time to commit to the RS Board and her committee appointments.

The Board, following the annual evaluation process, also considers whether each Director performs effectively and demonstrates their commitment to the role. The Board recommends that all Directors be re-elected and Kate Ringrose to be elected at this year's AGM.

As recommended by the Code, the Executive Directors who held roles during the year did not hold more than one non-executive directorship in a FTSE 100 company or any other significant appointments.



GOVERNANCE IN ACTION

KATE'S INDUCTION

KATE RINGROSE
CFO



As part of Kate's onboarding, her induction has been split into two aspects with the aim of providing an effective introduction to RS, both to the business as a whole and to the boardroom.

The first of these is an ongoing programme of meetings with key people in various regions and functions, along with key advisors. She met with each of the three regional presidents and those responsible for the accelerating and enabling functions, providing an invaluable introduction into each region and area of business specialism.

During Kate's first six months she has travelled to Americas (including RS in the US and Risoul in Mexico), Beauvais, France, Bad Hersfeld, Germany, Johannesburg, South Africa and both our global DCs in Corby and Nuneaton, UK. She will visit a number of further markets, including Italy, Spain, Malaysia, Singapore, Australia, Denmark and Poland, along with meeting our colleagues from Distrelec during the course of 2024/25. Kate has also met with our major shareholders and completed an investor roadshow with Simon.

The second aspect consisted of an induction pack of key corporate documents and information relating to the Group, such as the latest Annual Report and Accounts, strategy papers, the five-year plan, mergers and acquisitions pipeline, the internal audit plan and governance documents such as the Articles of Association, Terms of Reference of the Committees and a Directors' responsibilities briefing.

UK CORPORATE GOVERNANCE CODE

Compliance statement

The UK Corporate Governance Code 2018 (the Code) applied to the financial year ended 31 March 2024. The Code is publicly available at www.frc.org.uk.

The Company confirms that it applied the principles and has complied with the Provisions of the Code during 2023/24.

Application of the Code

The Directors' Report is set out in a way that helps shareholders and investors to evaluate how the Company has applied the principles and complied with the Provisions of the Code during the year. The table to the right signposts the most relevant parts of the Annual Report and Accounts, in particular where supporting information is not in the Directors' Report.

Principles of the Code	Page(s)	Principles of the Code	Page(s)
1. Board leadership and Company purpose		3. Composition, succession and evaluation	
Chair's introduction	4, 5 and 73	Our Board	74 and 75
Our Board	74 and 75	Board leadership and governance framework	77 to 79
Purpose, values and strategy	8 to 19	Board evaluation	84 and 85
Culture	6, 18, 21 and 53 to 55	Nomination Committee report	88 to 91
Board stakeholder engagement and decision making	80 to 82	4. Audit, risk and internal controls	
Key performance indicators and strategic performance	20 to 23	Audit Committee report	92 to 98
Risk assessment	32	Statement of Directors' responsibilities	119
Risk management	32 to 37	Risk management	32 to 37
Rewarding our people	57	Principal risks and emerging risks	34 to 37
Whistleblowing	60 and 98	Going concern	39
2. Division of responsibilities		Viability statement	38 and 39
Our Board	74 and 75	5. Remuneration	
Board leadership and governance framework	77 to 79	Directors' Remuneration report	99 to 115
Board independence and time commitments	76 and 86	Other remuneration disclosures	114 and 115
Committee reports	88 to 115		
Board and Committee meeting attendance	76		

Nomination Committee report

NOMINATION COMMITTEE REPORT

RONA FAIRHEAD
CHAIR OF THE
NOMINATION COMMITTEE



Key highlights

Membership as at 22 May 2024

Rona Fairhead (Chair)	Louisa Burdett
Navneet Kapoor	Bessie Lee
David Sleath	Joan Wainwright

Activities for 2023/24

- Oversight of CFO selection process
- Consideration of candidates for ExCo roles
- Enhancement of talent mapping, development and succession planning
- Oversight of the Board evaluation process

Priorities for 2024/25

- Continued focus on improving the succession planning process
- Continued focus on diversity and inclusion (D&I)

Dear shareholder

I am pleased to present the Nomination Committee's (the Committee) report for the year ended 31 March 2024. This section of the Annual Report and Accounts details how the Committee discharged its duties during the year, along with its key activities.

During the first part of the year, the Committee focused its attention on the CFO recruitment after David Egan stepped down from the Board. After a rigorous selection process, Kate Ringrose was appointed CFO with effect from 2 October 2023. Kate is a highly experienced CFO with a strong track record of successfully leading finance functions. In her role as CFO, Kate was instrumental in the transformation of Centrica plc. The Committee, along with the rest of the Board, is very confident that Kate has the skills to support strongly the acceleration of the next stage of the Group's strategy. Full details of the CFO selection process can be found in the following pages. I would like to thank Jane Titchener, who took up the position of Interim CFO when David stepped down and who has helped ensure a smooth onboarding for Kate.

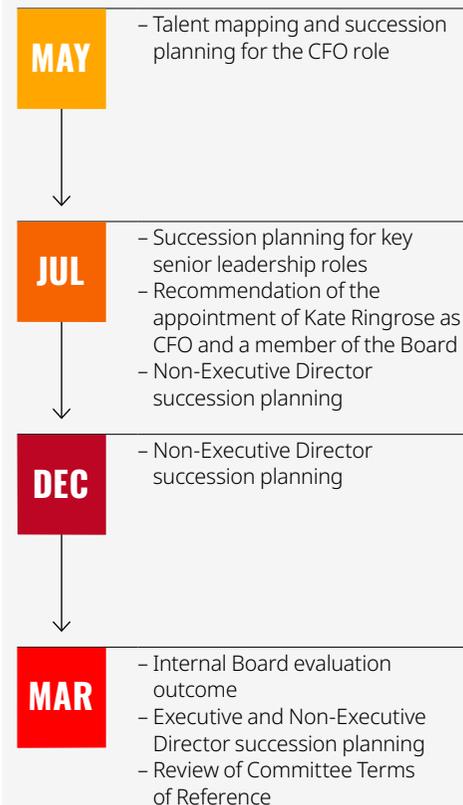
Throughout the year, the Committee further enhanced its work to strengthen talent mapping, development and succession planning for both the Executive Directors and senior leaders. This has included consideration of shortlisted individuals for appointment to the ExCo. In addition to this, further work has been carried out in respect of Non-Executive Director succession planning. Further details on this can be found on page 89.

The Board places great emphasis on ensuring its membership reflects diversity in its broadest sense. During the year, the Committee recommended an updated Board D&I Policy, which was subsequently adopted by the Board. This sets out the objectives for Board membership in respect of diversity, along with specific targets for the senior management, as reflected in the Group's D&I Policy. Further details on the Board D&I Policy can be found on page 90.

An internal Board evaluation was conducted during the year, with the process being overseen by the Committee. The findings from the evaluation were broadly positive, with some areas of improvement being identified. These will form the basis of an action plan which will be implemented during the course of the year, with oversight from the Committee. The Committee also considered the actions identified from the 2022/23 external evaluation and monitored progress against these. Full details of the Board evaluation process, outcomes and previous actions can be found on pages 84 and 85.

Rona Fairhead
Chair of the Nomination Committee
22 May 2024

KEY ACTIVITIES DURING THE YEAR



Nomination Committee report continued

CFO SELECTION PROCESS

The CFO is a trusted and strategic partner to the CEO and a key member of the ExCo and the Board. With this in mind, the Committee developed a role profile, which was used by Russell Reynolds Associates¹ (Russell Reynolds) to conduct the search. The essential skills and experience that the Committee specified for the role of CFO included bringing first class business and financial insights, commerciality, common sense and creativity, to ensure that while the business has sound controls and reporting processes it maximises value both from its operations and balance sheet. It was also essential for the candidate to have the ability to partner with the CEO and CPO as a cultural evolution leader. A diverse longlist of candidates were produced, based on a global search and utilising the internal talent mapping already in place. Simon Pryce and Rona Fairhead worked with Russell Reynolds to reduce the longlist down to a shortlist including both internal and external candidates based on their strong experience and relevant backgrounds.

The shortlisted candidates who were identified as the strongest were subject to full psychometric assessments with Russell Reynolds, interviewed by the CEO and Chair and met with other members of the Board and ExCo. Based on the outcome of the rigorous assessment and referencing process, Kate was identified as being the strongest candidate for the role with the skills to work with Simon and the ExCo to continue the Group's strategic growth.

The Remuneration Committee met to determine the remuneration package to be offered and, having been agreed, the Committee made the recommendation to the Board to appoint Kate as CFO with effect from 2 October 2023.

1. Russell Reynolds has provided recruitment services for senior management positions during the year. There are no other connections with it or the individual Directors.

Nurturing talent is a key enabler to delivering our business strategy and creating a high-performance, purpose-led culture.

Board changes

As detailed in last year's Annual Report and Accounts, following the departure of Lindsley Ruth as CEO, a rigorous selection process was conducted for the role, which led ultimately to the appointment of Simon Pryce as CEO effective 3 April 2023. For details of Simon's selection process, refer to page 101 of the Annual Report and Accounts for the year ended 31 March 2023. David Egan stepped down from the Board and his role of CFO with effect from 3 May 2023 and Kate Ringrose was appointed as CFO from 2 October 2023. Kate's full biographical details can be found on page 74.

Succession planning

Nurturing talent is a key enabler to delivering our business strategy and creating a high-performance, purpose-led culture.

With the appointment of Simon and Kate, along with a new CPO, renewed focus has been given to succession planning and talent development within the Group. This has included a review of work carried out in the last couple of years and identifying areas for improvement. Our succession planning process will evolve to strengthen accountability for developing key talent, drive and monitor more action-orientated outcomes and develop a stronger and more diverse internal pipeline of talent through accelerated development and hiring.

Ensuring a clear connection between our operating model and succession planning

A strategic review was conducted during the year which resulted in our new operating model being adopted. This also includes three new roles on the ExCo for the accelerator functions. A rigorous process was undertaken to identify the leaders for each of these new functions and we are proud that each has been filled by internal talent. The new model was effective from 1 April 2024. Further information regarding the operating model can be found on page 11.

In order to help accelerate the effective functioning of the executive team, each of the ExCo members have undertaken externally-facilitated psychometric assessments to improve their understanding of themselves and each other. This has helped the ExCo build a strong team dynamic, with a clear understanding of their purpose, required management behaviours and ways of working.

Our succession planning process

There is an annual process whereby all individuals throughout the Group undergo regular performance reviews and are responsible for their own development plans, with oversight and support provided by line managers. In addition to this, an ongoing succession planning process is in place to identify talent and successors to senior leadership roles, and to highlight any potential retention risks. For details of our talent programme, see page 57.

Our succession planning can be split into two tiers: the first for the Executive Director positions, and the second for key senior management roles.

The succession plans are split between short-term and long-term requirements:

- Short-term requirements: for use in unplanned or emergency situations, whereby interim cover on a short-term basis is implemented.
- Longer-term requirements: for creating a diverse pipeline of talent within the organisation by identifying individuals who have potential to step into the role in the next one to five years. Any gaps in experience and knowledge are identified, and a development plan devised and implemented to upskill potential candidates.

Nomination Committee report continued

Over the coming months, we will continue to align the senior leadership teams to the new operating model, and succession planning into the new roles will be reviewed. This will be carried out with input, alignment and ownership from the ExCo. The Committee will continue to review and monitor the succession planning process to ensure it is effective and appropriate for the Group.

Non-Executive Director succession planning

Throughout the year, the Committee continually considered the Board's balance of skills and experience to ensure the overall composition of the Board remains appropriate. This approach also enables the Committee to identify any skills gaps and to build quickly role profiles when needed.

Diversity and inclusion

The Committee has approved an updated Board D&I Policy. This provides a high-level overview of the Board's approach to driving D&I in our succession planning, selection, nomination, operation and evaluation of the Board. This policy works in conjunction with our wider Group D&I Policy and reflects the overall Group target ranges for our senior leaders. For further details of performance against targets see page 54.

Policy statement

We believe in creating an inclusive and engaging environment where everyone is proud and excited to come to work and can perform at their best, develop and thrive. We are proud to support our people to be their best by building an inclusive workplace that supports everyone, irrespective of ethnicity, disability, socio-economic backgrounds, mental health conditions, neurological divergence, age, religion, sexual orientation or gender identity.

The Board places great emphasis on ensuring that its membership reflects diversity in its broadest sense. We believe a key driver in delivering our organisational diversity commitments is through a Board which has a balance of skills, personal and cognitive strengths, experience, diversity, independence and knowledge. Consideration is given to the combination of demographics, skills, experience, ethnicity, age, gender and other relevant personal attributes on the Board to provide the range of perspectives, insights and challenge needed to support good decision making.

New appointments are made on merit, taking account of the specific skills and experience, independence and knowledge needed to ensure a diverse and rounded Board and the benefits each candidate can bring to the overall composition of the Board and its Committees.

Objectives

Objectives for achieving Board diversity are periodically reviewed. The Board aspires to be comprised of:

- At least 40% women
- At least one of the senior Board positions (Chair, CEO, CFO or Senior Independent Director) is a woman
- At least one Director from an ethnically diverse background, with a target of 25% by 2030, to reflect the overall Group target for senior roles held by ethnically diverse executives

The Board acknowledges that in periods of Board change, there may be times when this balance is not maintained.

Reflecting these aspirations, the Board will aim to meet any recommendations set out by the FTSE Women Leaders review (formerly Hampton-Alexander Review) and the Parker Review.

The Board places high emphasis on ensuring the development of diversity in the senior leadership roles across the Group and supports and oversees the Group's ambition of working towards 37% to 42% of senior leaders being women and 17% to 22% being ethnically diverse by 2030.

Currently, this Policy is not applied to Board Committees individually, although we strive to apply similar representation across the Committees. The Board is comfortable that the diversity of the Board is reflected across the Committee memberships and that this remains an ongoing consideration.

Responsibilities, monitoring and reporting

The Chair of the Board will lead the Board's diversity agenda and set measurable objectives, with the aim of continuously improving D&I generally, ultimately leading to better debate and decision making.

The Board will be expected to role model inclusive language, behaviours and practice in all undertakings for and on behalf of the Group, setting a clear tone from the top.

The Committee is responsible for ensuring that the Board has the right balance of skills, experience and knowledge and, in accordance with its Terms of Reference, shall:

- Regularly review Board composition
- Monitor and drive succession planning, talent development and the broader aspects of D&I for both Executive Directors and the ExCo
- For any Director appointments, work with executive search firms that reflect and understand the Group's values and approach to diversity, including this Policy, and will honour those values and approach in identifying and proposing suitable candidates for appointment to the Board and its Committees
- Identify suitable candidates for appointment to the Board on merit against objective criteria having regard to:
 - the benefits of diversity in promoting the success of the Group for the benefit of its shareholders as a whole
 - the skills, experience, background, independence and expertise of current members of the Board and its Committees
- Report annually in the Governance Report of the Annual Report and Accounts on the implementation of the Board D&I Policy and other matters as required by the Code and other regulatory and statutory requirements
- Review the Board D&I Policy at least annually and recommend any revisions to the Board

Nomination Committee report continued

Gender and ethnicity representation

The FCA, in its capacity as the UK Listing Authority, introduced new rules during 2022 that require listed companies to publish information on gender and ethnic representation on the Board and in executive management roles (LR 9.8.6(10)). This is our first year reporting in full against these requirements. The tables below outline the current gender and ethnic diversity of the Board and our senior leaders.

Diversity statistics as at 31 March 2024

Reporting table on gender representation

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number of senior leaders	Percentage of senior leaders
Men	4	44%	2	85	66%
Women	5	56%	2	43	34%
Not specified / prefer not to say	0	0	0	0	0%

Reporting table on ethnicity representation

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number of senior leaders	Percentage of senior leaders
White British or other White (including minority-white groups)	7	78%	4	89	70%
Mixed / Multiple Ethnic Groups	0	0	0	3	2%
Asian / Asian British	2	22%	0	7	5%
Black / African / Caribbean / Black British	0	0	0	0	0%
Other ethnic group, including Arab	0	0	0	1	1%
Not specified / prefer not to say	0	0	0	28	22%

Definition of senior leader

Permanent and temporary employees who operate at a senior level in the Group and typically, although not exclusively, are the members of ExCo and their direct reports (including directors of subsidiary entities). Contractors and agency staff are not included. In 2023/24, four temporary employees (three female and one male) were also excluded. In objective terms this is anyone in a role sized as a Willis Towers Watson global grade of 15 or above (or equivalent in new acquisitions).

Methodology of data collection

Data in respect of our senior leaders is compiled through our employee database and collected on a self-reporting basis. 102 of 128 senior leaders self-reported ethnicity via this database (including not specified / prefer not to say) and 11 identified as non-white. Data in respect of the Board is collected on a self-reporting basis and agreed directly with the Board members.

Board evaluation

The Committee, led by the Chair of the Board, is responsible for overseeing the Board evaluation process. This year the Board underwent an internal evaluation.

The Committee also considered the remaining actions taken in response to feedback from the previous external review undertaken in 2022/23 and monitored progress against the agreed actions. Full details of both the evaluation and actions against the previous year's evaluation are provided on pages 84 and 85.

Committee governance

Committee structure and meetings

The Committee is comprised of independent members. There were no changes to the Committee membership during the year.

The Committee held four scheduled meetings during the year and held a further one unscheduled meeting to consider the CFO selection process and appointment. Details of attendance at meetings can be found on page 76.

In addition to the members, the regular attendees at the meetings of the Committee have included the CEO, CFO, CPO and the Company Secretary.

The Committee Chair attends the Company's AGM and is happy to answer any questions from shareholders on matters falling within the Committee's responsibilities.

Meetings of the Committee generally take place shortly before Board meetings and activities of the Committee are reported by the Chair to the Board as a separate agenda item.

Committee responsibilities

The Committee's chief responsibilities have not changed during the year. The Committee's Terms of Reference are reviewed formally and approved annually and set out its principal duties in full, including its authority to carry out its duties. These are available at [rsgroup.com](https://www.rs-group.com).

Committee evaluation

As part of the internal evaluation, the Committee examined its own performance and operational effectiveness. The Committee members agreed that the meetings continued to be well run with appropriate levels of detail presented. All respondents felt well informed and involved in the specification and approach to the recruitment activity which occurred during the year. As reported on page 84 there was strong feedback in respect of the need to provide greater focus on succession planning in the coming year.

The overall findings of the evaluation demonstrated that the Committee operated effectively and continues to discharge its duties in line with its Terms of Reference.

The findings of the Committee's evaluation demonstrated that it operated effectively and continues to discharge its duties.

Audit Committee report

AUDIT COMMITTEE REPORT

LOUISA BURDETT
CHAIR OF THE AUDIT COMMITTEE



Key highlights

Membership as at 22 May 2024

Louisa Burdett (Chair) Alex Baldock
Navneet Kapoor David Sleath

Activities for 2023/24

- Oversight of the transition from PricewaterhouseCoopers LLP (PwC) to Deloitte LLP (Deloitte) as new external Auditors from 2024/25
- Reviewed and monitored the Group's approach to risk, the risk management process and its internal control system
- Evaluation of the performance of the internal audit function
- Continued its focus on development of the Group's information security strategy
- Reviewed the progress of the second phase of the Group's review of internal controls over financial reporting (ICFR)
- Reviewed the fair value determination of the acquisition of Distrelec completed in the year and the initial integration and effectiveness of recent acquisitions' internal control systems
- Reviewed the Group's ESG reporting approach, including the update on its climate-related risks and opportunities in relation to TCFD

Priorities for 2024/25

- Review the Group's assessment of the impact of the Financial Reporting Council's (FRC) updated UK Corporate Governance Code 2024 (the updated Code) in relation to internal controls and any necessary changes to the Group's ICFR review and the extension to all material controls. Continue to monitor the Group's progress in this review
- Continue to review risks and opportunities for ongoing ESG reporting, including TCFD
- Review the integration of the 2023/24 acquisition and assess the improvement in the effectiveness of its internal control systems
- Monitor the transition to Deloitte as external Auditors

Dear shareholder

As Chair of the Audit Committee (the Committee), I am pleased to present the Committee's Report for the year ended 31 March 2024. The purpose of this Report is to describe the work undertaken by the Committee and explain how it has discharged its responsibilities throughout the year.

The Committee's main role is to monitor and review the integrity of the Company's financial information. This includes recommending to the Board whether the Company's Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and whether the assessment of the Group's going concern assumptions and longer-term viability are reasonable. The Committee is also responsible for providing assurance to the Board that the Group's internal controls and risk management systems are fit for purpose and regularly reviewed, as well as overseeing the effectiveness and independence of the external Auditors, including recommending to the Board the approval of their fees and appointment on an annual basis. PwC were the Company's external Auditors for 2023/24 and Deloitte will be the Company's new external Auditors for 2024/25.

We continued to see professional, comprehensive and robust work in all areas which has meant that the Committee has been able to discharge its obligations seamlessly throughout the year.

The Committee has continued to focus on the Group's financial reporting, including approving the disclosures in relation to geopolitical uncertainties and climate change, impacts of inflation, the Group's going concern and viability

statements and the Group's use and definitions of alternative performance measures. The Committee has continued to focus on the key accounting matters set out on pages 94 and 95. All of these matters were conducted to the satisfaction of the Committee.

We continue to monitor the Group's progress on its ICFR programme to strengthen and formalise its financial processes and controls framework. This will stand it in good stead for complying with the regulations coming out of the updated Code.

The Committee has spent some time understanding all emerging ESG legislation and the related disclosures and reviewed the Group's reporting approach to it, including the third year of reporting the climate-related risks and opportunities in relation to the Group's obligations under TCFD (see pages 62 to 69).

As part of its duties, the Committee has continued to review the Group's information security and data protection controls, further details of which can be found on page 96.

On behalf of the Committee, I would like to thank our internal audit and finance teams for their contribution over the past year. I would also like to add thanks to PwC for their role as the Group's Auditors since 2014/15 and, subject to the AGM vote, to welcome Deloitte.

I will be available, as usual, at this year's AGM to answer any shareholder questions in relation to audit matters.

Louisa Burdett
Chair of the Audit Committee
22 May 2024



We continue to monitor the Group's progress on its internal controls over financial reporting programme to strengthen and formalise its financial processes and controls framework."

KEY ACTIVITIES DURING THE YEAR

MAY

- Reviewed the year-end key accounting judgements and issues (including tax) and approved their accounting treatment; viability and going concern; and fair, balanced and understandable criteria for recommendation to the Board
- Reviewed the TCFD report for its recommendation to the Board
- Recommended to the Board for approval the adoption of the Annual Report and Accounts for the year ended 31 March 2023 and the full-year results announcement
- Reviewed non-audit fees and the Non-Audit Services Policy
- Recommended to the Board for approval the re-appointment of PwC as Auditors for 2023/24
- Reviewed updates regarding operational audit reports, information security and quarterly whistleblowing

JUL

- Reviewed Group Operational Audit remit and performance
- Reviewed the key accounting judgements and issues
- Quarterly review of non-audit fees completed
- Approved PwC's audit plan for 2023/24
- Received reports from the Data Protection Officer and quarterly whistleblowing report
- Review of operational audit reports
- New external Auditors' transition update received
- Reviewed the external Auditors' performance
- Received an update on the ICFR programme

OCT

- Received the half-year key accounting judgements and issues (including tax) and approved their accounting treatment; going concern; and fair, balanced and understandable criteria for recommendation to the Board
- Reviewed the draft interim results for recommendation to the Board
- Quarterly review of non-audit fees completed
- Review of the onboarding plan for the new external Auditors
- Reviewed PwC's audit fees for 2023/24 and recommended their approval to the Board
- Reviewed updates regarding operational audit reports, information security and quarterly whistleblowing

FEB

- Received the Group Operational Audit update, reviewed the Group's risk and control assessment and approved the 2024/25 operational audit plan
- Reviewed the key accounting judgements and issues
- 2023/24 ESG reporting approach agreed, including TCFD actions and disclosure
- Received an update on emerging ESG reporting regulations
- ICFR update received, including a summary of the changes made to the updated Code in relation to internal controls
- Quarterly review of non-audit fees completed
- Reviewed the Anti-Bribery & Corruption Policy and procedures
- Received a report from the Data Protection Officer
- Reviewed the annual whistleblowing arrangements and the quarterly whistleblowing report
- New external Auditors' transition update received

FAIR, BALANCED AND UNDERSTANDABLE

The Board is required to confirm to the Company's shareholders that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the necessary information and key messages to enable shareholders and other stakeholders to assess the Group and the Company's position, performance, business model and strategy. The Committee advises the Board on whether this confirmation can be made and the Committee assesses whether it can make this recommendation to the Board by following its regular, robust approach which is:

- Ensuring regulatory requirements for the Annual Report and Accounts were thoroughly understood.
- Reviewing draft copies of the Annual Report and Accounts to assess and advise on direction and key messages, with a near final version provided to the Committee and Board prior to sign-off of the Annual Report and Accounts.
- Assessing management's fair, balanced and understandable verification process and reviewing its results. This included a cascaded sign-off across the Group to determine the accuracy, consistency and clarity of the data, information and language.

- Reviewing the use and disclosure of alternative performance measures and confirming its belief that separate disclosure of these measures enables readers of the Annual Report and Accounts to understand better the underlying financial and operating performance of the Group. The alternative performance measures are consistent with prior years. The definitions and reconciliations of alternative performance measures are set out in Note 3 on pages 135 to 138.
- Ensuring that a thorough review of the Annual Report and Accounts was undertaken by all appropriate parties, including external advisors.

The Committee has reviewed the Annual Report and Accounts for the year ended 31 March 2024 and has advised the Board that, in its opinion, the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary to assess the Group's position and performance, business model and strategy.

Audit Committee report continued

Financial reporting

The primary role of the Committee in relation to financial reporting is to monitor the integrity of the Group's published financial information, including reviewing its full-year and half-year financial results. The Committee undertakes this with both management and PwC and concentrates on ensuring compliance with the relevant financial and governance reporting requirements. The Committee considers the principal accounting policies that are used when preparing these results as well as reviewing the significant accounting issues and areas of judgement made as noted below and other key areas of focus as noted on page 95. Also, this includes the fair, balanced and understandable review as described in more detail on page 93. The Committee receives regular reports from the CFO and Group Financial Controller to support this work.

Significant accounting issues and areas of judgement

Management is required to exercise judgement in a number of areas when preparing the Group accounts and the Company accounts. The Committee focuses on any significant areas of judgement that may materially impact the Group's and Company's reported results and assesses and challenges, if necessary, whether these judgements are reasonable and appropriate. The Committee also reviews the clarity and transparency of the related disclosures.

The significant accounting issues and areas of judgement considered by the Committee during the year, and how these were addressed, are set out to the right.

Significant accounting issues and areas of judgement

How the Committee addressed these matters and conclusions reached

Retirement benefit obligations

The Group has a material defined benefit pension scheme in the UK and smaller defined benefit schemes in the Republic of Ireland, Germany, France and Italy and a contribution-based pension scheme in Switzerland that guarantees a minimum rate of investment return and so is accounted for as a defined benefit pension scheme. At 31 March 2024, the total net deficit in relation to these retirement benefit obligations was £25.7 million (2022/23: £36.4 million), of which the UK was £16.1 million (2022/23: £26.2 million). Key judgements are made in relation to the assumptions used when valuing the retirement benefit obligations. See Note 10 on pages 144 to 150.

Small changes to the assumptions used to value the UK retirement benefit obligation, particularly changes in bond yields used to determine the discount rate, can have a significant impact on the financial position and results of the Group.

The assumptions put forward by the actuaries, Head of Group Pensions and Group Financial Controller were reviewed by the Committee. The Committee also reviewed the external Auditors' comparisons of the assumptions with those of other similar schemes. After discussion, the Committee agreed the reasonableness of the assumptions used in valuing the retirement benefit obligations at the half year and year end.

At the year end, the Audit Committee agreed with management's decision to update the inflation rate sensitivity analysis to show the impact of a 0.25% movement as this is considered to be currently a reasonable possible change.

Inventories valuation

Inventories represent a material proportion of the Group's net assets. At 31 March 2024, the Group had £656.0 million (2022/23: £616.3 million) of inventories on the balance sheet. Judgements are made in estimating the net realisable value of inventories. At 31 March 2024, inventory provisions were £68.6 million (2022/23: £43.7 million). Sensitivity analysis on the assumptions was performed, which indicates that any reasonably likely change in assumptions, including the current global economic uncertainty and longer-term impacts of climate change and environmental regulations, is not expected to have a material impact on the current net realisable value of inventories. See Note 18 on page 158.

From an International Accounting Standard (IAS) 1 'Presentation of Financial Statements' perspective, the judgements involved in estimating the net realisable value of inventories do not have a significant risk of resulting in a material adjustment to the carrying amount of inventories within the next year. However, the Committee believes that inventories and their management are so critical to the Group's operating model that areas of judgement in inventories valuation are significant and require its particular focus.

The Group estimates the net realisable value of inventories in order to determine the value of any provision required. The judgements made in the methodology used to estimate the net realisable value relate to the number of years of sales there are in inventories of each product and the value recoverable from these inventories. These assumptions are based on recent experience and knowledge of the products on hand and are reviewed regularly. The impact of the current global economic uncertainty and the longer-term impacts of climate change and environmental regulations on these assumptions were considered and the assumptions were adjusted where necessary to ensure they remain appropriate. Also, adjustments were made to take account of the continued slowdown in sales of electronics products and slow-moving single-board computing products and their impact on the net realisable value. The latest review was presented to the Committee and it reviewed and agreed the reasonableness of the assumptions.

With the increase in the inventory provision due to the continued slowdown in the business pushing inventory into excess, the Committee agreed with management's decision to update the sensitivity analysis to consider the impact of reasonably likely decreases as well as increases to provisions.

Audit Committee report continued

Going concern and viability statements

As part of the Committee's responsibility to provide advice to the Board, the Committee reviewed and challenged the Group's going concern assumptions at the half year and full year and reviewed and challenged the process and assessment of the Group's longer-term viability at the full year.

Management included a going concern statement in the Group's half-year report. The Committee reviewed the process conducted to prepare this statement, including the assumptions used in the reverse stress tests. It recommended to the Board that it was appropriate to continue to adopt the going concern basis in the half-year results. The Committee also reviewed and agreed the wording of the going concern statement and recommended its approval to the Board.

For the viability statement and going concern statement in the Annual Report and Accounts, the Committee reviewed the assessment period and reviewed and challenged the scenarios considered for each principal risk and the determination of severe but plausible stress tests and reverse stress tests. The Committee reviewed the outcomes of these stress tests and, as a result, recommended to the Board that it is able to confirm the Group's viability statement and the going concern statement. Details of these statements can be found on pages 38 and 39 of the Strategic Report.

Other key areas of focus

The Committee also reviews a number of other key areas that require management to exercise judgement. These judgements have not had a significant effect on the amounts recognised in the accounts in the year ended 31 March 2024 nor are they significant estimates which have a significant risk of resulting in a material adjustment to the carrying amounts of the Group's assets and liabilities within the next year. However, the Committee focuses on these areas to ensure these judgements are also reasonable and appropriate and to ensure they have not become significant.

These other key areas of focus in the year were:

Other key area of focus	How the Committee addressed these matters and conclusions reached
<p>Fair values and goodwill on acquisition of businesses</p> <p>The Group completed the acquisition of Distrelec on 30 June 2023 for consideration of £313.1 million. The purchase price allocation resulted in goodwill of £182.3 million and other intangible assets of £106.2 million.</p> <p>Judgements are made in relation to the assumptions and data used in determining the fair values of the intangible assets acquired and the goodwill arising. See Note 29 on pages 168 and 169.</p>	<p>The Group reviewed the net assets acquired, identifying and fair valuing all the assets and liabilities. For larger acquisitions the Group engages external professional advisors for the identification and calculation of fair values of intangible assets while ensuring that the assumptions and forecast cash flows used in the valuation models are reasonable.</p> <p>The Committee reviewed the process, discussed it with management and the external Auditors and assessed the results of the work undertaken. The Committee concluded that it is satisfied with the fair values and goodwill arising on acquisition of businesses.</p>
<p>Impairment of goodwill and other assets</p> <p>There is £646.3 million of goodwill on the balance sheet at 31 March 2024 (2022/23: £463.3 million). Judgements are made in relation to the assumptions used in the value-in-use models which are used to assess impairment of goodwill and other assets when there are indicators that they may be impaired.</p>	<p>The value of goodwill is reviewed regularly for impairment using value-in-use models using cash flows and discount rates as set out in Note 14 on pages 153 to 155. The Committee reviews these impairment tests every year, including the main assumptions. These assumptions also include consideration of the impact of climate change. The Committee agrees with the tests' confirmation that there remains adequate headroom in place and no impairment provision is required.</p> <p>Other assets are regularly reviewed to ensure there are no indicators that they may be impaired. If any significant impairments are found, the Committee will also review these impairment tests, including the main assumptions, confirming that the valuation is reasonable.</p> <p>The Committee also reviewed and agreed with the trade receivable impairment allowance and disclosure in Note 23 on pages 162 and 163.</p>

Audit Committee report continued

Other matters

The Committee also carried out a range of other activities in relation to financial reporting during the year which included:

- Reviewing the impact of amendments to accounting standards adopted during the year
- Reviewing the effective tax rate, judgements made in relation to the levels of tax contingencies for potential challenges by local tax authorities and recoverability of losses, and relevant disclosures
- Approving the restatement of the service solutions disaggregation of revenue following management's review of what it classes as service solutions
- Reviewing and agreeing the accounting treatment and disclosure of any potential post-balance sheet events at both the half year and full year
- Agreeing with management's assessment that there are no indicators of impairment for the investments the Company holds in its subsidiaries

Internal control and risk management

The Vice President Group Operational Audit and Risk (VP Audit and Risk) provides quarterly reports to the Committee which cover the performance of the Group's system of internal controls and its effectiveness in managing the Group's principal risks and identifying any control failings or weaknesses. These reports highlight matters which might impact the delivery of the Group's key strategic objectives or which indicate improvement is required in any of the Group's processes or controls. The Committee carefully considers these findings and discusses appropriate actions where necessary.

An annual review of the Group's risk management processes is undertaken by the Committee, as required by the Code, the FRC Guidance on Audit Committees and the recommendations of the FRC Guidance on Risk Management, Internal Control and Related Financial and Business Reporting. These processes include material controls which cover financial, operational and compliance controls and risk management systems. The outcomes of these reviews are shared with the Board.

These, in combination with other updates to the Board on the Group's principal risks, allowed the Board to assess the effectiveness of the Group's systems of internal control and residual risk prior to making its statement in this Annual Report and Accounts. Further information regarding the Group's principal risks can be found on pages 34 to 37 of the Strategic Report.

The internal control system and risk management process have been in place during the year and up to the date of this Annual Report and Accounts. In the event weaknesses are identified in the internal control system, plans for strengthening them are put in place and then regularly monitored. All the more significant control weakness observations, where noted, have actions and agreed timelines assigned against them.

Internal financial controls

Internal financial controls are the systems that the Group employs to support the Board in discharging its responsibilities for financial matters and the financial reporting process as described on page 119.

The main elements include:

- Assessments by internal audit on the effectiveness of operational controls
- Clear terms of reference setting out the duties of the Board and its Committees, with delegation to management in all locations
- Group Finance and Group Treasury manuals outlining accounting policies, processes and controls
- Weekly, monthly, quarterly and annual reporting cycles, including targets approved by the Board and regular forecast updates
- Local leadership teams reviewing financial results against forecast and agreed performance metrics and targets with overall performance reviewed at region, business and Group levels
- Specific reporting systems covering treasury operations, major investment projects and legal and insurance activities, which are reviewed by the Board and its Committees on a regular basis
- Whistleblowing procedures allowing individuals to report fraud or financial irregularities and other matters of concern

In 2021/22, in advance of the regulations arising from the then Department of Business, Energy & Industrial Strategy's corporate reform, the Group commenced a review of its ICFR. The first phase, completed during 2022/23, was to assess the Group's financial reporting controls and identify what improvements should be made. The second phase, to action the improvements required, then started and continued into 2023/24, although at a slower pace due to waiting for the publication of the updated Code in January 2024 and the Group's review of its operating model. The goal is to improve and build on our existing financial reporting controls focused on key areas. This will be extended to other relevant internal control areas impacted by the updated Code which will apply to the Group's year ending 31 March 2027. The Committee will continue to monitor the Group's progress.

Internal audit

The work of the internal audit function spans the whole Group, including, as and when relevant, acquired businesses, and provides independent and objective assurance over the Group's systems of internal controls through a risk-based approach. The Committee reviews and approves the scope and resourcing of the internal audit plan annually with the VP Audit and Risk. The scope of the plan is determined by reference to the Group's operating risks and strategy as well as geographic, functional and external risks. The Committee reviews:

- The level and skills of resources allocated to the internal audit function to conduct this programme of work
- The summary of the results of each audit and the business team's resolution of any control issues identified
- The effectiveness of the internal audit function

The VP Audit and Risk has regular, open access to the Committee Chair. Discussions focus on audit planning and matters noted during internal audit assignments. Other members of the Committee are also available as required. The Committee meets with the VP Audit and Risk without the presence of management at least once a year.

Other activities

During the year, the Committee continued its focus on enhancing the Group's information security strategy via regular updates from the Chief Information Security and Compliance Officer (CISO). These included updates on information security risk assessments relating to our industrial control systems, including improvement actions both underway and planned. Testing of all our primary distribution sites has now been completed and the project will shortly be entering its second phase, which includes defining future monitoring solutions. Throughout the year, the Committee also received updates on other specific information security risks, upcoming regulatory changes and improvement actions, including strengthening IT access controls.

The Committee continued with its reviews of the data protection compliance programme through reports from the Data Protection Officer. The Committee continued to provide oversight of the Group's compliance with laws regarding the protection of personal data across its operations, including the General Data Protection Regulation and the UK's Data Protection Act.

The Committee received regular reports from the Data Protection Officer, highlighting ongoing compliance work such as training, targeted training for high risk teams and awareness campaigns to embed a culture of privacy by design, as well as assessments of the impact of material changes to the Group's operations on its handling of personal data (such as significant changes to systems and integration of acquisitions) and monitoring of changes in the regulatory environment.

The Committee received updates on current and emerging ESG legislation during the year. It discussed and agreed the ESG reporting requirements for 2023/24 and future years, including Scope 3 emissions and additional disclosures in the Group's third TCFD report included in this Annual Report and Accounts. The Committee was comfortable that the

Audit Committee report continued

disclosures contain appropriate and accurate data and information and recommended to the Board that it approve the ESG disclosures in this Annual Report and Accounts, including the TCFD report.

External Auditors

Effectiveness, independence, tender and rotation

The Committee is responsible for reviewing the performance and effectiveness of the external Auditors, as well as their appointment and remuneration.

A review of the external Auditors' performance and effectiveness is undertaken by the Committee each year. The review includes looking at qualification, expertise, resources and reappointment (where relevant) of the external Auditors, as well as ensuring that no issues have arisen which might adversely affect their independence and objectivity.

The review also considers how robust the external audit has been, as well as the quality of delivery. It also addresses the FRC's Audit Quality Inspection Report on PwC and Deloitte as well as any feedback received from the Group's senior managers.

The Committee assessed how well the external Auditors have exercised professional scepticism and whether they have provided an appropriate degree of constructive challenge to management. The Committee also considers the risk of the external Auditors withdrawing from the market. PwC demonstrated professional scepticism and challenge on the valuation of inventories, the acquisition fair values of Distrelec, the recoverability of receivables and assumptions in the going concern and viability assessments.

During the year, the Senior Statutory Audit Partner, Sandeep Dhillon, or the Audit Director, together with other relevant and appropriate members of the PwC audit team, attended all of the Committee's meetings. In addition to PwC's attendance, Jon Thomson who will be the Group's Senior Statutory Audit Partner from Deloitte also attended meetings from October onwards as part of the external Auditors' transition planning process. PwC provided reports and conclusions on the Group's key accounting judgements, internal control processes, Annual Report and Accounts and half-year report.

Following an external tender process in 2014, PwC was appointed as the Group's external Auditors with their first audit being the 2014/15 Annual Report and Accounts. In line with the Companies Act 2006 and as detailed in the Annual Report and Accounts 2023, the Company undertook a robust public tender process for the audit of the Annual Report and Accounts for the year ending 31 March 2025. As a result of this, the Committee recommended to the Board that either PwC or Deloitte, with a preference for Deloitte, be appointed as the external Auditors for 2024/25. The Board accepted this recommendation and preference and a resolution will therefore be put to shareholders at the forthcoming AGM to appoint Deloitte.

Further details of how the Committee and the external Auditors work together, as well as how the external Auditors' independence is maintained, can be found in the governance section of our website. As in previous years' reports, the Committee can confirm that the Group does not engage PwC to undertake any work that could affect their independence. As a result of Deloitte's transition to external Auditors, Deloitte resigned during the year from all non-audit work it provided to the Group and so no longer undertakes any work that could affect their independence.

The Committee has satisfied itself that the Company has complied with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Processes and Audit Committee Responsibilities) Order 2014, published by the Competition and Markets Authority on 26 September 2014.

Non-audit assignments undertaken by the Auditors

The Group operates a policy to ensure that the provision of non-audit services does not impair the external Auditors' independence or objectivity and that only permitted services are provided. In determining this policy, the Committee took into account possible threats to the external Auditors' independence and objectivity.

The policy on non-audit services includes:

- In providing a non-audit service, the external Auditors should not:
 - Audit their own work
 - Make management decisions for the Group
 - Create a mutuality of interest
 - Find themselves in the role of advocate for the Group
- The total non-audit fees for any financial year should not exceed 70% of the average of the external audit fee over the last three years. In practice, the non-audit fees are normally significantly below this level

The policy also states that the Committee has pre-approved the CFO to have authority to commission the external Auditors to undertake non-audit work (not covered above) where there is a specific project with a cost that is not expected to exceed £50,000.

Full details of our policy in relation to non-audit services can be found on the governance section of our website. This policy was reviewed by the Committee during the year and no changes were required.

During the year under review there were audit-related assurance services of £0.1 million and no other non-audit fees for PwC compared to audit fees of £3.1 million. Further information on fees payable to PwC are included in Note 6 on page 140.

The Committee has satisfied itself that its use of the external Auditors complies with both the Code and the FRC's Ethical and Auditing Standards regarding the scope and level of non-audit work and non-audit fees incurred by the Group.

Fraud

The Committee is responsible for reviewing the Group's procedures for the prevention and detection of fraud. Suspected cases of fraud must be reported to the Company Secretary or General Counsel within 48 hours and investigated by operational management, Group Compliance or internal audit, as appropriate. The outcome of any investigation is reported to the Company Secretary, General Counsel and the CFO. A register of all suspected fraudulent activity and the outcome of any investigation is maintained and circulated to the Board on a regular basis, with the Committee also receiving regular updates. The Group takes steps in line with good business practice to detect and prevent fraudulent activity, and is preparing for the new requirements of the Economic Crime and Corporate Transparency Act related to fraud prevention. The Committee is pleased to report that there were no frauds of a material nature discovered during the year, although the Group is subject to various attempts at external and low-level credit card and online fraud.

Audit Committee report continued

Whistleblowing

In accordance with the provisions of the Committee's Terms of Reference, the Committee is responsible for reviewing the arrangements whereby all of the Group's employees may, in confidence, raise concerns about illegal, unethical or improper behaviour or other matters and for ensuring that these concerns are investigated and escalated as appropriate. Reports may be raised directly to senior management or through an external third-party reporting tool. Whistleblowing is referred to internally as Speak Up and is available to all of the Group's employees. The Committee receives aggregated reports on matters raised through these services and monitors their resolution. The Group's existing policies and procedures (adopted globally) have been updated to reflect the ongoing implementation across EU Member States of the 2021 European Whistleblowing Directive. The Group will continue to monitor any national laws that implement additional, relevant requirements and make any required changes to policies and procedures where appropriate. For further information see page 60.

Committee governance

Committee structure and meetings

The Committee acts independently of management to ensure the interests of our shareholders are protected properly in relation to financial reporting, risk and internal control. All members of the Committee are independent Non-Executive Directors, with sufficiently wide-ranging business experience, expertise and competence to enable the Committee to fulfil its responsibilities effectively. There were no changes to the membership of the Committee during the year. Louisa Burdett is a chartered accountant and, having held senior financial management positions, has extensive knowledge and experience of financial markets, treasury, risk management and financial accounting standards. Biographies for the Committee members are set out on pages 74 and 75.

The Committee held four scheduled meetings during the year. Meetings were held in line with the financial and reporting cycles of the Company. Meetings are generally held prior to Board meetings so that optimum collaboration with the Board is maintained. The Committee Chair provides updates to the Board on the proceedings, considerations and findings of each meeting.

The Committee Chair extends invitations to certain other key individuals to attend meetings, including the Chair of the Board, other Non-Executive Directors who are not members of the Committee, the CEO, CFO, the Company Secretary, Group Financial Controller, VP Audit and Risk and the external Auditors. The CISO also attends to provide regular updates on the Group's Information Security strategy. The Data Protection Officer attends meetings twice a year to give updates on data protection matters.

During the year, the Committee held separate sessions with the VP Audit and Risk and the external Auditors without the presence of management. The VP Audit and Risk and the external Auditors have direct access to the Committee Chair outside of formal Committee meetings.

Committee responsibilities

The Committee's chief responsibilities have not changed during the year. The Committee's Terms of Reference are reviewed formally and approved annually and set out its principal duties in full, including its authority to carry out its duties, and are available in the governance section of our website: [rsgroup.com](https://www.rsgroup.com).

The core functions of the Committee include:

- Supporting the Board in ensuring the integrity of the financial and corporate reporting and auditing processes
- Assisting the Board in assessing the long-term viability of the Group by reviewing and challenging the scenarios considered and severe but plausible stress testing performed on the principal risks
- Advising the Board on whether the half-year and full-year financial reports present a fair, balanced and understandable assessment of the Group's position and prospects
- Ensuring effective internal control and risk management systems are in place
- Measuring the Group's effectiveness in managing risk and reviewing the risk identification process
- Approving the remit of the internal audit function and reviewing its effectiveness and findings
- Ensuring that an appropriate relationship is maintained between the Group and its external Auditors, including the recommendation to the Board to approve their appointment and fees
- Monitoring progress of the Group's information security strategy to mitigate its major risks
- Reviewing the scope and effectiveness of the external audit process
- Reviewing whistleblowing, fraud, anti-bribery and corruption and data protection procedures

Committee evaluation

This year, the Board underwent an internal evaluation of its performance and the activities of the Committee were reviewed as part of this process. The results of the evaluation demonstrated that the Committee continued to operate effectively and provided sufficient challenge, and that the composition worked well with a good balance of experience. Key recommendations arising include launching a campaign to raise awareness of the whistleblowing hotline and its purpose and further enhancements to Committee papers to improve the quality and shorten the length.

Further details of the evaluation process can be found in the Governance Report on pages 84 and 85.

REMUNERATION AT A GLANCE

2023/24 PERFORMANCE

Like-for-like revenue change

(8)%

2022/23: 10%

Adjusted profit before tax (PBT)

£281m

2022/23: £391m

Adjusted earnings per share (EPS)

43.8p

2022/23: 63.6p

CO₂e reduction (Scope 1 and 2 emissions)

10%

2022/23: 21%

Return on capital employed (ROCE)

17.4%

2022/23: 30.8%

2024 SALARY INCREASES

3%

Executive Director salaries will increase by 3% effective 1 June 2024

3%

UK employees will receive an average pay increase of 3% effective 1 June 2024

3.1%

employees globally will receive an average pay increase of 3.1% in 2024

SHARE OWNERSHIP REQUIREMENTS

Owned outright Target

Simon Pryce

Target: 400% of base salary

Owned Outright: 141%

Kate Ringrose

Target: 400% of base salary

Owned Outright: 0%

Simon Pryce and Kate Ringrose joined the Company on 3 April 2023 and 2 October 2023 respectively

ALIGNMENT WITH BROADER EMPLOYEE REWARDS

100%

of employees are eligible to participate in an incentive plan

10%

at least 10% of employees own RS Group shares

2023/24 ANNUAL INCENTIVE OUTCOME

Performance measures

Outcome as % of maximum

Adjusted PBT
 Maximum: £374.1m
 Target: £359.1m
 Threshold: £339.1m

Actual: £280.5m

Like-for-like revenue change
 Maximum: 3.0%
 Target: 1.0%
 Threshold: (2.0)%

Actual: (8)%

Adjusted free cash flow
 Maximum: £207.4m
 Target: £197.4m
 Threshold: £177.4m

Actual: £151.2m

CO₂e reduction
 Target: 5.5%
 Maximum: 8.0%
 Threshold: 4.2%

Actual: 10%

Individual strategic targets

Simon Pryce Target: 10%

Actual: 10%

Kate Ringrose Target: 10%

Actual: 7.5%

Final annual incentive outcome

Simon Pryce

Kate Ringrose

25%

22.5%

Underpin adjustment

Underpin adjustment

0%

0%

REMUNERATION COMMITTEE REPORT

JOAN WAINWRIGHT
CHAIR OF THE REMUNERATION
COMMITTEE



Key highlights

Membership as at 22 May 2024

Joan Wainwright (Chair)	Alex Baldock
Louisa Burdett	David Sleath

Activities for 2023/24

- Reviewed and aligned 2023/24 remuneration outcomes with Company performance
- Approved remuneration structure for the CFO, Kate Ringrose, and ExCo members
- Consideration of future reward framework
- Appointed a new remuneration advisor, Alvarez & Marsal (A&M)
- Continued commitment to shareholder engagement and review of shareholder feedback

Priorities for 2024/25

- Review of the Remuneration Policy (Policy) in readiness for implementation of new Policy in 2025; early engagement with key stakeholders on proposed changes
- Ensuring that both short and long-term incentive design and outcomes continue to reflect the performance of the Company, the experience of all our stakeholders and support delivery of the strategy
- Refresh the Company reward philosophy to underpin the Company strategy and values
- Aligning the employee global recognition programme with the new Company values
- Maintaining an active and open dialogue with shareholders and ensuring their views are sought and considered when determining executive remuneration

Dear shareholder

On behalf of the Remuneration Committee (the Committee), I am pleased to present the Directors' Remuneration Report for the year ended 31 March 2024.

2023/24 was a challenging year for the Group, with continued external headwinds and the unwinding of the post-pandemic trading tailwinds. A summary of the financial performance of the Group is set out on pages 24 to 31. While the financial results were disappointing, we have strengthened and empowered our ExCo to position the Company for future success. Full details of the remuneration outcomes are detailed on pages 106 and 107.

Consideration of the wider workforce experience

We continue to ensure remuneration outcomes align with wider Company performance to drive positive experiences for all our stakeholders.

The wellbeing of our people remains an ongoing priority for the Group. Throughout the year we helped support our people in various ways including:

- A competitive base pay increase in June 2023 (with an average UK increase of 5% for management and 5.9% for non-management); in countries where it was permitted, a higher proportion of the available budget was awarded to non-management employees to support those impacted most heavily by the continued high-inflationary environment
- We increased the number of employees participating in an incentive plan globally from 87% to 100% including extending the Group Annual Incentive Plan to RS Integrated Supply employees in the US, to align with their colleagues in other geographies
- Granted RS YAY! Awards to all Risoul employees employed on the date the Group acquired Risoul
- Enhanced our UK medical plan to include support for menopause, fertility treatment and neurodivergent conditions
- Extended life and accident insurance benefits to our employees in Australia and New Zealand, aligning with their Asia Pacific-based colleagues

There was a continued focus on promoting sustainable benefits, including a fleet open day in Corby, UK, demonstrating the range of vehicle offerings available and the benefits of hybrid and electric vehicles over traditional fuel vehicles.

We continue to listen to our people to understand how we can improve our benefit offerings to reflect our diverse workforce at different life stages.

Our proposed base pay increases for our UK employee population for June 2024 is expected to be an average of 3%.

Sharing success

Giving our people a chance to share in our collective success remains a priority through the provision of incentive plans and all employee share plans. Our senior leaders participate in Long Term Incentive Plan (LTIP) programmes, with many also being part of our Journey to Greatness LTIP Award (J2G LTIP Award) and the majority of our people continue to participate in the RS YAY! share award.

We will continue to consider other ways to help our people share in our overall success including reviewing the design of the Group Annual Incentive and equity plans below executive level and extending share purchase plans more broadly.

Consideration of shareholder feedback

The Committee noted that the 2023 Directors' Remuneration Report (2023 DRR) received a vote of more than 20% against at the 2023 AGM. For many years, the Company has been committed to an ongoing dialogue with shareholders on the issue of executive remuneration. Prior to the 2022 AGM, at which the current Policy was approved, we conducted an extensive multi-phased shareholder consultation process, which helped to shape the final proposals. We acknowledged at that time that some had concerns around the potential maximum quantum available under the J2G LTIP Award, but concluded that implementation was supported by the majority of major shareholders and was in the best interests of the Company and its stakeholders.

Directors' Remuneration report continued

In order to align our incoming CEO, Simon Pryce, with the remuneration structure in place for the rest of the management team (and also the wider employee population), Simon was granted a J2G LTIP Award on appointment in April 2023. This was reduced on a pro-rata basis and based on the same exceptionally stretching performance targets. We engaged with over 77% of our shareholder register in advance of the 2023 AGM and, while most of our largest shareholders were supportive, we recognise and acknowledge that some shareholders, and an influential voting advisory body, were not supportive of this approach. The Committee also acknowledges that certain votes against the 2023 DRR were based on concerns around the exit arrangements for the former CFO, David Egan.

Since the 2023 AGM, we have conducted a further round of engagement, writing to our largest 30 shareholders, representing over 81% of the register. We received a small number of responses, in each case welcoming the offer to engage, but noting that it was not felt to be necessary given the extensive prior consultation referred to on page 100. It should also be noted that our new CFO, Kate Ringrose, does not participate in the J2G LTIP Award, as she joined after the agreed deadline for participation and that J2G LTIP Awards to our former CEO and CFO lapsed in full on cessation of their employment.

The Committee would like to thank our shareholders who have engaged with us during the year. The perspectives of our shareholders form an important part of the Committee's deliberations and we reiterate our commitment to this open dialogue, particularly as we develop our 2025 Remuneration Policy where our intention is to continue to seek to drive strategic performance and sustainable shareholder value through our incentive programmes.

KEY ACTIVITIES DURING THE YEAR

MAY

- Approved the 2022/23 Annual Incentive and 2020 LTIP Award outcomes
- Set objectives for the coming year for the CEO
- Reviewed senior management pay outcomes
- Approved the remuneration package for the interim CFO
- Approved CEO and senior management 2023 share awards and approved the proposed awards for the ExCo
- Approved the grant of RS YAY! Awards to Risoul employees
- Approved the 2023 DRR to be put to shareholders at the July 2023 AGM
- Reviewed approach to the wider workforce remuneration for the year

JUL

- Approved the remuneration package for the new CFO

NOV

- Approved the appointment of A&M as the new independent advisor to the Committee

DEC

- Approved LTIP grants to eligible people who joined the Company in the period May to December 2023
- Considered the approach to reward for the wider workforce
- Reviewed the current status of share ownership of senior leaders

FEB

- Discussed the proposed refresh of the Group pay philosophy
- Considered the proposed 2024/25 Annual Incentive and 2024 LTIP design
- Reviewed shareholder consultation during the year and considered further action
- Discussed the 2023/24 Gender Pay Gap report
- Received a market update from A&M

MAR

- Reviewed the initial view of the 2023/24 outcomes for the Annual Incentive and 2021 LTIP against the performance targets
- Approved the 2024 pay review for the Executive Directors and ExCo
- Approved in principle Executive Director 2024/25 Annual Incentive and 2024 LTIP design
- Approved fees for the Chair of the Board
- Reviewed the final design of the 2024/25 Annual Incentive and 2024 equity plans design below the executive level
- Reviewed the proposed actions to address the Gender Pay Gap
- Reviewed the Terms of Reference for the Committee and the All Employee Share Plan Committee
- Reviewed the Committee evaluation outcome

Directors' Remuneration report continued

Remuneration arrangements for Kate Ringrose

I would like to take this opportunity to welcome Kate to the Group as CFO and an Executive Director of the Board. Kate was appointed on 2 October 2023 and her remuneration package was determined by the Committee in line with our Policy, taking into account her experience and background, the external environment and appropriate market data.

Kate's base salary on appointment, of £500,000, reflected her previous experience as a FTSE 100 CFO, and her experience in helping to lead high performance organisations that improve business resilience, drive operational excellence and deliver accelerated strategic growth. Additionally, the Committee considered benchmarking data and the remuneration of the prior CFO. Other aspects of the package were in line with our Policy (as summarised on pages 103 and 104), with the annual incentive opportunity for 2023/24 time pro-rated from Kate's start date.

The Committee carefully considered the approach to compensating Kate for the forfeiture of equity awards from her previous employment with Centrica plc. It was determined that two replacement awards would be granted and that these would remain subject to performance conditions where appropriate and would mirror the vesting and release schedule of the forfeited awards. The full details of these replacement share awards can be found on page 109.

Kate is a great asset to the Group and the Board and has the right leadership style and experience to support Simon in leading the Group to future success (as described on page 74). Details of the CFO recruitment and selection process are set out on page 89.

Incentive outcomes for the year ended 31 March 2024

The 2023/24 annual incentive measures were adjusted PBT, like-for-like revenue change, adjusted free cash flow and CO₂e reduction (Scope 1 and 2 emissions). Additionally, for the first time, Executive Directors had individual strategic measures with targets set for 2023/24. The formulaic incentive outcome for the year was 25% of maximum for Simon and 22.5% for Kate, driven by the strong performance of the CO₂e reduction (Scope 1 and 2 emissions) and achievement of their individual objectives, which are detailed on page 107. Reflecting our established commitment to a high performance culture, the incentive is subject to a robust adjusted PBT underpin. As a result of the challenging trading and market conditions, the adjusted PBT underpin was not achieved and therefore no incentive is payable to either of the Executive Directors. Further detail of the specific targets and the performance delivered are set out on page 107.

Additionally, neither Simon nor Kate participated in the 2021 LTIP Award and did not have an LTIP award vest during the year. For reference, the 2021 LTIP Award which was based on performance over the three-years ended 31 March 2024, will vest at 50% of maximum. Full details are set on page 107.

The Committee believes in creating a remuneration structure that incentivises and rewards sustainable performance and that allows us to attract and retain senior leaders globally to deliver the Group strategy effectively. The Committee recognises that the zero-incentive outcome for both of the Executive Directors does not reflect their efforts nor the significant underlying progress they have made in very challenging market conditions. Therefore, while the Committee has followed the Policy without exercising discretion, it does not feel the remuneration outcomes for the Executive Directors reflect their accomplishments.

Remuneration approach for the year ending 31 March 2025

Consistent with prior practice when reviewing base pay for the Executive Directors, a combination of performance, market position and relativity to the wider workforce was considered. After careful consideration it was agreed to award both Simon and Kate a 3% increase to base salary in alignment with the average expected for the UK wider workforce. Other aspects of the package for Executive Directors will be in accordance with the Policy. The Annual Incentive will be based on a balanced set of key financial and strategic targets for the year. The only change to the incentive structure from last year is a minor re-balance to the performance measures to increase the weighting of the cash measure reflecting the strategic prioritisation of cash management in the current environment and reducing the weighting on revenue. The LTIP structure will be consistent with prior years. We will continue to set stretching targets to reward sustainable, long-term growth. Further details are set out on pages 105 and 106.

In addition, we will be transitioning from a performance share to a restricted share LTIP below the ExCo to incentivise performance and drive retention in future policies.

Consistent with the approach taken for the Executive Directors, the Committee also determined that the Chair's fees should be increased by 2%. Full details are set out page 106.

Appointment of new Remuneration Advisor

Deloitte LLP stepped down as the independent remuneration advisor to the Committee in October 2023, following their appointment as the Group's new external Auditors. Following a robust tender process, the Committee was pleased to appoint A&M as the new advisor from November 2023. Full details of the selection process can be found on page 114.

Looking forward

Later this year, we will commence the review of our Remuneration Policy ahead of seeking shareholder approval at the 2025 AGM. We will be looking to ensure that the incentive structure allows us to appropriately reward our Executive Directors for the delivery of sustainable performance and continued strategic execution in a challenging external market. We will also review the quantum of executive packages against evolving market practice, to ensure we can secure the talent we need to deliver our strategy, and address any potential retention risks, in a highly competitive global talent market. As ever, we plan to engage widely with our shareholders and I look forward to that consultation process later this calendar year.

I would like to thank our shareholders for the time taken to engage with us during the year and their continued support at the last AGM, as well as all Committee members for their contribution during the year. I hope that you will join the Board in supporting the resolution to approve the 2023/24 Remuneration Report to be put to shareholders at the 2024 AGM.

Joan Wainwright
Chair of the Remuneration Committee
 22 May 2024

SUMMARY OF THE 2022 REMUNERATION POLICY

2022 Remuneration Policy

The Policy was approved by shareholders at the AGM held on 14 July 2022 and became effective from that date. A summary of key terms in the Policy is set out below and the full Policy as approved by shareholders is available in the Corporate Governance section of our website at: [rsgroup.com](https://www.rs-group.com). Details of how the Policy has been applied during the year can be found throughout the Annual Report on Remuneration on pages 105 to 115.

Element	Details
Salary	<p>Established by considering scope and responsibilities of the role, skills and experience, scale and complexity of the Group, overall total compensation opportunity and competitive environment including consideration of appropriate market data for companies of broadly similar size, sector and international scope to RS Group plc.</p> <p>Salary increases will normally be based on the same framework which applies across the UK employee population.</p>
Pension and benefits	<p>Pension allowance aligned with the prevailing rate for the majority of the wider UK employee population (currently 10.5% of base salary).</p> <p>Other benefits include a company car (or cash allowance in lieu) and medical insurance.</p> <p>Executive Directors do not normally receive total taxable benefits exceeding 10% of base salary.</p>
Annual incentive	<p>Maximum opportunity is 150% of base salary.</p> <p>Based on financial and strategic performance measures which the Committee considers to be aligned to the strategy and the creation of shareholder value. Such measures include revenue, profit, cash flow, NPS and ESG-related matters.</p> <p>Before any incentive may pay out, a threshold level of adjusted PBT must be achieved.</p> <p>For threshold performance, the incentive pay out will normally be nil, but in no circumstances will it exceed 10% of the maximum opportunity. For target performance, the incentive pay out will be no higher than 50% of the maximum opportunity.</p> <p>The Committee has discretion to adjust the formulaic incentive outcomes (including down to zero) to ensure alignment of pay with performance and fairness to shareholders and participants.</p> <p>One third of total incentive payment will be deferred as shares, which vest after two years.</p> <p>Dividend equivalents may be payable on shares which vest and will be delivered in the form of shares.</p> <p>Malus and clawback provisions apply.</p>

Directors' Remuneration report continued

Summary of the 2022 Remuneration Policy continued

Element	Details
LTIP award	<p>The maximum LTIP award in respect of a financial year will be 250% of salary.</p> <p>Awards vest after a performance period of three years, subject to the satisfaction of performance measures. The performance measures for awards are determined annually and will include metrics linked to profitability, shareholder value and capital efficiency.</p> <p>A further holding period of two years will apply post vesting.</p> <p>The level of vesting for threshold performance will be no higher than 25% of maximum.</p> <p>Additionally, for the award to vest, the Committee must be satisfied that there has been a sustained improvement in the Company's underlying financial performance. The Committee has discretion to adjust the formulaic LTIP outcomes if it does not reflect appropriately the underlying performance over the period or is not appropriate in the context of circumstances that were unexpected or unforeseen when awards were made.</p> <p>Dividend equivalents may be payable on any shares vesting and will be delivered in the form of shares.</p> <p>Malus and clawback provisions apply.</p>
J2G LTIP Award	<p>The maximum J2G LTIP Award which may be granted over the life of the Policy is 750% of salary for each of the Executive Directors on a one-off basis.</p> <p>The J2G LTIP Award will vest based on the achievement of exceptionally stretching performance targets measured over a performance period of three years to 31 March 2025. A further holding period of two years will apply post vesting.</p> <p>The level of vesting for threshold performance is nil.</p> <p>Additionally, for the award to vest, the Committee must be satisfied that there has been a sustained improvement in the Company's underlying financial performance. The Committee has discretion to adjust the formulaic J2G LTIP Award outcomes if it does not appropriately reflect underlying performance over the period or is not appropriate in the context of circumstances that were unexpected or unforeseen when awards were made.</p> <p>Dividend equivalents may be payable on any shares vesting and will be delivered in the form of shares.</p> <p>Malus and clawback provisions apply.</p> <p>An Executive Director appointed during this Policy period may receive a J2G LTIP Award to align with other members of the ExCo. The Committee would set any award level with due regard to the proportion of the J2G LTIP Award performance period which had elapsed at the time of appointment.</p>
Shareholding guidelines	<p>Executive Directors are expected to build up and retain a personal holding in RS Group plc shares of 400% of salary. There is an expectation that Executive Directors retain at least 50% of any vested share awards until this guideline is met.</p>
Post-employment shareholding requirement	<p>Executive Directors must retain a personal holding in RS Group plc shares for a two-year period post-cessation of employment. This must be either equal to the 400% in-employment guideline or, if lower, the actual shareholding at the date of cessation of employment.</p> <p>The actual shareholding at cessation includes only shares which have vested (or are in a deferral or holding period, on a net-of-tax basis) from a share award which was granted after the effective date of the 2022 Remuneration Policy.</p>

ANNUAL REPORT ON REMUNERATION

This part of the Remuneration Report has been prepared in accordance with Part 3 of the revised Schedule 8 set out in The Large and Medium-sized Companies and Groups (Account and Reports) (Amendment) Regulations 2013 and Listing Rule 9.8.6R. The Annual Report on Remuneration will be put to an advisory shareholder vote at the forthcoming AGM.

Remuneration Policy implementation for the year ending 31 March 2025

Executive Directors

Base salary

Base salary for the Executive Directors effective from 1 June 2024 are shown below.

	Base salary effective 1 June 2024	Base salary on appointment ¹	Change
Simon Pryce	£772,697	£750,191	3%
Kate Ringrose	£515,000	£500,000	3%

1. The 2023 salaries for Simon Pryce and Kate Ringrose were effective from their respective start dates 3 April 2023 and 2 October 2023.

When undertaking its review of the Executive Directors' base salaries this year, the Committee considered a combination of performance, market position and relativity to the wider workforce. After careful consideration it was agreed to award both Simon and Kate a 3% increase to base salary in recognition of their strong performance and in alignment with the average expected for the wider UK workforce.

Benefits

Benefits will be provided in accordance with the Policy. There are no changes in benefits compared to the prior year.

Pension

The pension rate for Executive Directors is 10.5% of base salary, which aligns with the rate for the majority of the wider UK employee population.

Performance-related annual incentive

The maximum annual incentive opportunity for Executive Directors will remain unchanged at 150% of base salary.

The annual incentive will be based on a balanced set of key financial and strategic targets for the year, as set out below:

Performance measure	Weighting
Adjusted PBT	30%
Adjusted free cash flow	30%
Like-for-like Group revenue change	15%
CO ₂ e reduction (Scope 1 and 2 emissions)	15%
Individual strategic targets	10%

The measures remain consistent with prior years, with an adjustment to weightings to increase focus on cash to reflect the strategic prioritisation of cash management in our current environment, and reducing the weighting on revenue. The specific targets are considered commercially sensitive as they may reveal information that damages our competitive advantage. Accordingly, they will not be disclosed in advance but, to the extent the Directors consider them to be no longer sensitive, will be disclosed retrospectively in the annual report on remuneration for the relevant year.

The Committee retains the discretion within the Policy to adjust the overall incentive outcome to ensure alignment of pay with performance and fairness to shareholders and participants.

Before any incentive may be paid, a threshold level of adjusted PBT must be achieved.

One-third of any incentive earned by Executive Directors will be deferred into shares for a further two years under the Deferred Share Bonus Plan (DSBP).

2024 LTIP Award

Both Simon Pryce and Kate Ringrose will be granted a 2024 LTIP Award of 250% of salary in accordance with the Policy.

The performance measures of adjusted EPS and total shareholder return (TSR) are consistent with the prior year. The bespoke TSR peer group of 16 of the Group's global peers (as set out below) will remain unchanged.

Vesting of these awards will be determined in accordance with the following performance targets measured over the three years ending 31 March 2027.

Measure	Weight	Threshold (25% of max)	Maximum (100% of max)
Adjusted EPS CAGR (three-year CAGR of the 2026/27 adjusted EPS, compared with the 2023/24 adjusted EPS) ¹	50%	5%	10%
TSR (vs industrial / electronic peer group) ²	50%	Median	Upper Quartile
ROCE (average of 2024/25, 2025/26, 2026/27) ³		Underpin 15%	
		If the underpin is not met, the Committee will review the formulaic level of vesting and consider whether it would be appropriate to use its discretion to adjust the level of vesting.	

1. Straight-line vesting between measurement points.

2. TSR peer group comprises ABB, Arrow Electronics, Avnet, Bunzl, Datwyler, Essentra, Fastenal, Ferguson, MSC Industrial Direct, Rexel, Rockwell, Schneider, Siemens, TE Connectivity, WESCO International and WW Grainger.

3. The ROCE underpin has been set at a reduced level from prior years to adjust for the impact of the Risoul and Distrelec acquisitions.

Directors' Remuneration report continued

Taking account of internal forecasts of performance over the performance period, the challenging market conditions in which the Group operates, our long-term growth ambitions and the expectations of the investment community of the Group's future potential performance, the adjusted EPS targets are considered to be appropriately stretching. The ROCE underpin has been set at a lower level than the prior year award, to adjust for the impact of recent acquisitions.

The award will be subject to a post-vesting holding period of two years.

All employee share plans

Executive Directors can participate in any all employee share schemes offered to all employees on identical terms, with the exception that they are not able to participate in the all employee RS YAY! Award.

Chair and Non-Executive Directors

Following a review, the fees for the Chair and Non-Executive Directors will be increased by 2%. The pay increases for UK employees are expected to be an average of 3%. With effect from 1 April 2024, the Chair's fees increased from £377,804 to £385,360 and the Non-Executive Directors' fees were increased from £66,601 to £67,935. The additional fees for the Audit and Remuneration Committee Chairs and Senior Independent Director (£15,000) and roles in respect of employee engagement (£5,000) remain unchanged.

Implementation of Executive Director 2022 Remuneration Policy for the year ended 31 March 2024**Single figure for total remuneration for Executive Directors (audited)**

The following table provides a single figure for total remuneration of the Executive Directors for the year ended 31 March 2024 and the prior year. The value of the annual incentive includes the element of incentive deferred under the DSBP, where relevant.

	Simon Pryce		Kate Ringrose		David Egan	
	2024 ¹	2023	2024 ¹	2023	2024 ¹	2023
Base salary	£749,383	–	£250,000	–	£45,138	£469,235
Double hatting allowance ²	–	–	–	–	–	£82,051
Taxable benefits ³	£17,169	–	£7,323	–	£1,538	£15,970
Pension benefit ⁴	£78,770	–	£26,250	–	£4,740	£60,673
Total fixed	£845,322	–	£283,573	–	£51,416	£627,929
Annual incentive ⁵	–	–	–	–	–	£300,694
LTIP ^{6,8}	–	–	£89,397	–	–	£544,806
SAYE award discount ⁷	£4,606	–	£4,606	–	–	–
Total variable	£4,606	–	£94,003	–	–	£845,500
Total	£849,928	–	£377,576	–	£51,416	£1,473,429

- The total remuneration for David Egan in 2023/24 details his actual earnings up to 3 May 2023 when he stepped down as CFO and as a Director of the Board. The total remuneration for Simon Pryce and Kate Ringrose reflects their respective appointment dates of 3 April 2023 and 2 October 2023 and excludes Simon's fees for the period of the year he was a Non-Executive Director, which are detailed on page 110.
- David Egan was paid a double hatting allowance of £200,000 per annum, pro rata for the period 3 November 2022 to 2 April 2023 for acting in the role of CEO.
- Taxable benefits consists of medical insurance, car allowance and personal fuel allowance, where received.
- Simon received the amounts shown above as a cash supplement in lieu of pension. Kate Ringrose received a contribution of £5,000 to the defined contribution pension plan and received a further £21,250 as a cash supplement in lieu of pension. No Executive Director has prospective benefits under a defined benefit pension relating to qualifying service.
- Annual incentive shows the full value of the annual incentive in respect of each year. The incentive is subject to service conditions set out in the Policy, which is available in the Corporate Governance section of our website at [rsgroup.com](https://www.rs-group.com). For 2023/24 the formulaic outcome of the incentive has resulted in no incentive being paid to Executive Directors. Further detail of the 2023/24 formulaic outcome can be found on page 107. For 2022/23 David's incentive was delivered without the share deferral element, the full detail of this award can be found on page 124 of last year's report.
- The LTIP Award value for 2022/23 shows the value of David Egan's award which vested on 13 June 2023. The value of the 2020 LTIP Award has been restated based on the share price on the date of vesting of 811.58p. The figure includes dividend equivalent shares of £26,620 to David Egan in respect of the shares vesting. The value of David's award declined over the period between grant and vest by £6,461, due to share price depreciation.
- The Save As You Earn (SAYE) Award discount is the difference between the grant date value per share and the exercise price, the exercise price was 562.00p.
- The LTIP Award value for 2023/24 shows the value of the restricted share sign-on award granted to Kate Ringrose over 12,527 shares on 14 November 2023. Full details of the award can be found on page 109.

Directors' Remuneration report continued

Incentive outcomes for the year ended 31 March 2024 (audited)**Annual incentive in respect of performance for the year ended 31 March 2024**

The performance measures, target ranges and performance against each of the measures for the 2023/24 annual incentive are outlined in the table below. Targeted performance was calibrated to deliver an incentive of 75% of salary for the Executive Directors (50% of the maximum opportunity), with incentive payments worth up to 150% of salary for achieving stretch performance targets.

Based on the Group's performance in 2023/24 against the targets, the formulaic outcome for Simon was 25% of maximum and Kate was 22.5% of maximum, driven by strong performance against the carbon and individual strategic measures. However, reflecting our commitment to a high performance culture, the incentive is subject to a robust adjusted PBT underpin. As a result of the challenging trading and market conditions, this underpin was not met and therefore no incentive was achieved by the Executive Directors. In line with good practice and the terms of the Policy, the Committee considered this incentive outcome in the context of business performance for the year in its broadest sense. This review considered the resilience of delivery given the impact of ongoing external challenges, as well as the overall experience of all the Group's stakeholders and the intended purpose of the award. While the Board followed the Policy in force, it acknowledged that the remuneration outcomes for Simon and Kate did not reflect their efforts and accomplishments. However, the Policy was followed and no discretion has been applied to the Executive Director incentives. The Committee considered this to be appropriate. Further background on financial and strategic performance for the year ended 31 March 2024 is provided in the Strategic Report.

Full details of the target ranges and performance against each of the measures are as follows:

Measure and weighting	Performance level	Payout (% of max incentive)	Target	Actual performance	Simon Pryce earned incentive (% of max)	Kate Ringrose earned incentive (% of max)
Adjusted PBT (30% weighting)	Threshold	0.0%	£339.1m	£280.5m	0%	0%
	Target	15.0%	£359.1m			
	Maximum	30.0%	£374.1m			
Like-for-like Group revenue change (30% weighting)	Threshold	0.0%	(2.0)%	(8)%	0%	0%
	Target	15.0%	1.0%			
	Maximum	30.0%	3.0%			
Adjusted free cash flow (15% weighting)	Threshold	0.0%	£177.4m	£151.2m	0%	0%
	Target	7.5%	£197.4m			
	Maximum	15.0%	£207.4m			
CO ₂ e reduction (Scope 1 and 2 emissions) (15% weighting)	Threshold	0.0%	4.2%	10%	15%	15%
	Target	7.5%	5.5%			
	Maximum	15.0%	8.0%			
Individual strategic targets (detailed to the right)		Up to 10%			10%	7.5%
Total (formulaic outcome)					25%	22.5%
Adjustment to reflect adjusted PBT underpin not being met					(25)%	(22.5)%
Final outcome					0%	0%

	Individual strategic targets	Outcomes
Simon Pryce	Group transformation – Develop and implement RS Group strategy to deliver exceptional returns for all stakeholders – Identify and transition to the required target operating model to accelerate strategy delivery – Clarify and implement the organisational values required to execute on the strategy delivery	Refined strategy, operating model and Company values agreed with the Board and launched to our senior leaders at the 2024 Leadership Event in March 2024
	Successfully appoint and onboard the new CFO position	Kate Ringrose appointed and successfully onboarded in October 2023. Additionally, appointed and onboarded the new CPO in October 2023, and reshaped the ExCo, appointing new roles to accelerate the delivery of our strategy
	Accelerate the integration of Distrelec to optimise value realisation	Integration plan and team in place and activity ongoing to achieve implementation to the revised timescales
Kate Ringrose	Strategic planning – Deliver strategic plan to the Board, identifying future investment – Define and implement a robust performance management process to measure the execution of the strategic plan	Strategic plan approved by the Board and robust performance management process launched to senior leaders in March 2024 for cascade and implementation from April 2024
	Finance structure – Define and implement finance structure to support the delivery of the refined strategy – Accountable for the SAP ERP transformation	Finance structure identified and transition is ongoing
	Successful transition of Group Auditors from PwC to Deloitte	Deloitte to shadow PwC in closing the year ended 31 March 2024. Review cadence in place to ensure successful transition

2021 LTIP Awards vesting

Neither Executive Director participated in this award. However, for reference, the performance measures, target ranges and performance against each of the measures over the three years ended 31 March 2024 are summarised in the table below:

Measure	Weight	Threshold (25% of max)	Maximum (100% of max)	Performance achieved	Vesting (% of maximum)
Adjusted EPS (cumulative 2021/22, 2022/23, 2023/24) ¹	50%	133p	158p	158.7p	50%
TSR (vs industrial / electronic peer group) ^{1,2}	50%	Median	Upper quartile	Below median	0%
ROCE (average over 2021/22, 2022/23, 2023/24)	Underpin 20%			25.6%	
Total 2021 LTIP Award vesting					50%

1. Straight-line vesting between measurement points. Vested awards will be subject to a two-year holding period post vesting.

2. TSR peer group is detailed on page 105.

Directors' Remuneration report continued

Scheme interests awarded during the year ended 31 March 2024 (audited)

2023 LTIP Award

During the year the following LTIP Awards were granted to the Executive Directors:

	Simon Pryce	Kate Ringrose
Basis of award (% of base salary)	250%	250%
Number of performance shares awarded ¹	236,414	175,168
Award date face value	£1,875,478	£1,250,000
Performance period	1 April 2023 – 31 March 2026	
Threshold vesting outcome	25%	
Post-vesting holding period	Two years	

1. Awards were made using the average of the share price for the three dealing days immediately preceding the date of grant, being 26 May 2023 for Simon Pryce (793.30p) and 14 November 2023 for Kate Ringrose (713.60p). The shares were awarded as performance shares, the performance conditions are detailed below.

The performance conditions are as follows:

Measure	LTIP targets		
	Weight	Threshold (25% of max)	Maximum (100% of max)
Adjusted EPS CAGR (three-year CAGR of the 2025/26 adjusted EPS compared with the 2022/23 adjusted EPS) ¹	50%	5%	10%
TSR (vs industrial / electronic peer group) ^{1,2}	50%	Median	Upper Quartile
ROCE (average of 2023/24, 2024/25, 2025/26)		Underpin at 20% If the underpin is not met, the Committee will review the formulaic level of vesting and consider whether it would be appropriate to use its discretion to reduce the level of vesting.	

1. Straight-line vesting between measurement points.

2. TSR peer group is detailed on page 105.

J2G LTIP Award

During the year the following J2G LTIP Award was granted to Simon Pryce:

	Simon Pryce
Basis of award (% of base salary)	483%
Number of performance shares awarded	355,427
Award date face value (1,020.50p per share) ¹	£3,627,133
Performance period	1 April 2022 – 31 March 2025
Threshold vesting outcome	0%
Post-vesting holding period	Three years

1. The awards were made using the average of the middle market quota (MMQ) share prices for the dealing in the period 9 to 29 March 2022 (1,020.50p). The shares were awarded as performance shares; the performance conditions are detailed below.

The award granted to Simon was pro-rated and is equivalent to 498% of base salary of the Group's former CEO and is subject to the achievement of the exceptionally stretching performance conditions as set out below. The award is due to vest in July 2025, and in line with best practice and shareholder expectations, an additional holding period will be applied to Simon's award such that the total vesting and holding period is five years.

The performance conditions are as follows:

Measure	Weight	Threshold (0% of max)	Maximum (100% of max)
Adjusted EPS CAGR (three-year CAGR of the 2024/25 adjusted EPS compared with the 2021/22 adjusted EPS)	70%	15%	21%
Key long-term performance indicators (KPIs) scorecard (see page 109)	30%		
ROCE (average of 2022/23, 2023/24, 2024/25)		Underpin at 20% If the underpin is not met, the Committee will review the formulaic level of vesting and consider whether it would be appropriate to use its discretion to reduce the level of vesting.	

The scorecard comprises the specific KPIs which will reflect execution of the strategy in each area, with specific focus on cultural transformation, operational and growth acceleration (with financials already reflected in the EPS component). The scorecard measures each have a stretching target range. The scorecard measures and weightings are detailed on page 109.

Directors' Remuneration report continued

	Weighting	Measure	Threshold	Maximum
Cultural transformation	7.5%	Employee engagement score To be measured based on the 2024/25 Group employee engagement survey outcome.	Upper quartile	Upper decile
Operational efficiency	7.5%	On Time To Promise Available product delivered when expected in a cost effective and efficient manner. Performance to be measured over the three-month period ending 31 March 2025.	95%	98%
Growth accelerators	5.0%	Web revenue Increased web traffic, increasing average order value and increasing average order frequency. Performance to be measured on web revenue CAGR over the three-year period ending 31 March 2025.	12.0%	14.5%
	5.0%	Service solutions revenue To be more solutions led, solve customers' challenges, drive value to stakeholders and drive greater customer loyalty and pull through products. Performance to be measured on service solutions revenue CAGR over the three-year period ending 31 March 2025.	12.5%	15.5%
	5.0%	New product introduction (NPI) revenue A wider product range, driven by data insights to ensure it is relevant, increases customer loyalty and helps the Group become their first choice. It also represents deeper supplier relationships. A product is included as an NPI for 12 months from its introduction into the Group's product range. Once it has been in the Group's product range for a year, its future revenue is not included in NPI revenue. Performance to be measured on NPI revenue CAGR over the three-year period ending 31 March 2025.	14.5%	26.0%

Kate Ringrose sign-on arrangements

The Committee carefully considered the approach to compensating Kate for the forfeiture of equity awards from her previous employment with Centrica plc. It was determined that two replacement awards would be granted and that these would remain subject to performance conditions where appropriate and would mirror the vesting and release schedule of the forfeited awards. The detail of these replacement awards is summarised in the table below.

Grant date	Award mechanism	Maximum value at grant date ¹	Shares awarded	Performance conditions	Normal vest date ²
14 November 2023	Performance shares	£162,330	25,973 ³	This award was based on the disclosed performance of the equivalent forfeited award in Kate's previous employer.	30 June 2024
14 November 2023	Restricted shares	£89,397	12,527	-	30 June 2025

- Both of the above awards made to Kate will be subject to a two-year post vest holding period. The grant share price was 713.60p. The awards were made using the average of the MMQ share prices for the dealing three days preceding the grant.
- The outcome of the performance share award will be determined by the final outcome of the Centrica 2021 LTIP plan as documented in the Centrica plc 2023 Annual Report & Accounts. Full details will be disclosed post vesting of the award in the 2025 DRR.
- Kate will also receive additional RS shares as compensation dividend equivalent shares forfeited with Centrica plc. Full details will be disclosed post vesting of the award in the 2025 DRR.

SAYE

Both Simon Pryce and Kate Ringrose each received a grant of 3,300 share options for their planned contributions to SAYE. Full details of the grants are detailed on page 113.

Total pension entitlements (audited)

The pension rate for Executive Directors is 10.5% of base salary, which aligns with the rate for the majority of the wider UK employee population.

External appointments

Neither Simon Pryce nor Kate Ringrose have any external appointments.

Implementation of Chair and Non-Executive Directors 2022 Remuneration Policy for the year ended 31 March 2024**Chair and Non-Executive Director remuneration**

Non-Executive Directors do not have service agreements, but instead have letters of appointment. The Chair's letter of appointment and the Non-Executive Directors' letters have a three-month notice period. All Directors are subject to re-election annually at the AGM. Neither the Chair nor the Non-Executive Directors are eligible to participate in any of the Company's incentive, share schemes or pension plans. Details of the policy on fees paid to the Company's Chair and Non-Executive Directors are set out in the Policy available in the Governance section of our website: [rsgroup.com](https://www.rs-group.com).

Directors' Remuneration report continued

Single figure for total remuneration for Non-Executive Directors (audited)

The table below sets out a single figure for the total remuneration received by each Non-Executive Director for the year ended 31 March 2024 and the prior year:

	Total fees		Taxable expenses		Total	
	2024	2023	2024	2023	2024	2023
Rona Fairhead	£377,804	£366,800	£6,037	£5,213	£383,841	£372,013
Alex Baldock	£66,601	£64,662	£984	£1,756	£67,585	£66,418
Louisa Burdett	£81,601	£79,662	£498	£2,089	£82,099	£81,751
Navneet Kapoor ¹	£66,601	£53,885	£11,450	£1,275	£78,051	£55,160
Bessie Lee	£71,601	£69,662	£9,493	£5,437	£81,094	£75,099
Simon Pryce ²	–	£78,854	–	£1,822	–	£80,676
David Sleath	£81,601	£79,662	£551	£1,550	£82,152	£81,212
Joan Wainwright ³	£87,409	£70,470	£14,097	£13,885	£101,506	£84,355

1. Navneet Kapoor was appointed as a Non-Executive Director of the Board on 1 June 2022.
2. Simon Pryce stepped down as a member and Chair of the Committee on 14 March 2023, and as a Non-Executive Director with effect from 2 April 2023, following confirmation of his appointment to CEO of the Group from 3 April 2023.
3. Joan Wainwright was appointed Chair of the Remuneration Committee on 14 March 2023 and her fees were increased accordingly.

For 2023/24, the Non-Executive Directors received base fees of £66,601 per annum. Fees were paid on a pro rata basis reflecting length of time in the role. Additional fees of £15,000 per annum were paid in respect of the Senior Independent Director role and to the Chairs of the Audit and Remuneration

Committees. The Chair of the Nomination Committee role was conducted by Rona Fairhead, Chair of the Board. Rona did not receive an additional fee for chairing the Nomination Committee. Bessie Lee and Joan Wainwright each received an additional fee of £5,000 per annum for their role as the Board's representatives on employee engagement. Expenses have increased compared to previous years as a result of travel costs linked to in-person attendance at Board and Committee meetings.

Percentage change in remuneration of the Directors and employees as 31 March 2024

The table below shows the percentage change in the annual cash remuneration of the Directors (comprising base salary / fees, the value of taxable benefits and earned annual incentives), as disclosed in the single figure for total remuneration (tables on page 106 for Executive Directors and to the left for the Non-Executive Directors) from the prior year compared with the average percentage change for all UK employees of the Group. This group consists of UK-based ExCo and employees. If the Directors did not serve a full year their base salary / fee is annualised. This table will be built up over time to show the required five year history.

The upward change in incentive reflects an increase to incentive target levels for some employees participating in the Group Annual Incentive during 2023/24 and increased employee incentive participation across the Group. Benefits provided for broader employees include medical insurance and for some employees vehicle or vehicle allowance. The downward change in benefits for broader employees is explained by the accelerated transition from transitional fuel vehicles into electric / hybrid vehicles, following a substantial reduction in vehicle lead times, but was offset by high levels of medical inflation impacting the cost of our plans.

	Base salary / fees				Taxable benefits				Annual incentive			
	Change 2023/24	Change 2022/23	Change 2021/22	Change 2020/21	Change 2023/24	Change 2022/23	Change 2021/22	Change 2020/21	Change 2023/24	Change 2022/23	Change 2021/22	Change 2020/21
Simon Pryce ¹	850.3%	2.8%	9.6%	0%	100%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Kate Ringrose ²	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
David Egan ³	(90.4)%	8.2%	3.2%	0%	(90.4)%	(1.2)%	0.1%	0%	(100)%	(42.6)%	3.0%	272.9%
Rona Fairhead ⁴	3.0%	4.8%	223.1%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Alex Baldock ⁵	3.0%	4.8%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Louisa Burdett	2.4%	3.9%	9.6%	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bessie Lee ⁶	2.8%	5.8%	9.8%	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Navneet Kapoor ⁷	23.5%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
David Sleath ⁸	2.4%	3.9%	(2.1)%	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Joan Wainwright ⁹	24.0%	7.0%	9.8%	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
UK-based ExCo and employee population ¹⁰	7.4%	8.1%	1.92%	1.3%	(8.3)%	5.6%	(6.41)%	(1.5)%	17.1%	20.3%	17.7%	114.5%

1. Simon Pryce stepped down as Chair of the Committee on 14 March 2023 and as a Non-Executive Director with effect from 2 April 2023, following confirmation of his appointment as CEO of the Group effective 3 April 2023. The very large percentage increase for 2023/24 simply reflects this transition of Simon's role from a Non-Executive Director to an Executive Director.
2. Kate Ringrose was appointed as CFO of the Group effective 2 October 2023.
3. David Egan was paid a double hatting allowance of £200,000 pro-rated for the period 3 November 2022 to 2 April 2023 as compensation for acting in the role of CEO, which is excluded from the above table. David's 2022/23 incentive was delivered without the share deferral element. Further details can be found on page 125 of last year's report.
4. Rona Fairhead was appointed to the Board on 1 November 2020 as Non-Executive Director and received the Non-Executive Director base fee until she became Chair of the Board and Nomination Committee on 1 February 2021, at which point her fee was increased to the Chair's fee at that time of £350,000.
5. Alex Baldock was appointed to the Board on 1 September 2021.
6. Bessie Lee was appointed as Board employee engagement representative on 1 June 2021.
7. Navneet Kapoor was appointed to the Board on 1 June 2022.
8. David Sleath stepped down as Chair of the Nomination Committee on 31 January 2021.
9. Joan Wainwright was appointed as Board employee engagement representative on 1 June 2021 and Chair of the Remuneration Committee on 14 March 2023.
10. The annual percentage change in bonus is calculated by reference to the bonus payable in respect of performance applicable to the financial year for Executive Directors and by reference to all bonus payments received during the financial year for all employees.

Directors' Remuneration report continued

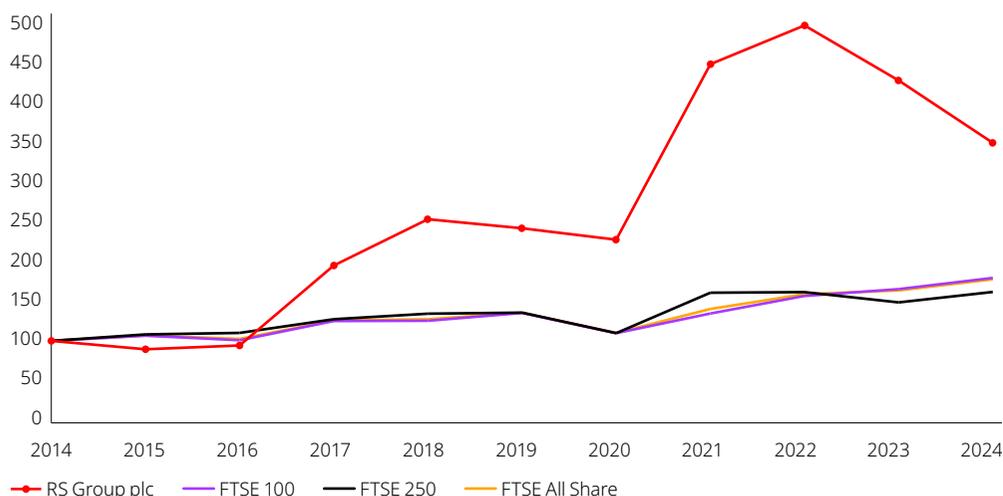
Performance graph and table

The following graph shows the 10-year TSR performance of the Company relative to the FTSE 250, FTSE 100 and All Share Indices. The FTSE All Share, FTSE 100 and FTSE 250 are broad equity market indices of which RS Group plc has been a member in this period.

The table below details the CEO's single figure of remuneration for the same period.

Total shareholder return

(value of £100 invested on 31 March 2014).



Source: Datastream

CEO pay ratio reporting

Year	Method	25th percentile pay ratio			Median pay ratio			75th percentile pay ratio		
		Salary	Total pay & benefits	Ratio	Salary	Total pay & benefits	Ratio	Salary	Total pay & benefits	Ratio
2024 ¹	A	£24,209	£27,455	31:1	£30,512	£35,284	24:1	£49,768	£59,203	14:1
2023	A	£22,442	£25,349	104:1	£27,422	£32,845	80:1	£44,000	£55,134	48:1
2022	A	£21,048	£22,552	115:1	£25,000	£27,770	93:1	£40,137	£46,333	56:1
2021	A	£20,277	£25,813	99:1	£24,000	£31,404	88:1	£37,664	£51,858	49:1
2020	A	£18,050	£20,427	207:1	£22,000	£25,424	166:1	£33,721	£40,300	105:1

1. UK-based employee data and the CEO data was taken as at 31 March 2024.

The Company adopted Method A in the regulations to calculate the pay ratios because this is considered to be the most statistically robust methodology. Under Method A the total pay and benefits has been calculated on a full-time equivalent basis to identify the 25th percentile, median and 75th percentile people. No elements of pay have been omitted from the calculation and there has been no deviation from the single figure methodology.

As a result of Simon Pryce being appointed as CEO on 3 April 2023, the CEO pay ratio was calculated using his annualised remuneration. A significant portion of CEO pay is delivered as variable pay; as Simon Pryce did not have an LTIP vest or receive an incentive payment during 2023/24, this has resulted in a material reduction in the CEO ratio. We anticipate this increasing in future years when variable payments are made to the CEO. In line with the Company's reward practices, the median pay ratio employee receives a base salary at market rates for their role and is eligible for the full range of benefits available to their peers of the same level within the organisation.

	Year ended 31 March 2015	Year ended 31 March 2016	Year ended 31 March 2017	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2022	Year ended 31 March 2023	Year ended 31 March 2024	
	Ian Mason	Lindsley Ruth	Lindsley Ruth ²	David Egan ³	Simon Pryce						
CEO total remuneration (£000s)	891	2,072	1,401	4,410	4,421	2,551	2,578	2,976	1,813	487	850
Annual incentive award (as a % of maximum opportunity)	16.9%	23.8%	82.5%	90.1%	68.0%	21.7%	80.8%	80.0%	63.2%	63.2%	0% ⁴
LTIP award vesting (as a % of maximum opportunity)	0%	N/A ¹	N/A ¹	100%	100%	91.3%	74.7%	46.0%	50.0%	50.0%	N/A ⁵

1. Lindsley Ruth joined the Company in 2015 and therefore did not receive any vested LTIP Awards in 2016 and 2017.

2. Lindsley Ruth's remuneration for the year ended 31 March 2023 is pro-rated to reflect that he stepped down from the role of CEO on 16 December 2022.

3. David Egan's remuneration for the year ended 31 March 2023 has been adjusted to reflect the period he acted as CEO (3 November 2022 to 31 March 2023).

4. Simon Pryce did not receive an incentive award for the year ended 31 March 2024. Full details of the incentive outcomes are detailed on page 107.

5. Simon Pryce was appointed as CEO in 2023 and therefore did not receive any vested LTIP Awards in the year ended 31 March 2024.

Directors' Remuneration report continued

Payments for Loss of office (audited)

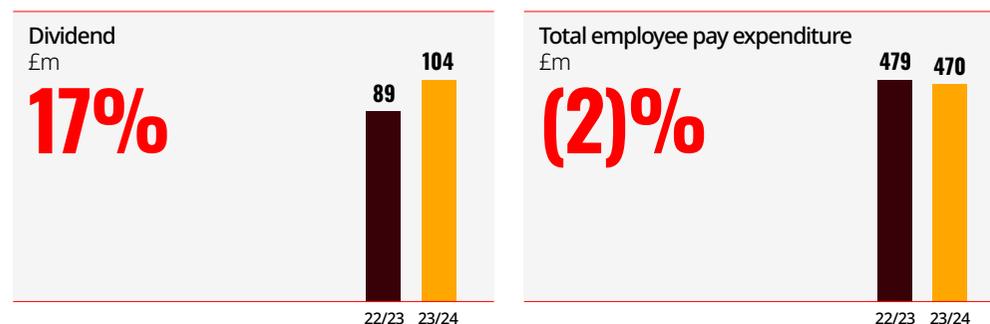
There were no payments for loss of office during the year, other than those previously disclosed on page 125 of last year's report. David Egan was on gardening leave for the first six months of his notice period. Thereafter he was paid in lieu of notice for the final six months of his notice period ending on 2 May 2024. During both periods he received his base salary on a monthly basis, receiving a total of £475,782. He also continued to receive pension allowance and other benefits during the initial period to 3 November 2023, comprising a total of £28,071 and £9,771, respectively. In line with his service contract, Lindsley Ruth received his base salary of £516,375, pension allowance of £51,699 and other benefits of £12,841 for the duration of his 12-months' notice period, ending on 16 December 2023.

Payments to past directors (audited)

There were no payments to past directors, other than those previously disclosed on page 125 of last year's report.

Relative importance of spend on pay

The graphs below show total dividends paid by the Company to shareholders and expenditure on total employee pay for the year and the prior year, and the percentage change year on year.



The total employee pay expenditure figures above include labour exit costs set out in Note 8 on page 141.

Directors' shareholdings (audited)

The interests of the Directors and their connected persons in the Company's ordinary shares are shown below, together with total share awards and share options and information on whether the Executive Directors had met their shareholding requirements on 31 March 2024. For 2023/24, Executive Directors were expected to start to build up a personal holding to 400% of salary in RS Group plc shares.

	Owned outright ¹	Shareholding guideline % base salary	Current holding % salary	Guideline met?	Share awards held			Options held
					Unvested, not subject to performance (A)	LTIP unvested, subject to performance (B) ²	DSBP unvested, not subject to performance (C) ³	SAYE unvested but not subject to performance (D)
Simon Pryce	139,077	400%	141%	No	-	591,841	-	3,300
Kate Ringrose	-	400%	0%	No	12,527	201,141	-	3,300
David Egan ¹	418,282	400%	670%	Yes	-	-	-	-
Alex Baldock	2,239							
Louisa Burdett	-							
Rona Fairhead	49,976							
Navneet Kapoor	-							
Bessie Lee	-							
David Sleath	22,666							
Joan Wainwright	-							

- The number of shares and current holding percentage of salary is shown as at 3 May 2023 for David Egan, the date on which he stepped down from the Board.
- Including J2G LTIP Award, where applicable. As set out on page 125 of last year's report, David Egan's unvested 2021 and 2022 LTIP Awards and his J2G LTIP Award lapsed in full.
- As set out on page 125 of last year's report, David Egan's 2022 DSBP shares vested on 3 November 2023. Shares were sold to settle tax liabilities and the balance of shares are to be retained until the normal vesting date.

The value of the shares used to calculate whether the shareholding guideline is met is 762.0p, being the average MMQ share price over the three months ended 31 March 2024. Between the year end and the date of this Annual Report and Accounts, there has been no movement in current Directors' shareholdings. Details of the scheme interests contained in columns A-D of the table above are provided in the 'Share Awards' table on page 113.

Executive Directors' service contracts

Simon Pryce entered a service contract with the Company on 13 March 2023, with an effective date of 3 April 2023. Kate Ringrose entered a service contract with the Company on 26 July 2023, with an effective date of 2 October 2023. Both contracts have no fixed term and are subject to 12 months' notice by either party.

Directors' Remuneration report continued

Director's share scheme interests (audited)

Share awards

	Scheme	Notes	Date of award	Shares awarded on 1 April 2023	Awarded during the year	Vested during the year	Lapsed during the year	Shares awarded on 31 March 2024	Normal Vesting date
Simon Pryce	LTIP	1	26 May 23	-	236,414	-	-	236,414	26 May 26
	J2G LTIP	1	26 May 23	-	355,427	-	-	355,427	21 Jul 25
Total					591,841			591,841	
Kate Ringrose	Performance sign-on	2	14 Nov 23	-	25,973	-	-	25,973	30 Jun 24
	Restricted sign-on	2	14 Nov 23	-	12,527	-	-	12,527	30 Jun 25
	LTIP	1	14 Nov 23	-	175,168	-	-	175,168	26 May 26
Total					213,668			213,668	
David Egan	LTIP	1,3,4	19 Nov 20	127,699	3,280	63,849	63,850	-	4 Jun 23
		1,3	24 Jun 21	108,402	-	-	108,402	-	24 Jun 24
		1,3	21 Jul 22	123,365	-	-	123,365	-	21 Jul 25
	J2G LTIP	1,3	21 Jul 22	349,668	-	-	349,668	-	21 Jul 25
	DSBP	4,5	9 Jun 21	16,457	552	17,009	-	-	9 Jun 23
		4,5	21 Jul 22	18,108	465	18,573	-	-	21 Jul 24
Total				743,699	4,297	102,711	645,284	-	

1. All awards made to the Executive Directors under the LTIP and J2G LTIP awards are subject to performance conditions set out on pages 108 and 109. The normal vesting date for the LTIP award is the third anniversary of grant, the 2020 LTIP Award vested on 13 June 2023.

2. The restricted sign-on award is not subject to performance conditions and therefore has been disclosed in the Single Figure Remuneration table on page 106 accordingly.

3. David Egan's 2021 and 2022 LTIP Awards and his J2G LTIP Awards lapsed in full on his termination date, 3 November 2023.

4. Shares in lieu of dividends were awarded to David Egan upon vesting of the 2020 LTIP Award and the 2021 and 2022 DSBP Awards.

5. The shares from David Egan's 2022 DSBP were taxed at his termination date, 3 November 2023, but the after-tax shares will not be released until the normal vesting date for the award.

Share options

	Scheme	Date of grant	Vesting date	Expiration date	Exercise price	Shares under option 1 April 23	Granted during the year	Exercised during the year	Lapsed during the year	Shares under option 31 March 2024
Simon Pryce	SAYE	6 Dec 23	1 Feb 27	31 Jul 27	562.00p	-	3,300	-	-	3,300
Total						-	3,300	-	-	3,300
Kate Ringrose	SAYE	6 Dec 23	1 Feb 27	31 Jul 27	562.00p	-	3,300	-	-	3,300
Total						-	3,300	-	-	3,300
David Egan	SAYE	10 Sep 21	1 Nov 26	30 Apr 27	824.00p	3,640	-	-	3,640	-
Total						3,640	-	-	3,640	-

Directors' Remuneration report continued

Summary of shareholder voting

Summarised below are the results at the 2023 AGM vote on the 2023 DRR (excluding the part summarising the Policy) and the 2022 AGM vote on the 2022 Remuneration Policy:

2023 vote on Directors' Remuneration Report	Total number of votes	% of votes cast
For (including discretionary)	233,063,776	61.59%
Against	145,370,019	38.41% ¹
Total votes cast (excluding withheld votes)	378,433,795	
Votes withheld	13,417,931	
Total votes (including withheld votes)	391,851,726	

1. For further details regarding the low vote for the 2022/23 Directors' Remuneration Report, including a summary of the reasons for it, see pages 100 and 101.

2022 vote on Directors' Remuneration Policy	Total number of votes	% of votes cast
For (including discretionary)	230,629,838	60.77%
Against	148,894,394	39.23% ²
Total votes cast (excluding withheld votes)	379,524,232	
Votes withheld	25,152,385	
Total votes (including withheld votes)	404,676,617	

2. For further details regarding the low vote for the 2022 Remuneration Policy, see page 116 of the Annual Report and Accounts 2023.

Advisors

Deloitte had provided independent advice since being appointed by the Committee in 2015. Deloitte is a founding member of the Remuneration Consultants Group and voluntarily operates under the Code of Conduct in relation to executive remuneration consultancy in the UK (details of which can be found at www.remunerationconsultantsgroup.com). Deloitte stepped down as independent advisor in October 2023, following their appointment as the new external Auditors. All services were completed by 31 October 2023. There was no connection between Deloitte, the Company or its Directors.

During the year Deloitte provided advice in several areas, including:

- Independent advice to support the Committee in setting performance targets
- Updates to the Committee on regulatory changes and the investor environment

Deloitte also provided advice to the Company regarding globally mobile employees, but the Committee did not consider that this jeopardised the independence of Deloitte, which operated in line with the Code of Conduct described above. Deloitte's fees for the provision of executive remuneration consultancy services to the Committee during the year, charged on a time and materials basis, totalled £23,000.

Following a robust tender process, A&M were appointed as the new independent advisors to the Committee from November 2023. The detail of the appointment process is set out to the right. A&M is also a member of the Remuneration Consultants Group and they too voluntarily operate under the Code of Conduct in relation to executive remuneration consultancy in the UK. There is no connection between A&M, the Company or its Directors.

During the year A&M provided advice to the Committee, including:

- Guidance to develop a refreshed reward philosophy and to design short and long-term incentives
- Support in drafting the Directors' Remuneration Report for the year ended 31 March 2024
- Independent advice to support the Committee in setting performance targets
- Updates to the Committee on regulatory changes and the investor environment

A&M's fees for the provision of executive remuneration consultancy services to the Committee during the year, charged on a time and materials basis, totalled £96,850.

ADVISOR APPOINTMENT PROCESS

A three stage selection process was followed to ensure a fair, robust, and in-depth assessment in respect of the appointment of a new independent advisor to the Committee. In summary this included:



Following the final selection meetings, the panel was unanimous in its recommendation to appoint A&M as independent advisor to the Committee. Having considered the recommendation in detail, including the review of the RFI and scores of the final two firms in the process, the Committee approved the panel's recommendation.

Directors' Remuneration report continued

Remuneration for the wider workforce

The remuneration for the wider workforce is based on principles broadly aligned with the Policy. Annual salary reviews across the Group consider business performance, local pay and market conditions, individual performance and salary levels for similar roles in comparable companies.

All employees including the Executive Directors, ExCo members and senior leaders from across the Group are eligible to participate in an incentive programme. In line with typical market practice, opportunities and performance measures vary by organisational level, geographical region and an individual's role. Members of the ExCo are eligible to participate in the DSBP, LTIP and the J2G LTIP Awards on similar terms, including share ownership requirements. Differences apply where appropriate (e.g. in the grant levels awarded). Awards made under the J2G LTIP Award and LTIP awards vest after three years, subject to performance conditions and continued employment. Senior leaders may also be invited to participate in the LTIP. All our eligible employees can participate in the Company's all employee share plans. This includes an all employee RS YAY! Award as set out on page 122 of the Annual Report and Accounts 2023.

It is important that our people have the opportunity to share in the success of the business that they help create. We achieved this in 2023/24 through:

- Providing the opportunity for all of our employees at all levels of the organisation to participate in an incentive programme
- Providing employees in the newly acquired Risoul, to be become future shareholders through an RS YAY! Award
- Providing a SAYE plan to help our UK employees become shareholders
- Providing a phantom SAYE plan in those countries outside the UK where it is legally possible to do so (which is cash settled for participants)

Consideration of employment conditions elsewhere in the Group

The Group seeks to promote and maintain good relations with employee representative bodies, including trade unions and works councils, as part of its broader employee engagement strategy and consultation on matters affecting our people and business performance as required, in each case, by law and regulation in the jurisdictions in which the Group operates. The Committee is mindful of the pay increases, incentive outcomes and share award participation in relevant markets across the rest of the Group when considering the remuneration of the Executive Directors. Our people have the opportunity to discuss various topics including the Policy and framework via various internal forums. One such forum is the employee engagement sessions held with Bessie Lee and Joan Wainwright, in their capacity as engagement designated Non-Executive Directors. Further information regarding the sessions held during the year can be found on pages 80 and 81.

Committee governance

Committee structure and meetings

The Committee is comprised of independent members. Joan Wainwright was appointed as Chair in March 2023. Joan has been a member of the Committee since July 2021 and therefore meets the requirements of the Code. There have been no further changes to Committee membership during the year. Details of the skills and experience of the Committee members can be found on pages 74 and 75.

The Committee held four scheduled and two unscheduled meetings during the year. Details of attendance at meetings can be found on page 76.

The Chair of the Board, CEO, CFO, other Board members, Company Secretary, CPO, Vice President, Group Reward and Director, Executive Remuneration were invited to attend Committee meetings to advise on specific items and on matters relating to the performance and remuneration of senior managers, other than in relation to their own remuneration. The Company Secretary acts as Secretary to the Committee. Meetings of the Committee generally take place shortly before Board meetings, and activities of the Committee are reported by the Chair to the Board as a separate agenda item.

The Committee Chair attends the Company's AGM and is happy to answer any questions from shareholders on matters falling within the Committee's responsibilities. As described above, the Committee Chair is also one of the Non-Executive Directors designated to undertake employee engagement, therefore also providing employees the chance to raise direct remuneration-related questions during the year.

Committee responsibilities

The role of the Committee is to consider the remuneration packages designed to promote the long-term success of the Company and to ensure that Executive Directors and the ExCo are compensated appropriately for their contributions to the Group's performance, taking into consideration the wider employee group. The Committee also considers the remuneration of the Chair of the Board. The Board determines the remuneration of the Non-Executive Directors. No individual is present while decisions are made regarding their own remuneration.

The Committee's key responsibilities have not changed during the year. The Committee's Terms of Reference are reviewed formally and approved annually and are available at: [rsgroup.com](https://www.rs-group.com).

Committee evaluation

This year, the Board underwent an internally facilitated evaluation of its performance and the activities of the Committee were reviewed as part of this process. The results of this evaluation demonstrated that the Committee continued to operate effectively and in alignment with its Terms of Reference. Further details of the evaluation process can be found in the Corporate Governance Report on pages 84 and 85.

Directors' report

DIRECTORS' REPORT

This section (together with the information on pages 72 to 115 and other information cross-referenced by this section which is incorporated by reference) constitutes the Directors' report for the purposes of the Companies Act 2006 and fulfils the requirements of the corporate governance statement for the purposes of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules (DTR).

Information incorporated by reference

The following information required to be disclosed in this Directors' Report (in accordance with Listing Rule (LR) 9.8.4R and otherwise) is set out on the page numbers below:

Content	Page
Likely future developments	5 and 10 to 12
Diversity and Inclusion Policy (including disability ¹)	70
Employee engagement	6, 52 to 54, 73, 81 and 115
Other stakeholder engagement	6, 7, 50, 51, 73, 80, 81 and 101
Greenhouse gas emissions ¹	44 and 45
Names of Directors who served during the year	74 and 75
Details of employee share schemes	100 to 102, 104, 106 and Note 9
Risk management (including hedging) and financial instruments	159, 160 and 162 to 166
Activity on Company culture	6, 18, 19, 21 and 53 to 55
Long-term incentive schemes	104, 105, 107 to 109, 113 and Note 9

1. Information required by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and included in the Strategic Report.

Principal activities

RS Group is a differentiated global distributor of product and service solutions providing small volumes of our suppliers' products to our industrial customers. RS Group plc is a public company incorporated in England and Wales with company number 647788.

A list of the Company's investments and subsidiaries at 31 March 2024 can be found in Note 30 to the Group accounts on pages 169 to 172 of this Annual Report.

The principal activity of the Company is to act as the holding company of the Group.

The Directors are not aware, at the date of this report, of any major changes in the Group's activities in the coming year.

Results and dividends

The Group's results for the year ended 31 March 2024 are set out in the Group income statement on page 127.

The Board proposes, subject to approval of shareholders at the AGM to be held on 11 July 2024, that a final dividend of 13.7p per ordinary share be paid on 19 July 2024 to shareholders whose names are on the register of members at the close of business on 14 June 2024. The Directors have declared dividends as follows.

Dividends in 2023/24	Dividends in 2022/23
Interim dividend of 8.3p per ordinary share (paid on 5 January 2024)	7.2p per ordinary share
Proposed final dividend of 13.7p per ordinary share (to be paid on 19 July 2024)	13.7p per ordinary share
Total ordinary dividend of 22.0p per ordinary share for the year ended 31 March 2024	20.9p per ordinary share

During the year under review Computershare Trustees (Jersey) Limited, trustee of the RS Group Employee Trust has waived its right to receive dividends over its total holding of 343,147 shares as at 31 March 2024.

Appointment and retirement of Directors

The appointment and retirement of Directors is governed by the Company's Articles, the Code and the Companies Act. The Company's Articles may only be amended by a special resolution of the shareholders in a general meeting.

In the interest of good governance and in accordance with the provisions of the Code, all Directors will retire and will seek re-election at the forthcoming AGM.

Biographies of the current Directors can be found on pages 74 and 75. Details of the Directors seeking re-election at the AGM are set out in the Notice of AGM.

Directors' report continued

Board composition changes

Changes to the composition of the Board since 1 April 2023 up to the date of this Report are shown in the table below. Simon Pryce, who joined the Board in September 2016 as a Non-Executive Director, became CEO with effect from 3 April 2023.

	Joined the Board	Left the Board
Kate Ringrose	2 October 2023	
David Egan		3 May 2023

Directors' interests

The Directors' interests in, and options over, ordinary shares in the Company are shown in the Directors' Remuneration Report. Since the year end, there have been no changes to such interests.

In line with the requirements of the Companies Act, Directors have a statutory duty to avoid situations in which they have, or may have, interests that conflict with those of the Company unless that conflict is first authorised by the Board.

The Board has in place a formal conflicts of interest management procedure. The Board is responsible for considering whether authorisation is required, and if it can be given, in relation to new situations as they arise. The Board reviews annually any conflict authorisations it has given and any limitations that have been applied. The Company's Articles contain provisions to allow the Directors to authorise potential conflicts of interest, so that if approved, Directors will not be in breach of their duty under company law.

Powers of the Directors

Subject to the Articles, the Companies Act and any directions given by special resolution, the business of the Company will be managed by the Board, who may exercise all the powers of the Company. The Board may exercise all the powers of the Company to borrow money and to mortgage or charge any of its undertaking, property and uncalled capital and to issue debentures or other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Directors' indemnities

In accordance with the relevant provisions of the Companies Act and the Company's Articles of Association (Articles), the Company entered into a new deed in March 2023 to indemnify the Directors and Officers (from time to time) of the Company to the extent permitted by the law. The deed for existing Directors is available for inspection at the registered office of the Company.

Shareholder	Number of shares as at 31 March 2024	Percentage of issued share capital as at 31 March 2024	Number of shares as at 22 May 2024	Percentage of issued share capital as at 22 May 2024
Ameriprise Financial, Inc. ¹	47,120,586	9.94%	47,120,586	9.94%
FMR LLC	23,685,248	5.00%	38,165,532	8.05%
Wellington Management Group LLP	23,691,502	5.00%	23,691,502	5.00%

1. Ameriprise Financial, Inc. includes Threadneedle Asset Management Holdings Ltd.

The Company purchased and maintained Directors' and Officers' liability insurance throughout 2023/24, which was renewed for 2024/25. Neither the indemnity nor insurance provides cover in the event that a Director or Officer is proved to have acted fraudulently.

Substantial shareholders

The processes by which the Company seeks to understand the views of its major shareholders are described on page 7.

Information provided to the Company by substantial shareholders pursuant to the DTR is published via a Regulatory Information Service.

As at 31 March 2024 and 22 May 2024, being the last practicable date, the Company had been notified by its substantial shareholders under Rule 5 of the DTR of the following interests in the Company's shares:

Directors' report continued

Share capital

As at 31 March 2024, the Company's issued share capital comprised a single class of 474,012,312 ordinary shares of 10p each, totalling £47,401,231.

Full details of share options, awards and shares issued under the terms of the Company's share incentive plans can be found in Note 9 on pages 141 to 144.

The Company was authorised by shareholders at the AGM held on 13 July 2023 to purchase up to 5% of its ordinary share capital in the market. The Company did not make use of this authority during the year, and in line with market practice, will be seeking to renew such authority at this year's AGM.

Restrictions on voting rights

A member is not entitled to vote (in person or by proxy) at any general meeting or class meeting if either: (i) any call or other sum then payable by that member in respect of that share remains unpaid; or (ii) that member has been served with a notice after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Act. Voting rights may be exercised in person, by proxy or, in relation to corporate members, by a corporate representative. Proxy forms must be submitted not less than 48 hours before the time of the meeting or adjourned meeting.

Restrictions on transfer of shares

The Directors may, in the case of shares in certificated form, in their absolute discretion and without assigning any reason, refuse to register any transfer of shares (not being fully paid shares) provided that such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis.

The Directors may also refuse to register an allotment or transfer of shares (whether fully paid or not) in favour of more than four persons jointly, in which case notice of the refusal must be sent to the allottee or transferee within two months after the date on which the letter of allotment or transfer was lodged with the Company. A shareholder does not need to obtain the approval of the Company, or of other shareholders in the Company, for a transfer of shares to take place.

Political donations

In the year ended 31 March 2024, the Group made no political donations or contributions. It remains the Company's policy not to make political donations. However, the application of the relevant provisions of the Companies Act is potentially very broad in nature and, as it did last year, the Board will be seeking shareholder authority to make political donations up to a defined limit to ensure that the Group does not inadvertently breach these provisions as a result of the breadth of its business activities, although the Board has no intention of using this authority.

AGM

The Notice of AGM is set out in a separate circular. The AGM will be held at 12.00pm on Thursday, 11 July 2024 at the offices of Allen Overy Shearman Sterling LLP, One Bishops Square, London E1 6AD. This year we will be offering shareholders the ability to attend in person. Shareholders can submit questions relating to the business of the meeting in advance to CompanySecretary@rsgroup.com. Further information is set out in the Notice of AGM.

Independent Auditors and audit information

Each Director who held office at the date of approval of this Directors' Report confirms that:

- So far as they are aware, there is no relevant audit information of which the Company's Auditors are unaware
- That each Director has taken all steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of the Companies Act.

Significant agreements: change of control

The Company has a number of contractual arrangements which it considers essential to the business of the Company. Specifically, these are committed loan facilities from a number of banks and arrangements with third-party providers of administrative services. A change of control of the Company may cause some agreements to which the Company is a party to alter or terminate. These include bank facility agreements and employee share plans, which would normally vest and become exercisable on a change of control subject to the satisfaction of any performance conditions at that time.

The Group has committed facilities totalling £685 million as at 31 March 2024 which contain clauses which require lender consent for any change of control. Should consent not be given, a change of control would trigger mandatory repayment of the said facilities.

Articles of Association

Any amendments to the Articles of the Company may be made in accordance with the provisions of the Companies Act by way of a special resolution of the Company's shareholders in a general meeting. The Articles were last approved by shareholders at the AGM in 2021/22.

Governance arrangements

Information regarding the Company's governance arrangements is set out in the Governance Report on pages 72 to 115. These pages are incorporated by reference into the Directors' Report.

On behalf of the Board:

Clare Underwood
Company Secretary
 22 May 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Responsibility of Directors for annual report and accounts

The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulation.

Company law requires the Directors to prepare accounts for each financial year. Under that law the Directors have prepared the Group accounts in accordance with UK-adopted international accounting standards (UK IAS) and Company accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102), and applicable law).

Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing the accounts, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether applicable UK IAS have been followed for the Group accounts and United Kingdom Accounting Standards, comprising FRS 102, have been followed for the Company accounts, subject to any material departures disclosed and explained in the accounts;

- Make judgements and accounting estimates that are reasonable and prudent; and
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the accounts and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed on pages 74 and 75 confirm that, to the best of their knowledge:

- The Group accounts, which have been prepared in accordance with UK IAS, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- The Company accounts, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 102, give a true and fair view of the assets, liabilities and financial position of the Company; and
- The Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group and Company's Auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group and Company's Auditors are aware of that information.

Simon Pryce
Chief Executive Officer
22 May 2024

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RS GROUP PLC

Report on the audit of the accounts

Opinion

In our opinion:

- RS Group plc's Group accounts and Company accounts (the accounts) give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2024 and of the Group's profit and the Group's cash flows for the year then ended;
- the Group accounts have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the Company accounts have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law); and
- the accounts have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the accounts, included within the Annual Report and Accounts (the Annual Report), which comprise: the Group and the Company balance sheets as at 31 March 2024; the Group income statement and the Group statement of comprehensive income, the Group cash flow statement, the Group and the Company statements of changes in equity for the year then ended; and the notes to the accounts, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the accounts section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 6 to the Group accounts, we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- We identified seven reporting components and used component teams in six countries which, in our view, required a full scope audit based on their size.
- In addition, we used component teams to perform audit procedures on specific account line items of two reporting components, with the Group engagement team performing audit procedures on specific account line items of another three reporting components.
- The Group consolidation, accounts disclosures and a number of other items (including taxation, Group annual incentive accrual, goodwill, acquired intangibles, share-based payments and UK retirement benefit obligations) prepared by the head office finance function, were audited by the Group engagement team.

Key audit matters

- Inventory obsolescence provisions (Group)
- Defined benefit pension scheme liabilities – UK (Group)
- Fair value of acquired intangibles – Distrelec (Group)
- Carrying value of investments (Company)

Materiality

- Overall Group materiality: £12.6 million (2022/23: £18.7 million) based on 5% of Group profit before tax, substantial reorganisation costs, substantial asset write-downs and acquisition-related items.
- Overall Company materiality: £5.1 million (2022/23: £4.7 million) based on 0.5% of net assets.
- Performance materiality: £9.4 million (2022/23: £14.0 million) (Group) and £3.75 million (2022/23: £3.53 million) (Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accounts.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the accounts of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Independent Auditors' report continued

Inventory obsolescence provisions (Group)

Refer to page 94 (Audit Committee Report), page 131 (Note 1 Basis of preparation) and page 158 (Note 18 Inventories).

Key audit matter	How our audit addressed the key audit matter
<p>The balance of gross inventories at 31 March 2024 was £724.6 million (2022/23: £660.0 million), against which provisions of £68.6 million (2023: £43.7 million) were held.</p> <p>The Group's business model is based on having the broadest range in the industry and delivering products on time, often the next day.</p> <p>This results in large quantities of inventory comprising many different types of products, being held for long periods of time which raises the risk of inventory obsolescence.</p> <p>The inventory provisions are calculated on an inventory cover basis with the underlying calculation based on appropriate product categorisation and assumptions over sales trends, provision rates and recoverable amounts.</p> <p>The inventory provisions are calculated within the Group's accounting systems using an automated process. Where necessary, manual overlays are applied to these provisions to account for unusual circumstances that may have arisen during the year or where there is a right of return in place in which case no provision may be required.</p>	<p>For the year-end inventory provisions, we assessed the completeness of the data used by the Group's accounting system to calculate the provisions by agreeing the sub-ledger to the general ledger. We recalculated the provisions to ensure mathematical accuracy and consistency of application with the methodology.</p> <p>We evaluated the reasonableness of management's estimates regarding the future annual sales and the obsolescence percentage applied by comparing these assumptions to historical sales and historical write-offs. We found the assumptions to be reasonable.</p> <p>We challenged manual overlays to the automated calculation by validating the circumstances relating to the adjustments or whether there was a right of return under the contractual arrangements.</p> <p>In assessing management's consideration of the estimation uncertainty within the inventory obsolescence provisioning, we re-performed management's sensitivity assessment which considered an increase and decrease in inventory cover days and provisioning rates.</p> <p>Based on our audit procedures, including the review of disclosures given in Note 18, we agree with the figures presented and with management's conclusions that based on the information available at the time of the Board's approval of the accounts, such sensitivities would not result in a material change to the inventory provisions.</p>

Defined benefit pension scheme liabilities – UK (Group)

Refer to page 94 (Audit Committee Report), page 131 (Note 1 Basis of preparation) and pages 144 to 150 (Note 10 Retirement benefit obligations).

Key audit matter	How our audit addressed the key audit matter
<p>The Group has net retirement benefit obligations of £25.7 million at 31 March 2024 (2022/23: £36.4 million), which are significant in the context of the overall balance sheet.</p> <p>The net retirement benefit obligations in respect of the UK scheme is £16.1 million (2022/23: £26.2 million). This is after the application of asset ceiling rules to the scheme surplus of £36.1 million whereby this is restricted to zero given that under the scheme rules there is no unconditional right to a refund of surplus that may arise on the scheme. An additional liability of £16.1 million has been recognised on the balance sheet, which represents the present value of deficit contributions agreed at the latest statutory funding valuation. The remaining £9.6 million net retirement benefit obligations are made up of immaterial amounts in respect of other European defined benefit pension and retirement indemnity schemes.</p> <p>The valuation of pension plan liabilities requires estimation in determining appropriate assumptions such as salary increases, mortality rates, discount rates and inflation levels. Movement in these assumptions can have a material impact on the determination of the liabilities. Management uses external actuaries to assist in determining these assumptions.</p>	<p>We used our actuarial experts to assess whether the assumptions used in calculating the defined benefit liabilities for the UK scheme and the application of the asset ceiling based on review of scheme rules were reasonable. We challenged whether salary increases and mortality rates assumptions were consistent with the specifics of the plan and, where applicable, with relevant national benchmarks.</p> <p>We also assessed whether the discount rate and inflation rates were consistent with our internally developed benchmarks and in line with other companies. We evaluated the calculations prepared by the external actuaries to assess the consistency of the assumptions and methodologies applied.</p> <p>Based on our procedures, we noted that the assumptions in respect of future improvements in mortality, discount rate and commutation assumptions are at the mid point / optimistic end of an acceptable range. Overall, we consider valuation of the UK defined benefit scheme liabilities to be reasonable.</p> <p>We reviewed the related disclosures in Note 10 to the Group accounts which also included the sensitivity analysis in respect of changes to significant assumptions and consider these disclosures to be appropriate.</p>

Independent Auditors' report continued

Fair value of acquired intangibles – Distrelec (Group)

Refer to page 95 (Audit Committee Report), page 131 (Note 1 Basis of preparation) and pages 168 to 169 (Note 29 Acquisitions).

Key audit matter	How our audit addressed the key audit matter
<p>On 30 June 2023, the Group completed the acquisition of 100% of the share capital of Distrelec B.V. and its subsidiaries (Distrelec) for purchase consideration of £313.1 million.</p> <p>The acquisition resulted in the recognition of £288.5 million of intangible assets at the acquisition date, primarily made up of goodwill of £182.3 million, customer relationships of £73.5 million, brands £22.1 million and software of £10.6 million.</p> <p>Management determined the acquisition date fair values of intangible assets with the help of external valuation experts. The calculation of these fair values involves judgements and estimates regarding forecasts and other assumptions used in the valuation models.</p>	<p>We reviewed the share purchase agreement and noted no unusual terms.</p> <p>We agreed the consideration to the share purchase agreement and the amount paid to bank statements.</p> <p>We audited the assumptions and bases of the valuations utilising the assistance of our specialist valuation team and performed work to test the bases and mechanical accuracy of the models, the application of the valuation methodology, appropriateness of the key assumptions and inputs applied, including discount rates, growth rates, attrition rates of customers, royalty rates and contributory asset charges. Based on this work we did not identify any issues.</p> <p>We have reviewed the cash flow forecasts and agreed these back to financial forecasts used in the due diligence.</p> <p>We have performed an independent recalculation of the overall weighted average cost of capital (WACC) used in the valuation models and found management's WACC to be within a reasonable range.</p> <p>We examined the disclosures in respect of the acquisition (Note 29) and found them to be appropriate, providing a fair reflection of the accounting.</p> <p>Overall, based on our work performed, we consider the fair values of acquired intangibles and the related disclosures in the Group accounts to be appropriate.</p>

Carrying value of investments (Company)

Refer to page 96 (Audit Committee Report) and page 175 (Note 8 Investments in subsidiaries in the Company accounts).

Key audit matter	How our audit addressed the key audit matter
<p>The Company holds investments in subsidiaries of £648.6 million at 31 March 2024 (2022/23: £491.2 million).</p> <p>Investments in subsidiaries are accounted for at cost less provision for impairment in the Company balance sheet. Investments are tested for impairment if impairment indicators exist. If such indicators exist, the recoverable amounts of investments in subsidiaries are estimated in order to determine the extent of the impairment loss, if any. Any such impairment loss is recognised in the profit and loss account.</p> <p>The impairment assessment was identified as a key audit matter given the size of the underlying investment carrying values in the Company accounts at 31 March 2024. The assessment requires the application of management judgement, particularly in determining whether any impairment indicators have arisen that trigger the need for an impairment assessment and in assessing whether the carrying value of each investment can be supported by its recoverable amount.</p>	<p>We evaluated management's assessment of whether any indicators of impairment existed by comparing the carrying values of investments in subsidiaries to the net assets of the underlying subsidiaries at 31 March 2024 and no impairment indicators were noted.</p> <p>Based on the procedures performed, we concur with management that there are no indicators of impairment in respect of investment in subsidiaries.</p>

Independent Auditors' report continued

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the accounts as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group's accounting process is structured around a local finance function in most of the Group's country reporting components. These functions maintain their own accounting records and controls (although transactional processing and certain controls for many reporting components are performed at the Group's EMEA, Americas and Asia Pacific global shared business service centres) and report to the head office finance team through an integrated consolidation system.

In establishing the overall approach to the Group audit, we determined that we needed to conduct audit work over the complete financial information of RS UK, RS Germany, RS France, RS Italy, RS Shanghai, RS Americas and RS Group plc. In each country we used PwC component auditors to audit and report on the aggregated financial information of that reporting component. This work is supplemented by audit procedures over specific balances performed on RS Integrated Supply UK, RS Integrated Supply US, Risoul, Distrelec Switzerland, Bodenfeld, and procedures performed centrally on the Group consolidation, accounts disclosures, taxation, Group annual incentive accrual, goodwill, acquired intangibles, share-based payments, UK retirement benefit obligations, acquisition accounting and certain reporting component balances not covered by local country component teams.

Where the work was performed by component auditors, under our instruction, we determined the level of involvement we needed to have in the audit work at those reporting components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group accounts as a whole. We maintained regular communication with the local teams, before, during and after their audit. We

directed the work of component teams, reviewed their approach and findings, and participated in the closing meetings of the significant and material reporting components.

The reporting components that are part of our audit scope as set out to the left account for 71% of Group revenue and 72% of Group profit before tax, substantial reorganisation costs, substantial asset write-downs and acquisition-related items.

The impact of climate risk on our audit

As part of our audit procedures, we have considered the potential impact of climate change on the Group's business and its accounts.

The Group continues to develop its assessment of the potential impacts of climate change as explained throughout the Strategic Report and in more detail on pages 42 to 49 and pages 62 to 67.

As part of our audit, we have obtained management's climate-related risk assessment and held discussions with management, together with our own climate change experts, to understand the process of identifying climate related risks, the determination of mitigating actions and the impact on the Group's accounts.

Management has assessed that the most likely impacted accounts line items and estimates are those associated with future cash flows since the impact of climate change is expected to become more notable in the medium to long term.

While auditing these forecast cash flows, we have challenged management on reflecting the impact of climate change and any climate change related commitments in the forecasts.

We have not identified any matters as part of this work which are inconsistent with the disclosures in the Annual Report or would lead to any material adjustments to the accounts.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the accounts as a whole.

Based on our professional judgement, we determined materiality for the accounts as a whole as follows:

	Accounts – Group	Accounts – Company
Overall materiality	£12.6 million (2022/23: £18.7 million).	£5.1 million (2022/23: £4.7 million).
How we determined it	5% of Group profit before tax, substantial reorganisation costs, substantial asset write-downs and acquisition-related items	0.5% of net assets
Rationale for benchmark applied	Profit before tax adjusted for one-off items is the key measure used by the shareholders as a body in assessing the Group's performance. We consider that excluding the substantial reorganisation costs, substantial asset write-downs and acquisition-related items is appropriate as this provides us with a consistent year-on-year basis for determining materiality by eliminating the non-recurring impact of these items.	Net assets is the primary measure used by the shareholders in assessing the performance and position of the entity as it reflects the Company's principal activity as a holding company and is a generally accepted auditing benchmark.

Independent Auditors' report continued

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £1.0 million and £6.0 million. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022/23: 75%) of overall materiality, amounting to £9.4 million (2022/23: £14.0 million) for the Group accounts and £3.75 million (2022/23: £3.53 million) for the Company accounts.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.63 million (Group audit) (2022/23: £0.935 million) and £0.25 million (Company audit) (2022/23: £0.244 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- understanding of the mechanics and key inputs into the going concern model and holding discussions with Group management and regional finance to obtain an understanding of the trading performance and future outlook for their respective markets;
- evaluating the key assumptions within the forecasts;
- reviewing the terms of the existing debt and facilities;
- considering the potential downside sensitivities that management had applied and their likelihood and whether more severe scenarios could apply and the associated impact on available liquidity;
- assessing management's stress testing and whether this appropriately considered the principal risks facing the business and the likelihood of events arising that could erode liquidity and breach covenants within the forecast period; and
- reviewing the disclosures within the Annual Report and validating that it accurately described management's going concern considerations.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the accounts are authorised for issue.

In auditing the accounts, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the accounts is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

In relation to the Directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the accounts about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the accounts and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the accounts does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2024 is consistent with the accounts and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Independent Auditors' report continued

Corporate governance statement

The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the accounts and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The Directors' statement in the accounts about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the accounts;
- The Directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and
- The Directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the Group and Company was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the accounts and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the accounts and our knowledge obtained during the audit:

- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the accounts and the audit Responsibilities of the Directors for the accounts

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the accounts in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to Listing Rules of the Financial Conduct Authority (FCA) and pensions legislations, and we considered the extent to which non-compliance might have a material effect on the accounts. We also considered those laws and regulations that have a direct impact on the accounts such as the Companies Act 2006 and the UK and other relevant tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the accounts (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and / or component auditors included:

- discussions with management, legal counsel and the internal audit function, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- assessment of matters reported on the Group's whistleblowing helpline and results of management's investigation of such matters;
- challenging assumptions made by management in its significant and other key accounting estimates in particular in relation to defined benefit pension scheme liabilities and inventory obsolescence provisions;
- identifying and testing higher risk journal entries, in particular any journal entries posted with unusual account combinations, journals posted by senior management, or unauthorised users or super-user access and consolidation journals;
- reviewing internal audit reports and minutes of meetings with those charged with governance; and minutes of meetings with those charged with governance; and
- reviewing accounts disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Independent Auditors' report continued

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the accounts. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the accounts is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Company accounts and the part of the Directors' Remuneration report to be audited are not in agreement with the accounting records and returns; or
- a corporate governance statement has not been prepared by the Company.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 11 August 2014 to audit the accounts for the year ended 31 March 2015 and subsequent financial periods. The period of total uninterrupted engagement is 10 years, covering the years ended 31 March 2015 to 31 March 2024.

Other matter

The Company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these accounts in an annual financial report prepared under the structured digital format required by DTR 4.1.15R – 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

Sandeep Dhillon (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
London
22 May 2024

Group accounts

GROUP INCOME STATEMENT

For the year ended 31 March 2024

	Notes	2024 £m	2023 £m
Revenue	2,3,4	2,942.4	2,982.3
Cost of sales	5	(1,678.5)	(1,630.1)
Gross profit		1,263.9	1,352.2
Operating costs	6	(983.8)	(969.2)
Operating profit	2,3	280.1	383.0
Finance income	7	4.8	2.0
Finance costs	7	(36.7)	(14.2)
Share of profit of joint venture	17	0.6	0.7
Profit before tax		248.8	371.5
Income tax expense	11	(65.1)	(86.7)
Profit for the year attributable to owners of the Company		183.7	284.8
Earnings per share attributable to owners of the Company			
Basic	12	38.8p	60.4p
Diluted	12	38.7p	60.2p

The Notes on pages 131 to 172 form part of these Group accounts.

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2024

	Notes	2024 £m	2023 £m
Profit for the year		183.7	284.8
Other comprehensive income			
Items that will not be reclassified subsequently to the income statement			
Remeasurement of retirement benefit obligations	10	0.8	(34.2)
Related income tax	11	(0.1)	7.9
		0.7	(26.3)
Items that may be reclassified subsequently to the income statement			
Foreign exchange translation differences of joint venture	17	(0.2)	(0.1)
Foreign exchange translation differences		(3.9)	43.1
Fair value gain on net investment hedges	23	3.4	5.4
Movement in cash flow hedges	27	(0.1)	3.9
Related income tax	11	-	(0.7)
		(0.8)	51.6
Other comprehensive (expense) / income for the year		(0.1)	25.3
Total comprehensive income for the year		183.6	310.1
Total comprehensive income is attributable to:			
Owners of the Company		183.7	310.1
Non-controlling interests		(0.1)	-
		183.6	310.1

The Notes on pages 131 to 172 form part of these Group accounts.

Group accounts continued

GROUP BALANCE SHEET

As at 31 March 2024

Company number: 647788

	Notes	2024 £m	2023 £m
Non-current assets			
Intangible assets	14	982.6	704.8
Property, plant and equipment	15	180.9	186.3
Right-of-use assets	16	72.8	46.9
Investment in joint venture	17	1.3	1.5
Other receivables	19	8.4	6.5
Retirement benefit net assets	10	1.5	0.8
Deferred tax assets	11	9.5	6.9
Total non-current assets		1,257.0	953.7
Current assets			
Inventories	18	656.0	616.3
Trade and other receivables	19	701.4	692.0
Cash and cash equivalents – cash and short-term deposits	22	258.7	260.3
Derivative assets	21	2.6	1.8
Current income tax receivables		22.7	19.9
Total current assets		1,641.4	1,590.3
Total assets		2,898.4	2,544.0
Current liabilities			
Trade and other payables	20	(602.7)	(658.9)
Cash and cash equivalents – bank overdrafts	22	(162.7)	(139.8)
Lease liabilities	16,22	(16.0)	(14.6)
Derivative liabilities	21	(1.1)	(1.7)
Provisions	24	(5.0)	(1.8)
Current income tax liabilities		(27.8)	(22.1)
Total current liabilities		(815.3)	(838.9)

	Notes	2024 £m	2023 £m
Non-current liabilities			
Other payables	20	(17.3)	(9.3)
Retirement benefit obligations	10	(27.2)	(37.2)
Borrowings	22	(440.3)	(184.6)
Lease liabilities	16,22	(57.9)	(34.3)
Provisions	24	(4.2)	(4.7)
Deferred tax liabilities	11	(103.3)	(90.1)
Total non-current liabilities		(650.2)	(360.2)
Total liabilities		(1,465.5)	(1,199.1)
Net assets		1,432.9	1,344.9
Equity			
Share capital and share premium	26	286.9	283.3
Own shares held by Employee Benefit Trust (EBT)	26	(1.8)	(2.2)
Other reserves	27	108.3	108.8
Retained earnings		1,038.9	954.3
Equity attributable to owners of the Company		1,432.3	1,344.2
Non-controlling interests		0.6	0.7
Total equity		1,432.9	1,344.9

The Notes on pages 131 to 172 form part of these Group accounts.

These Group accounts were approved by the Board of Directors on 22 May 2024 and signed on its behalf by:

Kate Ringrose
Chief Financial Officer

Group accounts continued

GROUP CASH FLOW STATEMENT

For the year ended 31 March 2024

	Notes	2024 £m	2023 £m
Cash flows from operating activities			
Profit before tax		248.8	371.5
Depreciation and amortisation	6	83.7	64.6
Impairment of intangible assets	14	4.6	7.1
Impairment of right-of-use assets		0.4	-
Loss on disposal of non-current assets	6	1.6	4.4
Equity-settled share-based payments	8,9	7.8	14.2
Net finance costs		31.9	12.2
Share of profit of and dividends received from joint venture	17	-	(0.1)
Decrease / (increase) in inventories		4.9	(44.3)
Decrease / (increase) in trade and other receivables		8.1	(37.8)
(Decrease) / increase in trade and other payables		(82.2)	33.2
Increase / (decrease) in provisions		1.1	(1.4)
Defined benefit retirement contributions in excess of charge		(9.8)	(10.6)
Cash generated from operations		300.9	413.0
Interest received		4.8	2.0
Interest paid		(35.8)	(14.6)
Income tax paid		(73.3)	(93.9)
Net cash from operating activities		196.6	306.5
Cash flows from investing activities			
Acquisition of businesses	29	(313.1)	(237.2)
Cash and cash equivalents acquired with businesses	29	9.0	12.7
Total cash impact on acquisition of businesses		(304.1)	(224.5)
Purchase of intangible assets		(35.7)	(27.5)
Purchase of property, plant and equipment		(15.9)	(18.6)
Proceeds on sale of property, plant and equipment		-	0.1
Net cash used in investing activities		(355.7)	(270.5)

	Notes	2024 £m	2023 £m
Cash flows from financing activities			
Proceeds from the issue of share capital	26	3.6	4.8
Purchase of own shares by EBT		(1.5)	(2.1)
Loans drawn down		286.7	83.2
Loans repaid		(27.3)	(58.1)
Principal elements of lease payments		(18.5)	(18.8)
Dividends paid	13	(104.1)	(88.6)
Net cash generated from / (used in) financing activities		138.9	(79.6)
Net decrease in cash and cash equivalents			
		(20.2)	(43.6)
Cash and cash equivalents at the beginning of the year		120.5	158.4
Effect of exchange rate changes		(4.3)	5.7
Cash and cash equivalents at the end of the year	22	96.0	120.5

The Notes on pages 131 to 172 form part of these Group accounts.

Group accounts continued

GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	Attributable to owners of the Company						Non-controlling interests £m	Total equity £m
	Share capital and share premium (Note 26) £m	Own shares held by EBT £m	Other reserves (Note 27) £m	Retained earnings £m	Total £m			
At 1 April 2022	278.5	(3.0)	60.2	772.8	1,108.5	–	1,108.5	
Profit for the year	–	–	–	284.8	284.8	–	284.8	
Other comprehensive income	–	–	51.6	(26.3)	25.3	–	25.3	
Total comprehensive income	–	–	51.6	258.5	310.1	–	310.1	
Cash flow hedging gains transferred to inventories	–	–	(3.7)	–	(3.7)	–	(3.7)	
Tax on cash flow hedging gains transferred to inventories	–	–	0.7	–	0.7	–	0.7	
Dividends (Note 13)	–	–	–	(88.6)	(88.6)	–	(88.6)	
Equity-settled share-based payments (Notes 8 and 9)	–	–	–	14.2	14.2	–	14.2	
Settlement of share awards	4.8	2.9	–	(2.9)	4.8	–	4.8	
Purchase of own shares by EBT	–	(2.1)	–	–	(2.1)	–	(2.1)	
Tax on equity-settled share-based payments	–	–	–	1.0	1.0	–	1.0	
Sale of subsidiary's shares to non-controlling interests	–	–	–	(0.7)	(0.7)	0.7	–	
At 31 March 2023	283.3	(2.2)	108.8	954.3	1,344.2	0.7	1,344.9	
Profit for the year	–	–	–	183.7	183.7	–	183.7	
Other comprehensive income	–	–	(0.7)	0.7	–	(0.1)	(0.1)	
Total comprehensive (expense) / income	–	–	(0.7)	184.4	183.7	(0.1)	183.6	
Cash flow hedging gains transferred to inventories	–	–	(1.6)	–	(1.6)	–	(1.6)	
Cash flow hedging losses transferred to acquisition purchase price	–	–	1.8	–	1.8	–	1.8	
Dividends (Note 13)	–	–	–	(104.1)	(104.1)	–	(104.1)	
Equity-settled share-based payments (Notes 8 and 9)	–	–	–	7.8	7.8	–	7.8	
Settlement of share awards	3.6	1.9	–	(1.9)	3.6	–	3.6	
Purchase of own shares by EBT	–	(1.5)	–	–	(1.5)	–	(1.5)	
Tax on equity-settled share-based payments	–	–	–	(1.6)	(1.6)	–	(1.6)	
At 31 March 2024	286.9	(1.8)	108.3	1,038.9	1,432.3	0.6	1,432.9	

The Notes on pages 131 to 172 form part of these Group accounts.

NOTES TO THE GROUP ACCOUNTS

For the year ended 31 March 2024

1 Basis of preparation

RS Group plc (the Company) is a public limited company registered in England and Wales and listed on the London Stock Exchange.

The Group accounts for the year ended 31 March 2024 are presented in sterling and rounded to £0.1 million. They are prepared in accordance with UK-adopted international accounting standards (UK IAS) and the requirements of the Companies Act 2006.

The Group accounts have been prepared on a going concern basis (see the going concern statement on page 39) under the historical cost convention, modified by the revaluation of retirement benefit obligations and certain financial assets and liabilities (including derivative financial instruments) as explained in the relevant notes. The principal accounting policies have been applied consistently unless otherwise stated.

Basis of consolidation

The Group accounts comprise the results, assets and liabilities of the Company and all its subsidiaries (together referred to as the Group) and include the Employee Benefit Trust (EBT) and the Group's interest in a joint venture. Subsidiaries are entities controlled by the Company. The joint venture is accounted for using the equity method of accounting.

The results of businesses acquired in the year are consolidated from the effective date of acquisition. The net assets of businesses acquired are incorporated in the Group accounts at their fair values at the date of acquisition.

Intra-group transactions and balances are eliminated in preparing the Group accounts and no profit or loss is recognised on intra-group transactions. Unrealised gains or losses arising from transactions with the joint venture are eliminated to the extent of the Group's interest in the entity.

Estimates and judgements

The preparation of accounts in accordance with UK IAS requires the Group to make judgements and estimates that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Except for judgements involved in estimations, no judgements have been made in the process of applying the Group's accounting policies that have had a significant effect on the amounts recognised in the accounts. The judgements involved in estimations take account of the Group's latest expectations of the longer-term impacts of climate change and environmental regulations and the current global economic and geopolitical uncertainties.

Significant estimates are those that have a significant risk of resulting in a material adjustment to the carrying amounts of the Group's assets and liabilities within the next year. The significant estimates made in preparing the accounts were in relation to retirement benefit obligations and further details on the application of these estimates can be found in Note 10. While not significant estimates, the Group also focuses on estimates made in relation to inventories (Note 18), the fair values on acquisition of businesses (Note 29) and the review of intangibles and other assets for impairment (Notes 14 and 23). Further details are provided in the relevant notes.

Actual results in the longer term may differ from these estimates.

Foreign currency Foreign currency transactions

Transactions in foreign currencies are recorded using the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rate ruling at that date and the gains and losses on translation are recognised in operating profit. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the rate ruling at the date the fair value was determined.

Translation of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated at exchange rates ruling at the balance sheet date. The income statement and cash flows of foreign operations are translated at the average rate for the period. Foreign exchange differences on translation of foreign operations are recognised in other comprehensive income.

Standards and interpretations adopted in the year Amendments to IAS 12 'International Tax Reform – Pillar Two Model Rules'

The amendments clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD). The amendments introduce a temporary exception to the recognition and disclosure of information about deferred tax assets and liabilities related to any resulting top-up income taxes, which the Group has applied. Note 11 contains more details on the implementation of these amendments.

Group accounts continued

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 March 2024

1 Basis of preparation continued

Amendments to IAS 12 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences, such as leases. The Group previously recognised the deferred tax asset or liability on leases on a net basis. Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets from the beginning of the comparative period presented and disclosed the amounts in Note 11. There was no impact on the balance sheet, as the balances qualify for offset under paragraph 74 of IAS 12, or on opening retained earnings as at 1 April 2022 as a result of the change.

Other

International Financial Reporting Standard (IFRS) 17 'Insurance Contracts', Amendments to IAS 1 and IFRS Practice Statement 2 'Disclosure of Accounting Policies' and Amendments to IAS 8 'Definition of Accounting Estimates' were adopted in the year. There was no material impact on the reported results or financial position of the Group.

Standards or interpretations issued but not yet applied

The Group does not consider that any standards or interpretations issued but not yet applicable will have a significant impact on the accounts.

The impact of any standards or interpretations issued after the year end has not been assessed yet.

2 Segmental reporting

The Group's operating segments comprise three regions: EMEA, Americas and Asia Pacific. Their principal activities are described on pages 29 to 31. The operating segments' performance is assessed on revenue and adjusted operating profit on a monthly basis by the chief operating decision maker, who is the Chief Executive Officer. Inter-segment pricing is determined on an arm's length basis, comprising sales of product at cost and a handling charge included within operating costs.

Year ended 31 March 2024	EMEA £m	Americas £m	Asia Pacific £m	Group £m
Revenue from external customers	1,794.8	933.7	213.9	2,942.4
Segmental operating profit	255.7	101.4	3.8	360.9
Central costs				(49.1)
Adjusted operating profit				311.8
Amortisation of acquired intangibles				(26.6)
Acquisition-related items (Note 3)				(5.1)
Operating profit				280.1
Net finance costs				(31.9)
Share of profit of joint venture				0.6
Profit before tax				248.8
Segmental capital expenditure	38.3	12.5	0.4	51.2
Central costs				-
Capital expenditure				51.2
Segmental depreciation and amortisation	38.8	14.2	2.7	55.7
Central costs				1.4
Amortisation of acquired intangibles				26.6
Depreciation and amortisation (including of right-of-use assets)				83.7

Group accounts continued

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 March 2024

2 Segmental reporting continued

Year ended 31 March 2023	EMEA £m	Americas £m	Asia Pacific £m	Group £m
Revenue from external customers	1,768.5	945.5	268.3	2,982.3
Segmental operating profit	275.8	148.5	38.4	462.7
Central costs				(60.5)
Adjusted operating profit				402.2
Amortisation and impairment of acquired intangibles				(16.6)
Acquisition-related items (Note 3)				(2.6)
Operating profit				383.0
Net finance costs				(12.2)
Share of profit of joint venture				0.7
Profit before tax				371.5
Segmental capital expenditure	34.9	7.1	0.4	42.4
Central costs				-
Capital expenditure				42.4
Segmental depreciation and amortisation	34.7	11.9	3.2	49.8
Central costs				1.5
Amortisation of acquired intangibles				13.3
Depreciation and amortisation (including of right-of-use assets)				64.6

Disaggregation of revenue

In the table below, revenue is disaggregated by sales channels, by own-brand products or other product and service solutions, and also by service solutions or other. The Group's largest own brand is RS PRO. £2,850.7 million of revenue is recognised at a point in time (2022/23: £2,901.2 million) and £91.7 million over time (2022/23: £81.1 million).

Sales channel

Year ended 31 March 2024	EMEA £m	Americas £m	Asia Pacific £m	Group £m
Web	880.8	258.9	88.5	1,228.2
eProcurement and other digital	441.5	77.3	34.6	553.4
Digital	1,322.3	336.2	123.1	1,781.6
Offline	472.5	597.5	90.8	1,160.8
Revenue	1,794.8	933.7	213.9	2,942.4

Year ended 31 March 2023

Web	893.8	304.3	121.2	1,319.3
eProcurement and other digital	417.3	100.5	39.6	557.4
Digital	1,311.1	404.8	160.8	1,876.7
Offline	457.4	540.7	107.5	1,105.6
Revenue	1,768.5	945.5	268.3	2,982.3

Own-brand / other products and service solutions

Year ended 31 March 2024	EMEA £m	Americas £m	Asia Pacific £m	Group £m
Own-brand product and service solutions	364.9	6.7	33.2	404.8
Other product and service solutions	1,429.9	927.0	180.7	2,537.6
Revenue	1,794.8	933.7	213.9	2,942.4

Year ended 31 March 2023

Own-brand product and service solutions	360.2	7.1	37.2	404.5
Other product and service solutions	1,408.3	938.4	231.1	2,577.8
Revenue	1,768.5	945.5	268.3	2,982.3

Group accounts continued

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 March 2024

2 Segmental reporting continued

Service solutions / other

During the first half of the year the Group reviewed what it classes as service solutions which has resulted in certain revenue streams now being included and certain ones excluded, resulting in an overall decrease to the service solutions revenue for the year ended 31 March 2023 of £48.6 million and £29.9 million for the year ended 31 March 2022. The information below reflects the new classification.

	EMEA £m	Americas £m	Asia Pacific £m	Group £m
Year ended 31 March 2024				
Service solutions	532.3	132.8	43.4	708.5
Other	1,262.5	800.9	170.5	2,233.9
Revenue	1,794.8	933.7	213.9	2,942.4
Year ended 31 March 2023 (restated)				
Service solutions	506.1	132.9	46.4	685.4
Other	1,262.4	812.6	221.9	2,296.9
Revenue	1,768.5	945.5	268.3	2,982.3
Year ended 31 March 2022 (restated)				
Service solutions	425.6	93.4	39.1	558.1
Other	1,153.9	625.3	216.4	1,995.6
Revenue	1,579.5	718.7	255.5	2,553.7

Revenue and non-current assets by geographical location

In the table below, revenue is based on the location of the Group operation where the sales originated and non-current assets are based on the location of the assets. Non-current assets exclude financial instruments, retirement benefit net assets and deferred tax assets.

	Revenue		Non-current assets	
	2024 £m	2023 £m	2024 £m	2023 £m
UK (country of domicile)	686.1	713.2	218.4	216.8
US	698.3	852.8	381.9	394.3
France	326.2	323.1	13.7	11.6
Mexico	193.2	46.5	238.8	231.5
Germany	189.0	208.2	30.2	61.3
Italy	126.9	128.6	3.4	4.3
Switzerland	44.3	12.9	288.0	-
Rest of world	678.4	697.0	63.3	20.0
Group	2,942.4	2,982.3	1,237.7	939.8

Group accounts continued

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 March 2024

3 Alternative Performance Measures (APMs)

The Group uses a number of APMs in addition to those measures reported in accordance with UK IAS. Such APMs are not defined terms under UK IAS and are not intended to be a substitute for any UK IAS measure. The Directors believe that the APMs are important when assessing the underlying financial and operating performance of the Group. The APMs are used internally for performance analysis and in employee incentive arrangements, as well as in discussions with the investment analyst community.

The APMs improve the comparability of information between reporting periods by adjusting for factors such as fluctuations in foreign exchange rates, number of trading days and items, such as reorganisation costs, that are substantial in scope and impact and do not form part of operational or management activities that the Directors would consider part of underlying performance. The Directors also believe that excluding recent acquisitions, amortisation and impairment of acquired intangibles and acquisition-related items aids comparison of the underlying performance between reporting periods and between businesses with similar assets that were internally generated.

Adjusted profit measures

These are the equivalent UK IAS measures adjusted to exclude amortisation and impairment of intangible assets arising on acquisition of businesses, acquisition-related items, substantial reorganisation costs, substantial asset write-downs, one-off pension credits or costs, significant tax rate changes and, where relevant, associated income tax effects. Adjusted profit before tax is a performance measure for the annual incentive and the all employee Long Term Incentive Plan (LTIP) called the RS YAY! Award. Adjusted earnings per share is a performance measure for the LTIP and Journey to Greatness (J2G) LTIP Award. Adjusted operating profit conversion, adjusted operating profit margin and adjusted earnings per share are financial key performance indicators (KPIs) which are used to measure the Group's progress in delivering the successful implementation of its strategy and monitor and drive its performance.

	Operating costs £m	Operating profit £m	Operating profit margin ¹ %	Operating profit conversion ² %	Profit before tax £m	Profit for the year £m	Basic earnings per share p	Diluted earnings per share p
Year ended 31 March 2024								
Reported	(983.8)	280.1	9.5%	22.2%	248.8	183.7	38.8p	38.7p
Amortisation of acquired intangibles	26.6	26.6			26.6	19.8	4.2p	4.2p
Acquisition-related items	5.1	5.1			5.1	3.8	0.8p	0.8p
Adjusted	(952.1)	311.8	10.6%	24.7%	280.5	207.3	43.8p	43.7p

Year ended 31 March 2023

Reported	(969.2)	383.0	12.8%	28.3%	371.5	284.8	60.4p	60.2p
Amortisation and impairment of acquired intangibles	16.6	16.6			16.6	13.3	2.8p	2.8p
Acquisition-related items	2.6	2.6			2.6	2.1	0.4p	0.4p
Adjusted	(950.0)	402.2	13.5%	29.7%	390.7	300.2	63.6p	63.4p

1. Operating profit margin is operating profit expressed as a percentage of revenue.

2. Operating profit conversion is operating profit expressed as a percentage of gross profit.

Acquisition-related items comprise transaction costs directly attributable to the acquisition of businesses, any deferred consideration payments relating to the retention of former owners of acquired businesses expensed as remuneration, adjustments to acquisition-related indemnification assets and the related liabilities that result from events after the acquisition date and any remeasurements of contingent consideration payable on acquisition of businesses that result from events after the acquisition date.

Group accounts continued

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 March 2024

3 Alternative Performance Measures (APMs) continued

	2024 £m	2023 £m
Transaction costs – acquisition-related costs incurred in year for acquisitions completed in year (Note 29)	(4.7)	(2.6)
Adjustments to indemnification assets and related liabilities included in operating costs	(0.8)	–
Remeasurements of contingent consideration (Note 29)	0.4	–
Acquisition-related items (in operating costs)	(5.1)	(2.6)
Adjustments to uncertain tax provisions related to indemnification assets	1.3	–
Other associated income tax effects	–	0.5
Acquisition-related items after tax	(3.8)	(2.1)

Like-for-like revenue and profit measures

Like-for-like revenue and profit measures are adjusted to exclude the effects of changes in exchange rates on translation of overseas profits. They exclude acquisitions in the relevant years until they have been owned for a year, at which point they start to be included in both the current and comparative years for the same number of months. These measures enable management and investors to track more easily, and consistently, the underlying performance of the business.

The principal exchange rates applied in preparing the Group accounts and in calculating the following like-for-like measures are:

	2024 Average	2024 Closing	2023 Average	2023 Closing
US dollar	1.257	1.264	1.206	1.239
Euro	1.159	1.170	1.158	1.137

Like-for-like revenue change

Like-for-like revenue change is also adjusted to eliminate the impact of differences in trading days year on year. It is calculated by comparing the revenue of the base business for the current year with the prior year converted at the current year's average exchange rates and pro-rated for the same number of trading days as the current year. It is a performance measure for the annual incentive and a financial KPI.

	£m
Revenue for 2023	2,982.3
Effect of exchange rates	(57.4)
Effect of trading days	(24.1)
Revenue for 2023 at 2024 rates and trading days	2,900.8

	2024 Group £m	Less: acquisitions owned < 1 year £m	2024 base business £m	2023 £m	2023 at 2024 rates and trading days £m	Like-for-like change %
EMEA	1,794.8	134.6	1,660.2	1,768.5	1,743.1	(5)%
Americas	933.7	145.9	787.8	945.5	909.3	(13)%
Asia Pacific	213.9	1.8	212.1	268.3	248.4	(15)%
Revenue	2,942.4	282.3	2,660.1	2,982.3	2,900.8	(8)%

Gross margin and like-for-like gross margin change

Gross margin is gross profit expressed as a percentage of revenue. Like-for-like change in gross margin is calculated by taking the difference between gross margin for the base business for the current year and gross margin for the prior year with revenue and gross profit converted at the current year's average exchange rates.

	2024 Group £m	Less: acquisitions owned < 1 year £m	2024 base business £m	2023 £m	2023 at 2024 rates £m	Like-for-like change pts
Revenue	2,942.4	282.3	2,660.1	2,982.3	2,924.9	
Gross profit	1,263.9	88.8	1,175.1	1,352.2	1,326.0	
Gross margin	43.0%	31.5%	44.2%	45.3%	45.3%	(1.1) pts

Group accounts continued

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 March 2024

3 Alternative Performance Measures (APMs) continued

Like-for-like profit change

Like-for-like change in profit is calculated by comparing the base business for the current year with the prior year converted at the current year's average exchange rates.

	2024 Group £m	Less: acquisitions owned < 1 year £m	2024 base business £m	2023 £m	2023 at 2024 rates £m	Like-for-like change %
Segmental operating profit						
EMEA	255.7	5.9	249.8	275.8	274.1	(9)%
Americas	101.4	11.7	89.7	148.5	142.3	(37)%
Asia Pacific	3.8	-	3.8	38.4	33.7	(89)%
Segmental operating profit	360.9	17.6	343.3	462.7	450.1	(24)%
Central costs	(49.1)	-	(49.1)	(60.5)	(60.1)	(18)%
Adjusted operating profit	311.8	17.6	294.2	402.2	390.0	(25)%
Adjusted profit before tax	280.5	15.4	265.1	390.7	378.5	(30)%
Adjusted earnings per share	43.8p	2.8p	41.0p	63.6p	61.7p	(34)%
Adjusted diluted earnings per share	43.7p	2.8p	40.9p	63.4p		

Adjusted free cash flow and adjusted operating cash flow conversion

Adjusted free cash flow is net cash from operating activities less purchases of intangible assets, property, plant and equipment plus any proceeds on sale of intangible assets, property, plant and equipment, adjusted for the cash impact of substantial reorganisation costs and acquisition-related items and is a performance measure for the annual incentive.

Adjusted operating cash flow is adjusted free cash flow before income tax and net interest paid.

Adjusted operating cash flow conversion is adjusted operating cash flow expressed as a percentage of adjusted operating profit and is a financial KPI.

	2024 £m	2023 £m
Net cash from operating activities	196.6	306.5
Purchase of intangible assets	(35.7)	(27.5)
Purchase of property, plant and equipment	(15.9)	(18.6)
Proceeds on sale of property, plant and equipment	-	0.1
Add back: impact of substantial reorganisation cash flows	0.7	0.5
Add back: impact of acquisition-related items cash flows	5.5	2.6
Adjusted free cash flow	151.2	263.6
Add back: income tax paid	73.3	93.9
Add back: net interest paid	31.0	12.6
Adjusted operating cash flow	255.5	370.1
Adjusted operating profit	311.8	402.2
Adjusted operating cash flow conversion	81.9%	92.0%

Earnings before interest, tax, depreciation and amortisation (EBITDA), net debt and net debt to adjusted EBITDA

EBITDA is operating profit excluding depreciation and amortisation. Net debt is defined and reconciled in Note 22. Net debt to adjusted EBITDA (one of the Group's debt covenants) is the ratio of net debt to EBITDA excluding impairment of intangible assets arising on acquisition of businesses, acquisition-related items, substantial reorganisation costs, substantial asset write-downs and one-off pension credits or costs.

	2024 £m	2023 £m
Operating profit	280.1	383.0
Add back: depreciation and amortisation	83.7	64.6
EBITDA	363.8	447.6
Add back: impairment of acquired intangibles	-	3.3
Add back: acquisition-related items	5.1	2.6
Adjusted EBITDA	368.9	453.5
Net debt	418.2	113.0
Net debt to adjusted EBITDA	1.1x	0.2x

Group accounts continued

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 March 2024

3 Alternative Performance Measures (APMs) continued

Earnings before interest, tax and amortisation (EBITA) and EBITA to interest

EBITA is adjusted EBITDA after depreciation. EBITA to interest (one of the Group's debt covenants) is the ratio of EBITA to finance costs including capitalised interest less finance income.

	2024 £m	2023 £m
Adjusted EBITDA	368.9	453.5
Less: depreciation	(35.5)	(36.2)
EBITA	333.4	417.3
Finance costs	36.7	14.2
Less: finance income	(4.8)	(2.0)
Interest (per debt covenants)	31.9	12.2
EBITA to interest	10.5x	34.2x

Return on capital employed (ROCE)

ROCE is adjusted operating profit expressed as a percentage of monthly average net assets excluding net debt and retirement benefit obligations and is an underpin for the LTIP and J2G LTIP Award and a financial KPI.

	2024 £m	2023 £m
Average net assets	1,389.3	1,258.0
Add back: average net debt	371.6	25.6
Add back: average retirement benefit net (assets) / obligations	31.2	24.1
Average capital employed	1,792.1	1,307.7
Adjusted operating profit	311.8	402.2
ROCE	17.4%	30.8%

Working capital as a percentage of revenue

Working capital is inventories, current trade and other receivables and current trade and other payables.

	2024 £m	2023 £m
Inventories	656.0	616.3
Current trade and other receivables	701.4	692.0
Current trade and other payables	(602.7)	(658.9)
Working capital	754.7	649.4
Revenue	2,942.4	2,982.3
Working capital as a percentage of revenue	25.6%	21.8%

Inventory turn

Inventory turn is cost of sales divided by inventories.

	2024 £m	2023 £m
Cost of sales	1,678.5	1,630.1
Inventories	656.0	616.3
Inventory turn	2.6	2.6

Ratio of capital expenditure to depreciation

Ratio of capital expenditure to depreciation is capital expenditure divided by depreciation and amortisation excluding amortisation of acquired intangibles and depreciation of right-of-use assets.

	2024 £m	2023 £m
Depreciation and amortisation	83.7	64.6
Less: amortisation of acquired intangibles	(26.6)	(13.3)
Less: depreciation of right-of-use assets	(18.6)	(18.3)
Adjusted depreciation and amortisation	38.5	33.0
Capital expenditure	51.2	42.4
Ratio of capital expenditure to depreciation	1.3 times	1.3 times

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 March 2024

4 Revenue recognition

Revenue from the sale of goods is recognised in the income statement when control of the goods has transferred, which in most countries is contractually on delivery to the customer but in a few countries is contractually on collection from the Group's distribution sites by the delivery company. When the Group arranges the delivery of goods where control has transferred on collection, the customer is invoiced an amount to cover the cost of freight and this is included in revenue over time as the goods are shipped. Customers are invoiced on dispatch of the goods. Revenue is measured with reference to the amount invoiced to the customer, net of any immediate discounts applicable to the order. Obligations for retrospective customer volume discounts are calculated by estimating the expected discount percentage that will be achieved for the contractual period using historical data adjusted for current experience and applying that percentage to actual qualifying sales. When a customer has a right to return goods purchased, the Group estimates the obligation for the expected value of the refunds using recent experience. Obligations for both retrospective customer volume discounts and the expected value of refunds for returns are deducted from the revenue recognised when the goods are sold and included in other payables on the balance sheet and at 31 March 2024 were £16.7 million (2022/23: £18.1 million).

Products sourced for customers under the provision of outsourced services are sent directly by suppliers to customers and the Group has no control over the products sourced and bears no inventory risk. The Group does not have discretion in establishing the price as the price charged to customers is the price charged by the suppliers. Therefore, the Group acts as an agent in relation to these products and so does not recognise the value of these products in revenue or cost of sales. Revenue is measured with reference to the amount invoiced to the customer for management charges and is recognised either over time based on time elapsed for monthly management charges or when the related products are delivered for other management charges. Invoices are raised monthly for monthly management charges or when the invoices for the related products are invoiced for other management charges, normally on a weekly or monthly basis. Income earned from suppliers for access to the Group's online procurement portals is recognised as revenue either over time based on time elapsed for subscription fees or as their products are delivered to the Group's customers for licence fees. Invoices are raised monthly, quarterly or annually in advance for subscription fees depending on contractual terms. Credit notes for licence fee income are received from suppliers depending on contractual terms with the least frequent being annual.

Revenue from the sale of calibration services is recognised when control of the services has transferred, which is upon delivery to the customer of the items which have been calibrated. Customers are invoiced on dispatch of the calibrated items. Revenue is measured with reference to the amount invoiced to the customer.

All revenue is recognised net of sales taxes and all payment terms are based on commercially reasonable terms for the respective markets and no element of financing is deemed present.

Remaining performance obligations (unsatisfied or partially unsatisfied) at the year end all relate to customer contracts that have an original expected duration of not more than one year or are invoiced based on time incurred. As permitted under IFRS 15 'Revenue from Contracts with Customers', the transaction price allocated to these remaining performance obligations is not disclosed.

5 Cost of sales

Cost of sales comprises the cost of goods delivered to customers and the write-down of inventories to net realisable value.

When a customer has a right to return goods, the Group estimates the expected value of the goods that are likely to be returned based on historical experience and the expected gross margin. It recognises an asset in other receivables for the right to recover these goods and deducts this from cost of sales when the goods are sold.

The Group receives rebates from certain suppliers relating mainly to the volume of purchases made in a specified time period. These rebates are recognised as a reduction in cost of sales to the extent that the inventories purchased from the supplier and eligible for rebates have been sold in the year. Rebates on purchases that remain in inventories are deducted from the cost of inventories, thus reducing cost of sales in the income statement in the period in which the inventories are expensed. The Group recognises the rebate only where there is evidence of a binding arrangement with the supplier, the amount can be estimated reliably and receipt is probable. The Group estimates whether the supplier rebates relate to products already sold or remaining in inventories, based on inventory turns. When estimating the value of supplier rebates earned but not yet received, the Group makes assumptions about the likely volume of eligible purchases to be made over the remaining rebate period. As at 31 March 2024, the Group had £2.1 million (2022/23: £4.2 million) of supplier rebates recognised within trade and other receivables.

	2024 £m	2023 £m
Inventory scrapped	13.2	12.6
Movement in inventory provisions	21.9	20.4
Write-down of inventories to net realisable value	35.1	33.0
Loss on foreign exchange related to sales and purchases	6.8	1.5
Net gains on forward foreign exchange contracts classified as fair value through profit or loss	(2.6)	-
Direct pass-through costs related to the provision of outsourced services	42.8	39.6
Inventories recognised as an expense	1,596.4	1,556.0
Cost of sales	1,678.5	1,630.1

Group accounts continued

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 March 2024

6 Operating costs

	2024 £m	2023 £m
Amortisation of intangible assets (Note 14)	48.2	28.4
Depreciation of property, plant and equipment (Note 15)	16.9	17.9
Depreciation of right-of-use assets (Note 16)	18.6	18.3
Depreciation and amortisation	83.7	64.6
Amortisation of government grants	(0.1)	(0.1)
Loss on other foreign exchange	0.1	4.2
Net (gains) / losses on forward foreign exchange contracts classified as fair value through profit or loss	(0.5)	5.2
Loss on disposal of intangible assets	0.2	4.4
Loss on disposal of property, plant and equipment	1.3	-
Loss on disposal of right-of-use assets	0.1	-
Increase in impairment allowance for financial assets (Note 23)	3.4	5.5
Employee costs (Note 8)	469.7	479.0
Less: capitalised employee costs	(15.4)	(13.0)
Less: pass-through employee costs included in cost of sales	(39.8)	(35.8)
Other operating costs	481.1	455.2
Operating costs	983.8	969.2
Fees paid to the Auditors were:		
	2024 £m	2023 £m
Fees payable to the Company's Auditors for the audit of the Company and Group accounts	1.1	0.9
Fees payable to the Company's Auditors and their associates for other services:		
Audit of the Company's subsidiaries	2.0	2.0
Audit-related assurance services	0.1	0.1
Total fees payable to the Company's Auditors and their associates	3.2	3.0

7 Finance income and costs

Finance costs that are directly attributable to the construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of that asset. Interest on financial assets and liabilities measured at amortised cost and on lease liabilities is calculated using the effective interest method and recognised in the income statement as incurred.

Invoice finance charges relate to costs incurred when the Group makes use of its customers' supplier invoice financing options where this is commercially and administratively attractive. These options are used for some outsourced services customers, including where they give the Group access to the customers' invoice portals to simplify the invoice query reconciliation process and so speed up the receipt of payments.

	2024 £m	2023 £m
Finance income		
Interest income on financial assets measured at amortised cost	4.8	1.8
Interest income on interest rate swaps	-	0.2
Finance income	4.8	2.0
Finance costs		
Interest expense on financial liabilities measured at amortised cost	(28.1)	(9.5)
Interest expense on lease liabilities	(2.9)	(1.1)
Interest expense on financial liabilities not at fair value through profit or loss	(31.0)	(10.6)
Interest expense on interest rate swaps	-	(0.7)
Interest expense on tax payable	(1.2)	-
Interest on uncertain income tax positions	(0.1)	(0.2)
Invoice finance charges	(4.4)	(2.7)
Finance costs	(36.7)	(14.2)

Group accounts continued

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 March 2024

8 Employees

Average number of employees	2024	2023
EMEA	5,872	5,417
Americas	2,256	1,670
Asia Pacific	767	668
Central costs	69	63
Group	8,964	7,818

Employment costs	2024 £m	2023 £m
Wages and salaries	373.8	385.9
Social security costs	52.7	50.7
Share-based payments – equity-settled (Note 9)	7.8	14.2
Share-based payments – cash-settled (Note 9)	0.4	1.3
Defined contribution retirement benefit costs (Note 10)	21.0	19.5
Defined benefit retirement benefit costs (Note 10)	4.1	3.5
	459.8	475.1
Termination benefits	9.9	3.9
Total	469.7	479.0

Information on the Directors' remuneration is given in the Directors' Remuneration Report on pages 99 to 115.

9 Share-based payments

The Group operates share-based payment schemes which are the LTIPs, the Deferred Share Bonus Plan (DSBP) and the Savings-Related Share Option Scheme (SAYE).

Equity-settled share-based payments are measured at fair value at the grant date, calculated using an appropriate option pricing model. The fair value is expensed in the income statement with a corresponding increase in equity on a straight-line basis over the period that employees become unconditionally entitled to the awards. The income statement charge is adjusted to reflect expected and actual levels of vesting associated with non-market performance related criteria.

Cash-settled share-based payments are measured at fair value at the balance sheet date, taking into account the estimated number of awards that will actually vest and the relative completion of the vesting period. This fair value is included in liabilities and changes in the value of these liabilities are recognised in the income statement.

The EBT established to administer the schemes owns shares in the Company which are shown in equity.

LTIPs – equity settled and cash settled

The Group's active LTIPs are granted under the 2019 LTIP, the 2022 LTIP, the J2G LTIP Award and the RS YAY! Award. Under these LTIPs, awards are made to plan participants normally subject to service conditions and performance conditions. Some of the awards are equity settled and some are cash settled. At the vesting date the award will either vest, in full or in part, or expire depending on the outcome of normally the performance conditions. All awards have £nil exercise price and normally receive accrued dividends on settlement.

Those awards made under the 2019 LTIP in 2020/21 (vested in June 2023) and 2021/22 are normally subject to a market performance condition based on total shareholder return (TSR) of the Group versus a defined comparator group (see the Directors' Remuneration Report for details) and a non-market performance condition based on cumulative growth in adjusted earnings per share (EPS) over the vesting period with a ROCE underpin.

Awards under the 2022 LTIP are normally subject to a market performance condition based on TSR of the Group versus a defined comparator group (see the Directors' Remuneration Report for details) and a non-market performance condition based on the adjusted EPS compound annual growth rate (CAGR) over the vesting period with a ROCE underpin.

Awards under the J2G LTIP Award to senior management are subject to non-market performance conditions based on the adjusted EPS CAGR over the vesting period and a scorecard of key performance indicators directly linked to The RS Way scorecard, with a ROCE underpin.

Group accounts continued

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 March 2024

9 Share-based payments continued

Awards under the RS YAY! Award to all other employees are subject to a non-market performance condition based on adjusted profit before tax CAGR over the vesting period.

The fair values of equity-settled LTIP awards were calculated at the grant date using the assumptions below, with the fair value of those subject to market performance conditions calculated using a Monte Carlo model.

Grant date	2024				2023	
	December 2023	November 2023	June 2023	May 2023	December 2022	July 2022
Market performance conditions						
Awards granted	31,818	110,006	6,109	931,186	77,792	777,686
Fair value at grant date	243p	184p	251p	295p	471p	626p
Assumptions used:						
Share price	816p	714p	800p	798p	921p	979p
Expected volatility	29.5%	29.6%	30.0%	30.2%	32.8%	32.4%
Expected life	2 years 5 months	2 years 6 months	2 years 11 months	3 years	2 years 7 months	3 years
Risk-free interest rate	3.97%	4.29%	4.95%	4.50%	3.36%	1.75%
Other conditions						
Awards granted	31,818	178,634	53,670	1,413,539	243,911	4,009,281
Fair value at grant date	816p	714p	800p	798p	921p	979p

Expected volatility was estimated based on the historical volatility of the Company's shares over the most recent period commensurate to the expected life of the award. The risk-free interest rate represents the yield, at the grant date, of UK government bonds with duration commensurate to the expected life of the award.

The fair values of cash-settled LTIP awards at 31 March 2024 were:

	Awards granted	Fair value
June 2021 – Other conditions	4,393	727p
June 2021 – Market performance conditions	4,393	-p
July 2022 – Other conditions	12,000	245p
December 2022 – Other conditions	1,300	230p
June 2023 – Other conditions	462	200p
December 2023 – Other conditions	2,419	-p
December 2023 – Market performance conditions	2,419	-p

The movements in the LTIP awards (equity and cash settled) were:

	2024 Number of awards	2023 Number of awards
Outstanding at 1 April	6,302,743	3,940,677
Forfeited during the year	(1,019,886)	(1,293,879)
Expired during the year	(585,383)	(789,203)
Exercised during the year	(632,463)	(676,822)
Granted during the year	2,762,080	5,121,970
Outstanding at 31 March	6,827,091	6,302,743

DSBP – equity settled

Under the DSBP, one-third of the total annual incentive earned by plan participants is awarded as shares and vests after two years, normally subject to the continued employment of the participant within the Group. There are no other performance conditions. The participants receive accrued dividends on vesting. Deferred share awards relating to the annual incentive for the year ended 31 March 2024 are expected to be awarded in June 2024. The fair value of the shares awarded during the year was 803p (2022/23: 1,005p) per share award which was the share price at the date of award.

Group accounts continued

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 March 2024

9 Share-based payments continued

The movements in the DSBP awards were:

	2024 Number of awards	2023 Number of awards
Outstanding at 1 April	224,185	259,570
Forfeited during the year	–	(17,766)
Exercised during the year	(108,658)	(189,422)
Granted during the year	133,061	171,803
Outstanding at 31 March	248,588	224,185

SAYE – equity settled and cash settled

The SAYE scheme is available to the majority of employees of the Group employed at the time that the invitation period commences. The UK element is equity settled and the overseas element is cash settled. The option price is based on the average market price of the Company's shares over the three days prior to the offer, discounted by 20%. The option exercise conditions are the employee's continued employment for a three-year period and the maintenance of employee's regular monthly savings. Failure of either of these conditions is normally deemed a forfeiture of the option. Employees may subscribe to the three-year or, when offered, the five-year savings period. Under the UK element, at the end of the savings period, the employee has six months to either exercise their options to purchase the shares at the agreed price or withdraw their savings with accrued interest. Under the overseas element, at the end of the savings period, the employee has six months to either exercise their options to receive cash equal to the difference between the market price and the option price or withdraw their savings with accrued interest. There are no market conditions attached to the vesting of the options.

The fair value of equity-settled SAYE options was calculated at the grant date using a Black-Scholes model, with the assumptions below.

Grant date	2024	2023
	3 year November 2023	3 year December 2022
Options granted	1,814,474	1,300,316
Fair value at grant date	265p	325p
Assumptions used:		
Share price	776p	944p
Exercise price	562p	715p
Expected volatility	28.7%	32.6%
Expected option life	3 years	3 years
Expected dividend yield	2.50%	1.71%
Risk-free interest rate	4.14%	3.16%

Expected volatility was estimated based on the historical volatility of the Company's shares over the most recent three-year period. Expected dividend yield was the annual dividend yield as at the grant date. The risk-free interest rate was the yield, at the grant date, of three-year UK government bonds.

The fair values of cash-settled SAYE options at 31 March 2024 are shown below and were calculated using a Black-Scholes model, using a share price of 727p, expected dividend yield of 2.7% and additional assumptions below.

	Options granted	Fair value	Exercise price	Expected volatility	Expected remaining option life	Risk-free interest rate
5 year September 2019	99,256	288p	439p	26.2%	0.5 years	4.50%
5 year September 2020	19,798	189p	573p	27.9%	1.5 years	4.17%
3 year September 2021	222,284	27p	824p	26.2%	0.5 years	4.50%
5 year September 2021	11,939	106p	824p	30.1%	2.5 years	3.94%
3 year December 2022	518,735	216p	715p	27.9%	1.8 years	4.17%
3 year November 2023	707,264	324p	562p	28.8%	2.8 years	3.94%

Expected volatility is estimated based on the historical volatility of the Company's shares over the most recent period commensurate to the expected remaining life of the option. Expected dividend yield is the annual dividend yield as at the year end. The risk-free interest rate is the yield, at the year end, of UK government bonds with duration commensurate to the expected remaining life of the option.

Group accounts continued

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 March 2024

9 Share-based payments continued

The movements in and weighted average exercise price of the SAYE options (equity and cash settled) were:

	2024		2023	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at 1 April	662p	4,056,336	564p	3,850,612
Forfeited during the year	733p	(299,010)	594p	(154,098)
Expired during the year	708p	(847,998)	729p	(147,083)
Exercised during the year	539p	(904,196)	442p	(1,312,146)
Granted during the year	562p	2,521,738	715p	1,819,051
Outstanding at 31 March	616p	4,526,870	662p	4,056,336
Exercisable at 31 March	573p	125,525	438p	171,214

SAYE options outstanding at the year end were:

	2024	2023
Option prices:		
£2.00 – £2.99	–	1,310
£4.00 – £4.99	280,813	488,139
£5.00 – £5.99	2,761,202	1,090,103
£7.00 – £7.99	1,048,950	1,778,421
£8.00 – £8.99	435,905	698,363
	4,526,870	4,056,336
Weighted average remaining contractual life (in years)	2.62	1.91
Weighted average share price during period of exercise	753p	954p

10 Retirement benefit obligations

For defined benefit schemes, the surplus or deficit recognised in the balance sheet is the difference between the fair value of the scheme assets and the present value of the obligations at the balance sheet date. The present value of the obligations is calculated by independent actuaries using the projected unit credit method. It is determined by discounting estimated future cash outflows using a discount rate reflecting yields on high-quality corporate bonds with terms approximating the terms of the related obligation. The operating profit charge comprises the current service cost, net interest cost, past service costs, administrative expenses, curtailment gains and losses and settlement gains and losses. The net interest cost is based on the discount rate at the beginning of the year, contributions paid in and the surplus or deficit during the year. Past service costs and curtailment gains and losses are recognised at the earlier of when the scheme amendment or curtailment occurs and when any related reorganisation costs or termination benefits are recognised. Settlement gains and losses are recognised when the settlement occurs. Remeasurements, representing returns on scheme assets excluding amounts included in interest and actuarial gains and losses arising from changes in demographic and financial assumptions and experience adjustments, are recognised in other comprehensive income.

The Group's largest defined benefit pension scheme is in the UK, providing benefits based on final pensionable pay for eligible employees who joined on or before 1 April 2003. The scheme is administered by a corporate trustee and the funds are independent of the Group's finances. The Group also has defined benefit pension schemes in Germany and the Republic of Ireland which are closed to both new members and accruals for future service, defined benefit retirement indemnity schemes in France and Italy, and a contribution-based pension scheme in Switzerland that guarantees a minimum rate of investment return and so is accounted for under IAS 19 'Employee Benefits' as a defined benefit pension scheme.

For defined contribution schemes, the costs are charged to operating profit as they fall due. The Group has defined contribution schemes in a number of countries, including the UK, the US, Australia and Germany, and contributes to government schemes in a number of other countries that are defined contribution schemes. The Group also makes payments to employees' personal pensions in the UK when their employing company does not provide defined benefit or defined contribution schemes.

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 March 2024

10 Retirement benefit obligations continued

Regulatory framework and governance

The UK scheme, the RS Group Pension Scheme, is a registered scheme established under trust law and, as such, is subject to UK pension, tax and trust legislation. It is managed by a corporate trustee, RS Group Pension Trustees Limited (the Trustee). The Trustee includes representatives appointed by both the Company and members. Although the Company bears the financial cost of the scheme, the Trustee directors are responsible for the overall management of the scheme including compliance with applicable regulations and legislation. The Trustee directors are required by law to act in the interest of all relevant beneficiaries and to set certain policies, to manage the day-to-day administration of the benefits and to set the scheme investment strategy in consultation with the Company.

UK pensions are regulated by the Pensions Regulator whose statutory objectives and regulatory powers are described on its website: www.thepensionsregulator.gov.uk.

Deficit position and funding

The funding of the UK scheme is assessed using assumptions in accordance with the advice of independent actuaries. These assumptions may be different to those used for the accounting valuation. The last triennial funding valuation was carried out as at 31 March 2022 and showed a deficit of £36.4 million on a statutory technical provisions basis. The Trustee and the Company agreed a recovery plan to eliminate this deficit over time. Under this plan, the Group agreed to make deficit contributions of £11.1 million per annum with the aim that the scheme will be fully funded on a statutory technical provisions basis by 30 September 2025.

The rules of the UK scheme give the Trustee powers to wind up the scheme, which it may exercise if the Trustee is aware that the assets of the scheme are insufficient to meet its liabilities. Although the scheme was in deficit on a statutory funding basis at 31 March 2022, the Trustee has confirmed that it has no current intention to exercise its power to wind up the scheme.

Under the UK scheme's rules the power to wind up the scheme and augment benefits is with the Trustee and, therefore, under IFRIC 14 the Group does not have an unconditional right to any surplus that may arise. On that basis, the defined benefit net asset at 31 March 2024 has been restricted to £nil (2022/23: £nil) and an additional liability of £16.1 million (2022/23: £26.2 million) has been recognised which is equal to the present value of the agreed future deficit contributions under the recovery plan.

Based on the funding position as at 31 March 2024, in the year ending 31 March 2025 the Group expects to pay £13.1 million of contributions to the UK scheme, including £11.1 million of deficit contribution payments, and £0.8 million to the other defined benefit schemes.

Investment strategy and risk exposure

The defined benefit schemes expose the Group to actuarial risks such as longevity, interest rate, inflation and investment risks. The approach for managing the UK scheme's investment strategy and risks are set out below.

Interest rate risk

The Trustee has set a benchmark for total investment in bonds (government and corporate), interest rate swaps, inflation swaps, gilt repurchase agreements and cash as part of its matching asset portfolio (comprising the qualifying investor alternative investment fund (QIAIF), a bespoke pooled structure in which the scheme is the sole investor). Under this strategy, if gilt yields fall, the value of the investments within the matching asset portfolio will rise to help match the increase in the valuation of the liabilities arising from a fall in the discount rate, which is derived from gilt yields. Similarly, if gilt yields rise, the value of the matching asset portfolio will fall, as will the valuation of the liabilities because of an increase in the discount rate.

Inflation risk

The scheme holds index-linked gilts, inflation swaps and repurchase agreements to manage against inflation risk associated with pension liability increases.

Longevity risk

Prudent mortality assumptions are used that appropriately allow for future improvements in life expectancy. These assumptions are reviewed on a regular basis to ensure they remain appropriate. The Trustee uses the Club Vita Service to provide a better estimate of the mortality rates of the scheme's membership than the standard tables. With effect from 1 June 2008, the scheme introduced a mortality risk sharing mechanism whereby members' benefits for pensionable service after that date will be reduced if the life expectancy of the scheme's members increases more quickly than a pre-determined rate.

Environmental, social and governance (ESG) and climate risk

The Trustee considers how ESG and climate change are integrated within investment processes and how they align with the Trustee's policies in appointing new investment managers and monitoring existing investment managers. The Trustee has set out clear expectations for its advisors and the scheme's investment managers to consider ESG issues, including climate change, where relevant to investment outcomes. The Trustee, together with its advisor, monitors annually the extent to which ESG factors, including explicit consideration of climate change, are integrated into the investment managers' approaches. To supplement this, the Trustee makes regular use of the investment consultant's ESG ratings and will engage proactively with investment managers whose ESG ratings are judged to be lagging their peers within the asset class. The investment and risk subcommittee meets all investment managers at least annually to discuss ESG and climate change issues specifically.

Group accounts continued

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 March 2024

10 Retirement benefit obligations continued

Assumptions

Financial assumptions

The principal assumptions used to determine the defined benefit obligations were:

	2024		2023	
	UK	Other	UK	Other
Discount rate	4.90%	2.31%	4.90%	3.66%
Rate of increase in pensionable salaries	Nil	1.57%	Nil	1.04%
Rate of RPI inflation	3.20%	1.58%	3.30%	2.34%
Rate of CPI inflation	2.80%	1.58%	2.80%	2.34%
Rate of pension increases				
RPI inflation capped at 5.0% p.a.	2.95%	n/a	3.05%	n/a
RPI inflation capped at 2.5% p.a.	1.95%	n/a	2.05%	n/a

Life expectancy assumptions

Based upon the demographics of scheme members, the weighted average life expectancy assumptions used to determine the UK defined benefit obligations were:

	2024 Years	2023 Years
Member aged 65 (current life expectancy) – male	22.0	21.9
Member aged 65 (current life expectancy) – female	23.4	23.3
Member aged 45 (life expectancy at aged 65) – male	23.4	23.3
Member aged 45 (life expectancy at aged 65) – female	25.1	25.8

At 31 March 2024, the weighted average duration of the UK defined benefit obligation was 14 years (2022/23: 14 years).

Sensitivity analysis of the impact of changes in key assumptions

The calculations of the defined benefit obligations are sensitive to the assumptions used. The sensitivity analysis below is based on a change in the assumption on the UK scheme while holding all other assumptions constant; in practice changes in some of the assumptions may be correlated.

A change would have the following increase / (decrease) on the UK defined benefit obligations as at 31 March 2024:

	Increase in assumption £m	Decrease in assumption £m
Effect on obligation of a 0.5 pts change to the assumed discount rate	(24.7)	27.3
Effect on obligation of a 0.25 pts change in the assumed inflation rate	11.7	(11.3)
Effect on obligation of a change of one year in assumed life expectancy	10.9	(10.9)

Group accounts continued

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 March 2024

10 Retirement benefit obligations continued

Income statement

The net charge / (credit) recognised in operating profit for retirement benefit obligations was:

	2024			2023		
	UK £m	Other £m	Total £m	UK £m	Other £m	Total £m
Current service cost	1.2	0.4	1.6	2.0	0.3	2.3
Past service cost	-	(0.1)	(0.1)	-	-	-
Interest expense on obligation	18.7	0.9	19.6	15.4	0.3	15.7
Interest income on scheme assets	(20.7)	(0.6)	(21.3)	(16.3)	(0.1)	(16.4)
Interest expense on asset ceiling / onerous liability	3.0	0.1	3.1	0.7	-	0.7
Administrative expenses	1.2	-	1.2	1.2	-	1.2
Total charge for defined benefit schemes	3.4	0.7	4.1	3.0	0.5	3.5
Total charge for defined contribution schemes and personal pensions	10.6	10.4	21.0	8.9	10.6	19.5

Balance sheet

The amounts included in the balance sheet arising from the Group's assets / (obligations) in respect of its defined benefit schemes was:

	2024			2023		
	UK £m	Other £m	Total £m	UK £m	Other £m	Total £m
Fair value of scheme assets	421.2	30.8	452.0	425.4	6.6	432.0
Present value of defined benefit obligations	(385.1)	(36.7)	(421.8)	(390.5)	(16.8)	(407.3)
Effect of asset ceiling / onerous liability	(52.2)	(3.7)	(55.9)	(61.1)	-	(61.1)
Retirement benefit net obligations	(16.1)	(9.6)	(25.7)	(26.2)	(10.2)	(36.4)
Amount recognised on the balance sheet – liability	(16.1)	(11.1)	(27.2)	(26.2)	(11.0)	(37.2)
Amount recognised on the balance sheet – asset	-	1.5	1.5	-	0.8	0.8

Group accounts continued

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 March 2024

10 Retirement benefit obligations continued

The other defined benefit schemes were:

	2024				2023		
	Fair value of scheme assets £m	Present value of defined benefit obligations £m	Effect of asset ceiling / onerous liability £m	Retirement benefit obligations £m	Fair value of scheme assets £m	Present value of defined benefit obligations £m	Retirement benefit obligations £m
Germany's defined benefit pension scheme	-	(7.2)	-	(7.2)	-	(7.1)	(7.1)
Republic of Ireland's defined benefit pension scheme	7.2	(5.7)	-	1.5	6.6	(5.8)	0.8
France's defined benefit retirement indemnity scheme	-	(3.1)	-	(3.1)	-	(3.0)	(3.0)
Italy's defined benefit retirement indemnity scheme	-	(0.8)	-	(0.8)	-	(0.9)	(0.9)
Switzerland's contribution-based scheme	23.6	(19.9)	(3.7)	-	-	-	-
Other	30.8	(36.7)	(3.7)	(9.6)	6.6	(16.8)	(10.2)

Movements in the present value of the defined benefit obligations in the year were:

	2024			2023		
	UK £m	Other £m	Total £m	UK £m	Other £m	Total £m
At 1 April	390.5	16.8	407.3	560.8	20.0	580.8
Acquisitions	-	20.5	20.5	-	-	-
Current service cost	1.2	0.4	1.6	2.0	0.3	2.3
Past service cost	-	(0.1)	(0.1)	-	-	-
Interest expense	18.7	0.9	19.6	15.4	0.3	15.7
Effect of changes in demographic assumptions	(5.1)	-	(5.1)	(17.8)	0.3	(17.5)
Effect of changes in financial assumptions	(4.4)	1.6	(2.8)	(176.1)	(4.9)	(181.0)
Effect of experience adjustments	2.3	0.1	2.4	24.3	0.7	25.0
Benefits paid	(18.1)	(3.2)	(21.3)	(18.1)	(0.6)	(18.7)
Employee contributions	-	0.1	0.1	-	-	-
Exchange differences	-	(0.4)	(0.4)	-	0.7	0.7
At 31 March	385.1	36.7	421.8	390.5	16.8	407.3

Of the UK scheme's present value of the defined benefit obligations, £33.8 million (2022/23: £33.8 million) relates to active members, £153.6 million (2022/23: £153.3 million) to vested deferred members and £197.7 million (2022/23: £203.3 million) to retirees.

Group accounts continued

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 March 2024

10 Retirement benefit obligations continued

Movements in the fair value of the schemes' assets in the year were:

	2024			2023		
	UK £m	Other £m	Total £m	UK £m	Other £m	Total £m
At 1 April	425.4	6.6	432.0	585.7	7.6	593.3
Acquisitions	-	25.6	25.6	-	-	-
Interest income	20.7	0.6	21.3	16.3	0.1	16.4
Return on scheme assets (excluding interest income)	(18.6)	0.5	(18.1)	(170.7)	(1.5)	(172.2)
Contributions by company	13.0	0.9	13.9	13.4	0.7	14.1
Benefits paid	(18.1)	(3.2)	(21.3)	(18.1)	(0.6)	(18.7)
Administrative expenses	(1.2)	-	(1.2)	(1.2)	-	(1.2)
Employee contributions	-	0.1	0.1	-	-	-
Exchange differences	-	(0.3)	(0.3)	-	0.3	0.3
At 31 March	421.2	30.8	452.0	425.4	6.6	432.0

The fair values of the schemes' assets were:

	2024			2023		
	UK £m	Other £m	Total £m	UK £m	Other £m	Total £m
QIAIF (liability driven investment and credit portfolio of quoted assets)	264.9	-	264.9	281.4	-	281.4
Quoted equities	-	10.1	10.1	-	2.4	2.4
Quoted debt instruments	68.3	12.8	81.1	63.1	4.1	67.2
Unquoted debt instruments	87.8	-	87.8	80.1	-	80.1
Property	-	7.7	7.7	-	-	-
Cash	0.2	0.2	0.4	0.8	0.1	0.9
Total market value of scheme assets	421.2	30.8	452.0	425.4	6.6	432.0

The defined benefit schemes do not invest in the Company and no property or other assets owned by the schemes are used by the Group.

The fair values of the unquoted debt instruments are determined by the fund managers using quoted prices for similar assets or other valuation techniques where all the inputs are directly observable or indirectly observable from market data.

Group accounts continued

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 March 2024

10 Retirement benefit obligations continued

Movements in the effect of asset ceiling / onerous liability were:

	2024			2023		
	UK £m	Other £m	Total £m	UK £m	Other £m	Total £m
At 1 April	61.1	–	61.1	24.9	–	24.9
Acquisitions	–	5.1	5.1	–	–	–
Interest expense	3.0	0.1	3.1	0.7	–	0.7
Change in asset ceiling / onerous liability (excluding interest expense)	(11.9)	(1.5)	(13.4)	35.5	–	35.5
At 31 March	52.2	3.7	55.9	61.1	–	61.1

11 Taxation

Current and deferred tax are recognised in the income statement, except when they relate to items recognised in other comprehensive income or directly in equity when the related tax is also recognised in other comprehensive income or directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

The Group recognises deferred tax assets and liabilities based on estimates of future taxable income and recoverability. Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is calculated using tax rates enacted or substantively enacted at the balance sheet date that are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which these temporary differences can be utilised.

No deferred tax liabilities are recognised on the initial recognition of goodwill. However, when goodwill arises in a jurisdiction where it is deductible in determining taxable profit, the amortisation for tax purposes of goodwill creates a taxable temporary difference and this resulting deferred tax liability is recognised.

The Group recognises a current tax provision when the Group has a present obligation as a result of a past event, and it is considered probable that there will be a future outflow of funds. As an international business, the Group is exposed to the income tax laws of the large number of jurisdictions in which it operates. These laws are complex and subject to different interpretations by taxpayers and tax authorities. The assessment of uncertain tax positions is subjective. It is based on the Group's interpretation of country-specific tax law and its application and interaction, on previous experience and on management's professional judgement supported by external advisors where necessary.

The Group estimates a provision for uncertain tax positions by making judgements about the position likely to be taken by each tax authority. Where it is considered probable that the tax authority will accept the tax treatment used, or expected to be used, in the income tax return, the accounts reflect the treatment in the return. Where it is not considered probable that the tax authority will accept the tax treatment, the tax amounts in the accounts reflect that uncertainty using either the most likely amount or the expected value amount depending on which method is expected to reflect the resolution of that uncertainty better.

Provisions for uncertain tax positions are included within current tax liabilities. The Group's uncertain tax positions relate principally to cross-border transfer pricing. As at 31 March 2024, the total value of these tax provisions was £8.8 million (2022/23: £10.6 million). It is possible that the amounts paid will be different from the amounts provided but this is not expected to be material.

Group accounts continued

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 March 2024

11 Taxation continued

Tax expense / (income) recognised in the income statement

	2024 £m	2023 £m
Current tax		
Current tax on profits for the year	67.8	89.5
Adjustments for prior years	6.3	(0.6)
Total current tax	74.1	88.9
Deferred tax		
Origination and reversal of temporary differences	(2.6)	(2.4)
Changes in tax rates and laws	-	(0.5)
Adjustments for prior years	(6.4)	0.7
Total deferred tax	(9.0)	(2.2)
Income tax expense	65.1	86.7

The income tax expense for the year can be reconciled to the profit per the income statement as follows:

	2024 £m	2023 £m
Profit before tax	248.8	371.5
Expected tax charge at UK corporation tax rate of 25% (2023: 19%)	62.2	70.6
Recurring items		
Differences in overseas corporation tax rates	0.2	12.3
Impact of tax losses	(0.1)	(0.2)
Items not taxable for tax purposes	(1.2)	(1.2)
Items not deductible for tax purposes	4.7	4.1
Other local taxes suffered overseas	1.1	1.0
Non-recurring items		
Changes in tax rates and laws	-	(0.5)
Movement in uncertain tax provisions in current year	0.9	1.7
Movement in uncertain tax provisions for prior years	(2.6)	(1.2)
Prior year adjustments	(0.1)	0.1
	65.1	86.7

The Group's effective tax rate increased in the year as the UK government enacted a change in the UK corporation tax rate in May 2021 from 19% to 25% which was effective from 1 April 2023.

The Group is within the scope of the OECD Pillar Two model rules, which the UK government substantively enacted in its Finance (No.2) Act 2023 on 20 June 2023, introducing an income inclusion rule and domestic minimum top-up tax that apply for accounting periods beginning on or after 31 December 2023. The Group has applied the exception under Amendments to IAS 12 'International Tax Reform – Pillar Two Model Rules' to not recognise and disclose information about deferred tax assets and liabilities related to any resulting top-up income taxes. The Group is continuing to assess the full impact of this and it is not expected to have a material impact on the reported results or financial position of the Group.

Tax expense / (income) recognised directly in other comprehensive income

	2024 £m	2023 £m
Relating to remeasurement of retirement benefit obligations	0.1	(7.9)
Relating to movement in cash flow hedges	-	0.7
	0.1	(7.2)

Group accounts continued

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 March 2024

11 Taxation continued

Movement in deferred tax assets and liabilities

	Intangible assets (excluding goodwill), right-of-use assets and property, plant and equipment restated ¹ £m	Goodwill £m	Retirement benefit obligations £m	Employee benefits £m	Tax losses £m	Lease liabilities restated ¹ £m	Other £m	Net tax (liabilities) / assets £m
At 1 April 2022	(24.9)	(48.2)	2.2	9.9	3.0	–	2.5	(55.5)
Effect of Amendments to IAS 12 (Note 1)	(11.3)	–	–	–	–	11.3	–	–
At 1 April 2022 (restated)	(36.2)	(48.2)	2.2	9.9	3.0	11.3	2.5	(55.5)
Acquisitions	(35.1)	–	–	–	–	2.9	1.6	(30.6)
Credit / (charge) to income statement	1.8	(0.1)	0.6	2.5	(0.2)	(1.4)	(1.0)	2.2
Recognised directly in equity	–	–	5.8	(0.5)	–	–	–	5.3
Translation differences	(2.4)	(2.9)	0.1	0.1	–	0.3	0.2	(4.6)
At 31 March 2023	(71.9)	(51.2)	8.7	12.0	2.8	13.1	3.3	(83.2)
Acquisitions (Note 29)	(25.7)	–	–	–	2.4	6.8	2.4	(14.1)
Credit / (charge) to income statement	8.9	0.3	0.4	(3.7)	1.6	(1.0)	2.5	9.0
Recognised directly in equity	–	–	(2.9)	(1.7)	–	–	–	(4.6)
Translation differences	(1.7)	1.0	(0.1)	(0.1)	–	–	–	(0.9)
At 31 March 2024	(90.4)	(49.9)	6.1	6.5	6.8	18.9	8.2	(93.8)

Analysed in the balance sheet as:

	2024 £m	2023 £m
Deferred tax assets	9.5	6.9
Deferred tax liabilities	(103.3)	(90.1)
	(93.8)	(83.2)

¹ Restated as described in Note 1

A deferred tax asset has been recognised for tax losses where current projections show that sufficient taxable profits will arise in the near future against which these losses may be offset. A deferred tax asset has not been recognised in respect of carry-forward tax losses where recoverability is uncertain totalling £1.3 million (2022/23: £0.7 million) which carries no expiry date.

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 March 2024

12 Earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of shares in issue during the year excluding shares held by the EBT.

Diluted earnings per share is calculated by adjusting the weighted average number of shares to assume the conversion of all potentially dilutive ordinary shares. The share-based payment schemes which result in the issue of shares at a value below the market price of the shares are potentially dilutive.

	2024 Number	2023 Number
Weighted average number of shares	473,300,106	471,717,928
Dilutive effect of share-based payments	781,177	1,194,205
Diluted weighted average number of shares	474,081,283	472,912,133
Basic earnings per share	38.8p	60.4p
Diluted earnings per share	38.7p	60.2p

13 Dividends

	2024 £m	2023 £m
Final dividend for the year ended 31 March 2023 – 13.7p (2022: 11.6p)	64.8	54.6
Interim dividend for the year ended 31 March 2024 – 8.3p (2023: 7.2p)	39.3	34.0
	104.1	88.6

The trustees of the EBT have waived their right to receive dividends and this rounds to £nil (2022/23: £nil).

A proposed final dividend for the year ended 31 March 2024 of 13.7p is subject to approval by shareholders at the Annual General Meeting on 11 July 2024 and the estimated amount to be paid of £64.9 million has not been included as a liability in these accounts.

14 Intangible assets

Goodwill represents the excess of the fair value of the consideration of an acquisition over the fair value attributed to the net assets acquired (including contingent liabilities). Goodwill is not amortised but is reviewed annually for impairment. Acquisition-related costs are charged to the income statement as incurred.

Intangible assets excluding goodwill are stated at cost, or fair value at the date of acquisition, less accumulated amortisation and any provisions for impairment. Residual value is reassessed annually. Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred. Amortisation is calculated to write off the cost on a straight-line basis over the following useful lives from the date the assets are first available for use: software 2 – 11 years; development expenditure 3 years; brands 5 – 10 years; customer contracts, relationships and distribution agreements 4 – 16 years; and acquired research 3 years.

Group accounts continued

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 March 2024

14 Intangible assets continued

	Goodwill £m	Software £m	Development expenditure £m	Brands £m	Customer contracts, relationships and distribution agreements £m	Acquired research £m	Total £m
Cost							
At 1 April 2022	330.5	326.2	1.8	4.0	86.3	1.1	749.9
Acquisitions	111.8	-	-	-	107.8	-	219.6
Additions – internally generated	-	10.8	-	-	-	-	10.8
Additions – other	-	14.6	-	-	-	-	14.6
Disposals	-	(10.2)	-	(4.0)	-	-	(14.2)
Reclassifications	-	(0.6)	-	-	-	-	(0.6)
Translation differences	21.0	2.7	-	-	5.7	-	29.4
At 31 March 2023	463.3	343.5	1.8	-	199.8	1.1	1,009.5
Acquisitions (Note 29)	182.3	10.6	-	22.1	73.5	-	288.5
Additions – internally generated	-	12.4	-	-	-	-	12.4
Additions – other	-	23.2	-	-	-	-	23.2
Disposals	-	(1.0)	-	-	-	-	(1.0)
Translation differences	0.7	(1.3)	-	(0.1)	6.4	-	5.7
At 31 March 2024	646.3	387.4	1.8	22.0	279.7	1.1	1,338.3
Amortisation							
At 1 April 2022	-	250.7	0.7	0.5	24.2	0.5	276.6
Charge for the year	-	14.5	0.7	0.2	12.7	0.3	28.4
Impairment losses	-	3.8	-	3.3	-	-	7.1
Disposals	-	(5.8)	-	(4.0)	-	-	(9.8)
Translation differences	-	2.1	-	-	0.3	-	2.4
At 31 March 2023	-	265.3	1.4	-	37.2	0.8	304.7
Charge for the year	-	21.2	0.4	2.0	24.3	0.3	48.2
Impairment losses	-	4.6	-	-	-	-	4.6
Disposals	-	(0.8)	-	-	-	-	(0.8)
Translation differences	-	(1.2)	-	-	0.2	-	(1.0)
At 31 March 2024	-	289.1	1.8	2.0	61.7	1.1	355.7
Net book value							
At 31 March 2024	646.3	98.3	-	20.0	218.0	-	982.6
At 31 March 2023	463.3	78.2	0.4	-	162.6	0.3	704.8

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 March 2024

14 Intangible assets continued

As at 31 March 2024, the cost and accumulated amortisation of internally generated intangible assets included in software were £78.8 million and £49.5 million (2022/23: £68.5 million and £41.9 million) respectively. All development expenditure was internally generated.

At 31 March 2024, the only material individual software asset was the new product management system with a net book value of £16.0 million which will have a useful life of 8 years (2022/23: none). Material individual customer contracts, relationships and distribution agreements are from the acquisitions of IESA, Synovos, Risoul and Distrelec with net book values of £15.4 million, £14.4 million, £105.0 million and £69.7 million respectively (2022/23: £19.8 million, £18.6 million, £108.0 million and £nil) and remaining useful lives of 1 to 4 years, 4 years, 1 to 14 years and 15 years respectively.

Goodwill is allocated at acquisition to the cash generating units (CGUs) that are expected to benefit from the synergies arising as a result of the acquisition, with £412.1 million (2022/23: £410.2 million) relating to the Americas CGU, £231.1 million (2022/23: £49.7 million) relating to the EMEA CGU and £3.1 million (2022/23: £3.4 million) relating to the Asia Pacific CGU.

The Group reviews its intangible assets regularly to assess if there are any indications the assets may be impaired. In addition, goodwill and any other intangible assets that are not yet being amortised are subject to annual impairment reviews.

An impairment loss is recognised whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. The recoverable amount is calculated as the higher of fair value less costs of disposal and value in use. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the CGU to which the asset belongs.

In 2022/23, as a result of the rebranding of Needlers to RS Safety Solutions effective from 1 November 2022, the net book value of the Needlers brand acquired in December 2020 was impaired by £3.3 million and then written off. This impairment was included in operating costs (and was the impairment in amortisation and impairment of acquired intangibles).

The software impairments are included in operating costs in EMEA and relate to assets which will stop being used in the future.

For the goodwill impairment reviews, the recoverable amount of the CGUs is based on value-in-use calculations, which use cash flow projections based on the Group's annual targets and strategic plan which cover the next five years. The strategic plan is also used as the basis for the viability statement. When the strategic plan was prepared it considered current performance and made assumptions about future revenue and gross margin growth rates determined using internal forecasts based upon historical growth rates and future medium-term plans which consider, and are consistent with, relevant macroeconomic indicators. It also took into account expected increases in costs of products

and overheads, including those related to climate change as well as expected benefits from the expansion of the Group's more sustainable product range and ESG solutions business. The cash flows from the strategic plan are extrapolated using the relevant long-term growth rate for the CGU and discounted at the Group's externally sourced pre-tax weighted average cost of capital (including lease liabilities) adjusted for the estimated tax cash flows and risk applicable for the CGU to estimate cash flow projections. These cash flow projections are adjusted to take account of the likely future capital expenditure costs of meeting the Group's climate change commitments to be net zero in its direct operations by 2030 (expected to be c. £15 million) and are consistent with the Group's climate scenario analysis of physical and transition risk impacts conducted for the Task Force on Climate-related Financial Disclosures (TCFD).

For the Americas CGU, the long-term growth rate is 1.9% (2022/23: 1.8%) which is consistent with the market estimate of long-term average growth rates for the product and service solutions providers industries and does not exceed expected long-term GDP growth for Americas. The nominal pre-tax discount rate is 11.9% (2022/23: 11.6%).

For the EMEA CGU, the long-term growth rate is 1.5% (2022/23: 1.7%) which is consistent with the market estimate of long-term average growth rates for the product and service solutions providers industries and does not exceed expected long-term GDP growth for EMEA. The nominal pre-tax discount rate is 11.9% (2022/23: 11.6%).

For the Asia Pacific CGU, the long-term growth rate is 2.0% (2022/23: 2.0%) which is consistent with the market estimate of long-term average growth rates for the product and service solutions providers industries and does not exceed expected long-term GDP growth for Asia Pacific. The nominal pre-tax discount rate is 17.5% (2022/23: 16.3%).

There is significant headroom between the carrying amount and the value in use of the CGUs (over 70%) and so the Directors believe that currently all reasonably likely changes in the key assumptions referred to above would not give rise to an impairment charge.

15 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any provisions for impairment after taking account of any impact of the Group's strategy related to climate change. The cost of self-constructed assets includes the cost of materials, direct labour and certain direct overheads.

No depreciation has been charged on freehold land. Other assets are depreciated to residual value, which is reassessed annually, on a straight-line basis over the following useful lives: freehold buildings and improvements to leasehold buildings 50 years (or the lease term if shorter); plant and machinery 5 – 20 years; and computer equipment 3 – 5 years. This reassessment includes consideration of the Group's climate scenario analysis of physical and transition risk impacts conducted for the TCFD.

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 March 2024

15 Property, plant and equipment continued

	Land and buildings £m	Plant and machinery £m	Computer equipment £m	Total £m
Cost				
At 1 April 2022	155.6	226.1	62.4	444.1
Acquisitions	1.5	1.0	0.4	2.9
Additions	1.8	10.9	4.3	17.0
Disposals	-	(0.7)	(2.3)	(3.0)
Reclassifications	-	(0.1)	0.7	0.6
Translation differences	4.8	4.6	1.5	10.9
At 31 March 2023	163.7	241.8	67.0	472.5
Acquisitions (Note 29)	-	0.4	0.2	0.6
Additions	2.7	10.1	2.8	15.6
Disposals	(0.6)	(2.8)	(0.5)	(3.9)
Reclassifications	-	0.1	(0.1)	-
Translation differences	(2.7)	(2.7)	(0.7)	(6.1)
At 31 March 2024	163.1	246.9	68.7	478.7
Depreciation				
At 1 April 2022	56.0	152.9	57.9	266.8
Charge for the year	3.6	10.3	4.0	17.9
Disposals	-	(0.6)	(2.3)	(2.9)
Translation differences	1.2	1.9	1.3	4.4
At 31 March 2023	60.8	164.5	60.9	286.2
Charge for the year	3.7	11.0	2.2	16.9
Disposals	(0.5)	(1.6)	(0.5)	(2.6)
Reclassifications	-	0.1	(0.1)	-
Translation differences	(0.8)	(1.3)	(0.6)	(2.7)
At 31 March 2024	63.2	172.7	61.9	297.8
Net book value				
At 31 March 2024	99.9	74.2	6.8	180.9
At 31 March 2023	102.9	77.3	6.1	186.3

Included above are £5.9 million of property, plant and equipment under construction at 31 March 2024 (2022/23: £2.2 million).

16 Leases

The Group assesses at the inception of a contract whether the contract is, or contains, a lease. Where it conveys the right to control the use of an identified asset for a period of time in exchange for consideration, the contract is deemed to be, or to include, a lease. The Group leases various properties, plant and machinery, computer equipment and vehicles typically for periods between 2 and 20 years. Where a contract includes a vehicle lease, the Group has elected to account for the non-lease components as part of the lease. Where the Group determines, at the commencement date of each lease, that it is reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease, the additional period is included within the lease term.

Leases are recognised on the balance sheet at their commencement date as a liability representing the present value of the future lease payments not yet paid and a right-of-use asset reflecting the future benefit to the Group generated by using the underlying asset. The discount on the lease liability is calculated using the Group's incremental borrowing rate, as rates implicit in the Group's leases cannot be readily determined, and is charged to finance costs in the income statement as it unwinds. The Group's incremental borrowing rate is adjusted to take account of the country risk, lease term and start date for each lease. Fixed payments less any lease incentives receivable, in-substance fixed payments and variable payments based on an index or rate form part of the lease liability. Variable payments which are not based on an index or rate are expensed when the event that triggers the payment occurs.

The right-of-use asset is stated at cost less accumulated depreciation and any provisions for impairment. Initially the cost of the right-of-use asset comprises the initial amount of the lease liability adjusted for any lease payments made at or before commencement of the lease less any lease incentives received, plus any direct costs incurred and an estimate of the cost to restore the underlying asset. The right-of-use asset is depreciated on a straight-line basis over the lease term (or useful life of the asset, if shorter), which is reassessed as the underlying facts and circumstances of the lease change.

The Group has elected to not recognise the lease liability and right-of-use asset in respect of short-term leases and leases of low-value assets on the balance sheet. Short-term leases and leases of low-value assets are expensed in the income statement on a straight-line basis over the lease term.

The lease liability is remeasured when there is a change in the future lease payments or if the Group changes its assessment of whether it will exercise an extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying value of the right-of-use asset. If the carrying value of the right-of-use asset is reduced to zero, any further reductions are recognised in the income statement.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as an operating lease by reference to the right-of-use asset arising from the head lease. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Group accounts continued

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 March 2024

16 Leases continued

The amounts recognised relating to leases were:

	2024 £m	2023 £m
Right-of-use assets		
Buildings	64.3	39.5
Plant and machinery	0.1	0.2
Computer equipment	–	1.3
Vehicles	8.4	5.9
Right-of-use assets	72.8	46.9
Lease liabilities		
Current	16.0	14.6
Non-current	57.9	34.3
Lease liabilities	73.9	48.9
Depreciation charge for right-of-use assets		
Buildings	13.3	10.1
Plant and machinery	0.1	0.3
Computer equipment	1.3	5.2
Vehicles	3.9	2.7
Depreciation charge for right-of-use assets	18.6	18.3
Additions to right-of-use assets		
Right-of-use assets acquired with businesses	29.8	10.0
Other additions to right-of-use assets	8.4	6.3
Additions to right-of-use assets	38.2	16.3

	2024 £m	2023 £m
Total cash outflow / (inflow) for leases		
Included in cash flows from operating activities:		
Interest expense	2.9	1.1
Expense relating to short-term leases	1.1	1.0
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	0.4	0.5
Expense relating to variable lease payments not included in measurement of lease liabilities	0.9	0.6
Income from sub-leasing right-of-use assets	(1.8)	–
Included in cash flows from financing activities:		
Principal elements of lease payments	18.5	18.8
Total cash outflow for leases	22.0	22.0

The contractual maturity analysis of lease liabilities is included in liquidity risk in Note 23.

17 Investment in joint venture

The Group's share of the post-tax profit of its joint venture is included in profit before tax.

The investment in the joint venture is carried in the Group balance sheet at historical cost plus post-acquisition changes in the Group's share of the joint venture's net assets. The Group owns 50% of the share capital of RS Components & Controls (India) Limited, its joint venture.

	2024 £m	2023 £m
At 1 April	1.5	1.5
Group's share of profit for the year	0.6	0.7
Group's share of other comprehensive expense	(0.2)	(0.1)
Group's share of total comprehensive income	0.4	0.6
Dividends	(0.6)	(0.6)
At 31 March	1.3	1.5

Group accounts continued

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 March 2024

18 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is calculated on a weighted average basis and for finished goods and goods for resale includes attributable overheads.

The Group estimates the net realisable value of inventories in order to determine the value of any provision required. In this estimation judgements, including any impact of obsolescence including that related to regulatory changes due to amongst other things climate change, are made in relation to the number of years of sales there are in inventories of each product and the value recoverable from those inventories. The Group bases its estimates on recent historical experience and knowledge of the products on hand.

	2024 £m	2023 £m
Raw materials and consumables	111.0	96.6
Finished goods and goods for resale	613.6	563.4
Gross inventories	724.6	660.0
Inventory provisions	(68.6)	(43.7)
Net inventories	656.0	616.3

If the numbers of each product sold in a year decreased leading to an increase of one year in the number of years of sales there are in inventory, inventory provisions would increase by £4.8 million (2022/23: £3.0 million). If the numbers of each product sold in a year increased leading to a decrease of one year in the number of years of sales there are in inventory, inventory provisions would decrease by £3.7 million (2022/23: £2.3 million). A reduction in the value recoverable leading to an increase in provision rates of 10%, up to a maximum of 100% provision per product, would increase the inventory provisions by £4.3 million (2022/23: £2.0 million). An increase in the value recoverable leading to a decrease in provision rates of 10% would decrease the inventory provisions by £5.7 million (2022/23: £2.8 million). Therefore, currently the Group does not expect any reasonably likely changes, including regulatory changes and the current global economic and geopolitical uncertainties, to have a material impact on the net realisable value of inventories.

19 Trade and other receivables

	2024 £m	2023 £m
Current		
Gross trade receivables	624.0	621.0
Impairment allowance (Note 23)	(11.1)	(12.6)
Net trade receivables	612.9	608.4
Amounts owed by joint venture	1.5	2.8
Prepayments	43.9	36.1
Other taxation and social security	7.8	6.3
Contract assets	8.1	1.8
Other receivables	27.2	36.6
Current trade and other receivables	701.4	692.0
Non-current		
Prepayments	0.1	0.3
Other receivables	8.3	6.2
Non-current other receivables	8.4	6.5

Contract assets relate mainly to licence fee income and are where the Group has performed its part of the contract for that element but other performance obligations are required to be completed before it can receive the credit note for licence fee income from suppliers or raise the invoice for other contracts with customers.

Other receivables include £7.9 million (2022/23: £20.7 million) for amounts yet to be invoiced to customers related to product sales where the Group acts as an agent (Note 4). Invoices cannot be raised until other performance obligations are completed.

Group accounts continued

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 March 2024

20 Trade and other payables

	2024 £m	2023 £m
Current		
Trade payables	381.8	398.5
Other taxation and social security	40.7	42.4
Government grants	0.1	0.1
Cash-settled share-based payment liability	1.2	2.0
Accruals	133.0	180.6
Contract liabilities	4.4	7.6
Other payables (including estimated obligations for customer volume discounts and refunds – Note 4)	41.5	27.7
Current trade and other payables	602.7	658.9
Non-current		
Government grants	2.2	2.3
Cash-settled share-based payment liability	2.4	2.8
Other employee benefits	3.8	3.5
Accruals	0.1	0.7
Other payables	8.8	–
Non-current other payables	17.3	9.3

Contract liabilities are where the Group has received payment but is yet to perform its part of the contract.

Government grants related to expenditure on property, plant and equipment are credited to the income statement at the same rate as the depreciation on the asset to which the grant relates.

The Group offers a supply chain finance facility to its suppliers. This was set up when the Group worked with suppliers to extend payment terms to protect its working capital position. It is primarily provided to give suppliers the option to protect their own working capital position from the impact of this extension. The substance of the contractual terms with the bank providing the financing does not differ from the terms under the supplier contracts and there are no changes to the invoice terms and therefore the amount owed to the bank of £14.1 million (2022/23: £13.5 million) is included in trade payables. Related cash flows are included in cash generated from operations.

21 Financial instruments

The Group uses derivative financial instruments, principally forward foreign exchange contracts and occasionally currency swaps, to cover its exposure to foreign exchange risk arising from operational and financing activities.

In accordance with its treasury policies, the Group designates the majority of its derivative financial instruments as cash flow hedges or net investment hedges. The Group does not hold or issue derivative financial instruments for trading purposes.

Derivatives are recognised at fair value. Derivative financial instruments that do not qualify for cash flow hedge or net investment hedge accounting are classified as measured at fair value through profit or loss and changes in their fair values are recognised in the income statement as they arise.

Cash flow hedge accounting

The Group uses derivative financial instruments, namely forward foreign exchange contracts, to hedge variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction. The effective part of any gain or loss on the derivative financial instrument is recognised in other comprehensive income, while any ineffective part is recognised immediately in the income statement. When the hedged item subsequently results in the recognition of a non-financial asset or liability (e.g. inventories), the associated cumulative gain or loss recognised in the hedging reserve is transferred to the initial carrying amount of the asset or liability. When the hedged item subsequently results in the recognition of a financial asset or liability, the associated cumulative gain or loss that was recognised in other comprehensive income is reclassified from equity to the income statement in the same period that the hedged item affects the income statement.

When a hedging instrument expires or is sold, terminated or exercised, or the Group discontinues hedge accounting as it no longer meets the Group's risk management objective but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is reclassified from equity when the transaction occurs in accordance with the above policy. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is reclassified to the income statement.

The fair value of forward foreign exchange contracts is the difference between their discounted contractual forward price and their current forward price.

Net investment hedge accounting

The portion of the gain or loss on an instrument used to hedge a net investment in a foreign operation that is determined to be an effective hedge is recognised in other comprehensive income. The ineffective portion is recognised immediately in the income statement. Amounts taken to other comprehensive income are reclassified from equity to the income statement when the foreign operations are sold or liquidated.

Group accounts continued

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 March 2024

21 Financial instruments continued

Other financial instruments

All other financial instruments are initially recognised at fair value plus transaction costs. Initial fair value is generally the transaction price. Subsequent measurement is as follows:

- Borrowings are measured at amortised cost unless they are designated as being fair value hedged, in which case they are remeasured for the fair value changes in respect of the hedged risk with these changes recognised in the income statement. Options to extend the term of facilities are considered to be loan commitments.
- All other financial assets, including current receivables, are measured at amortised cost less any impairment allowances.
- All other financial liabilities, including current payables, are measured at amortised cost.

Derivatives

	2024		2023	
	Current assets £m	Current liabilities £m	Current assets £m	Current liabilities £m
Forward foreign exchange contracts designated as cash flow hedges (principal amount £225.3 million (2022/23: £112.4 million))	2.4	(1.1)	1.1	(1.4)
Forward foreign exchange contracts classified as fair value through profit or loss	0.2	-	0.7	(0.3)
Derivatives	2.6	(1.1)	1.8	(1.7)

Fair values

Under IFRS 13 'Fair Value Measurement', fair values are measured using a hierarchy where the inputs are:

- Level 1 – quoted prices in active markets for identical assets or liabilities
- Level 2 – not Level 1 but are observable for that asset or liability either directly or indirectly
- Level 3 – not based on observable market data (unobservable)

The derivatives listed above are measured at fair value using Level 2 inputs, estimated by discounting the future contractual cash flows using appropriate market-sourced data at the balance sheet date.

For all financial assets and liabilities, fair value approximates the carrying amounts in the balance sheet except for the following:

	2024		2023	
	Carrying amounts £m	Fair value £m	Carrying amounts £m	Fair value £m
Non-current private placement loan notes	(157.1)	(142.9)	(160.4)	(147.7)

The fair values are calculated using Level 2 inputs by discounting future cash flows to net present values using prevailing interest rate curves and the Group's credit margin.

Netting arrangements for financial instruments

The Group operates a number of cash pooling arrangements to provide the benefits of settling interest on a net basis. The balances on these accounts do not meet the criteria for offsetting and so are not presented on a net basis in the balance sheet. Where a legal right of offset exists, these are shown in the table below along with any financial instruments which can be netted under master netting arrangements.

	Gross and net amounts in balance sheet £m	Financial instruments not offset £m	Net amounts £m
At 31 March 2024			
Cash and cash equivalents – cash and short-term deposits	258.7	(159.9)	98.8
Other derivative assets	2.6	(1.0)	1.6
Cash and cash equivalents – bank overdrafts	(162.7)	159.9	(2.8)
Other derivative liabilities	(1.1)	1.0	(0.1)
At 31 March 2023			
Cash and cash equivalents – cash and short-term deposits	260.3	(135.2)	125.1
Other derivative assets	1.8	(1.0)	0.8
Cash and cash equivalents – bank overdrafts	(139.8)	135.2	(4.6)
Other derivative liabilities	(1.7)	1.0	(0.7)

Group accounts continued

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 March 2024

22 Net debt

Net debt comprises cash and cash equivalents, borrowings and lease liabilities. Cash and cash equivalents comprise cash in hand and in current accounts, overnight deposits and short-term deposits net of overdrafts with qualifying financial institutions. Borrowings represent loans from qualifying financial institutions.

	2024 £m	2023 £m
Cash and short-term deposits	258.7	260.3
Bank overdrafts (unsecured)	(162.7)	(139.8)
Cash and cash equivalents	96.0	120.5
	2024 £m	2023 £m
Non-current borrowings		
Unsecured private placement loan notes repayable after more than five years	(78.4)	(80.0)
Unsecured private placement loan notes repayable from three to four years	-	(80.4)
Unsecured private placement loan notes repayable from two to three years	(78.7)	-
Unsecured sustainability-linked loan repayable from four to five years	(155.0)	(24.2)
Unsecured term loan repayable from two to three years	(128.2)	-
Non-current borrowings	(440.3)	(184.6)
Total borrowings	(440.3)	(184.6)
Cash and cash equivalents	96.0	120.5
Non-current lease liabilities	(57.9)	(34.3)
Current lease liabilities	(16.0)	(14.6)
Net debt	(418.2)	(113.0)

The amount borrowed under the sustainability-linked loan facility matured in April 2024 and was rolled for another month. The expectation is that the amounts rolled will be gradually reduced until they will be fully repaid during 2027/28.

Movements in net debt were:

	Borrowings £m	Lease liabilities £m	Total liabilities from financing activities £m	Interest rate swaps £m	Cash and cash equivalents £m	Net debt £m
At 1 April 2022	(151.7)	(48.7)	(200.4)	(0.1)	158.4	(42.1)
Cash flows	(25.1)	18.8	(6.3)	-	(43.6)	(49.9)
Acquired with businesses	-	(9.8)	(9.8)	-	-	(9.8)
New leases	-	(6.3)	(6.3)	-	-	(6.3)
Lease modifications	-	(2.4)	(2.4)	-	-	(2.4)
Disposal of leases	-	0.3	0.3	-	-	0.3
(Loss) / gain in fair value in year	(0.1)	-	(0.1)	0.1	-	-
Translation differences	(7.7)	(0.8)	(8.5)	-	5.7	(2.8)
At 31 March 2023	(184.6)	(48.9)	(233.5)	-	120.5	(113.0)
Cash flows	(259.4)	18.5	(240.9)	-	(20.2)	(261.1)
Acquired with businesses	-	(28.5)	(28.5)	-	-	(28.5)
New leases	-	(8.4)	(8.4)	-	-	(8.4)
Lease modifications	-	(7.3)	(7.3)	-	-	(7.3)
Disposal of leases	-	0.5	0.5	-	-	0.5
Translation differences	3.7	0.2	3.9	-	(4.3)	(0.4)
At 31 March 2024	(440.3)	(73.9)	(514.2)	-	96.0	(418.2)

Group accounts continued

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 March 2024

23 Financial risk management

The principal financial risks to which the Group is exposed are those of credit, liquidity and market. Market risk includes foreign currency transaction risk and interest rate risk. Each of these is managed in accordance with Board-approved policies.

Credit risk

The Group is exposed to credit risk on financial assets such as cash deposits, derivative instruments and trade and other receivables.

The amounts in the balance sheet represent the maximum credit risk exposure at the balance sheet date. There were no significant concentrations of credit risk at the balance sheet date, as exposure is spread over a large number of counterparties, customers and geographic locations. The Group has reviewed its credit risk again carefully this year due to the current global economic and geopolitical uncertainties and the Group does not believe it has materially altered during the year.

For cash deposits and derivative instruments, the Group identifies counterparties of suitable creditworthiness based on ratings assigned by international credit-rating agencies and has procedures to ensure that only these parties are used, that exposure limits are set based on the external credit ratings and that these limits are not exceeded. The impairment losses on these are immaterial.

For trade and other receivables, all operating companies have credit policies and monitor their credit exposure on an ongoing basis. Each operating company performs credit evaluations on all customers seeking credit over a certain amount. For countries with no local operating company presence, export credit limits are set and monitored on a country basis monthly by the Treasury Committee. The impairment losses on contract assets, amounts owed by joint venture and other receivables are immaterial.

The impairment allowance for trade receivables is measured at an amount equal to lifetime expected credit losses. Trade receivables have been grouped based on shared credit risk characteristics and the number of days from date of invoice. The expected loss rates are based on the payment profile of sales over a 36-month period from 1 April 2020 and the corresponding historical credit losses experienced within this period calculated as the trade receivables from this period that have not been paid by the year end. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the impairment allowance for trade receivables was determined as follows:

	2024			2023		
	Expected loss rate %	Gross carrying amount £m	Loss allowance £m	Expected loss rate %	Gross carrying amount £m	Loss allowance £m
0 – 30 days from date of invoice	1.0%	339.4	3.5	0.9%	366.0	3.4
31 – 60 days from date of invoice	1.2%	174.0	2.1	1.3%	162.4	2.1
61 – 90 days from date of invoice	1.8%	51.1	0.9	2.1%	42.6	0.9
91 – 120 days from date of invoice	3.0%	16.6	0.5	2.9%	17.5	0.5
Over 120 days from date of invoice	9.6%	42.9	4.1	17.5%	32.5	5.7
Total		624.0	11.1		621.0	12.6

The ageing of net trade receivables at the reporting date was:

	2024 £m	2023 £m
Not past due	487.2	483.7
Past due 0 – 30 days	71.8	73.5
Past due 31 – 60 days	18.6	17.4
Past due 61 – 120 days	10.1	13.0
Past due over 120 days	25.2	20.8
Total	612.9	608.4

The movement in the impairment allowance for trade receivables was as follows:

	2024 £m	2023 £m
At 1 April	(12.6)	(9.1)
Acquisitions	(0.8)	(2.1)
Trade receivables written off	5.6	4.5
Increase in impairment allowance recognised in profit or loss	(3.4)	(5.5)
Translation differences	0.1	(0.4)
At 31 March	(11.1)	(12.6)

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 March 2024

23 Financial risk management continued

Trade receivables are written off when there is no reasonable expectation of recovery, for example when a customer enters liquidation or the Group agrees with the customer to write off an outstanding invoice. The Group continues to limit its exposure through tight credit policies, proactive monitoring and collections. Historically, the Group has generally experienced very low levels of trade receivables not being recovered, including those significantly past due, and this was also the case during 2023/24. However, with the continued global economic and geopolitical uncertainties, the Group remains cautious about its exposure and so has reviewed carefully, and maintained at a higher level, its expected loss rates for those markets and industries that are most affected.

At 31 March 2024, the largest trade receivable balance was £13.5 million (2022/23: £12.0 million), of which £11.0 million has been received since the year end. The maximum exposure with a single bank for deposits was £12.6 million (2022/23: £26.0 million) and the largest mark to market exposure for derivative financial instruments to a single bank was £0.6 million (2022/23: £0.7 million). The Group also occasionally uses money market funds to invest surplus cash thereby diversifying credit risk and at 31 March 2024 its exposure to these funds was £nil (2022/23: £nil).

Liquidity risk

The Group's key priority is to ensure that it can meet its liabilities as they fall due. The Group ensures this by having sufficient committed debt facilities in place to meet its anticipated funding requirements. The Group's forecast funding requirements and its committed debt facilities are reported to and monitored by the Treasury Committee monthly.

During the year, the Group's request to take up one of the one-year term extensions to the sustainability-linked loan facility was approved by the lenders and therefore, as at 31 March 2024, the Group had the following committed debt finance in place:

- Private placement loan notes of €18 million with a maturity of October 2026, US\$80 million with a maturity of December 2026, €13 million with a maturity of October 2029, US\$35 million with a maturity of March 2030 and US\$50 million with a maturity of October 2031.
- A £400 million sustainability-linked loan facility, with a lender option accordion of up to a further £100 million, which has a maturity of October 2028 with an option for the Group to extend for a further one year subject to individual lender approval. It is linked to the Group's most material ESG actions of the reduction of direct Scope 1 and 2 CO₂e emissions, packaging intensity and percentage of management that are women. Meeting these annual ESG actions means a margin benefit of up to 2.5 basis points, while missing these ESG actions would mean paying a margin premium of up to 2.5 basis points. Amounts borrowed under this facility are borrowed for fixed amounts of time after which they can be repaid or rolled up to a maximum of the facility maturity.
- A €150 million term loan repayable by 27 April 2026.

As at 31 March 2024, the Group had £245.0 million (2022/23: £375.8 million) of available undrawn committed debt facilities in respect of which all conditions precedent had been met.

The Group also uses bank overdrafts, uncommitted short-term money market loans, cash and short-term investments. The main purpose of these financial instruments is to manage the Group's day-to-day funding and liquidity requirements.

Group accounts continued

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 March 2024

23 Financial risk management continued

The contractual maturities of financial liabilities, including contractual future interest payments were:

	Carrying amounts £m	Contractual cash flows £m	Within 1 year £m	1 – 2 years £m	2 – 3 years £m	3 – 4 years £m	After 4 years £m
Derivative financial liabilities							
Inflows for forward foreign exchange contracts	150.6	150.5	150.5	-	-	-	-
Outflows for forward foreign exchange contracts	(151.7)	(151.7)	(151.7)	-	-	-	-
Forward foreign exchange contracts	(1.1)	(1.2)	(1.2)	-	-	-	-
Non-derivative financial liabilities							
Sustainability-linked loan	(155.0)	(163.5)	(77.8)	(74.3)	(11.4)	-	-
Term loan	(128.2)	(142.0)	(6.6)	(6.6)	(128.8)	-	-
Private placement loan notes	(157.1)	(182.4)	(4.9)	(4.9)	(83.6)	(2.6)	(86.4)
Lease liabilities	(73.9)	(89.6)	(19.0)	(15.8)	(12.8)	(7.4)	(34.6)
Bank overdrafts	(162.7)	(162.7)	(162.7)	-	-	-	-
Trade payables, other payables and accruals	(519.1)	(519.1)	(507.7)	(3.0)	(8.4)	-	-
At 31 March 2024	(1,197.1)	(1,260.5)	(779.9)	(104.6)	(245.0)	(10.0)	(121.0)
	Carrying amounts £m	Contractual cash flows £m	Within 1 year £m	1 – 2 years £m	2 – 3 years £m	3 – 4 years £m	After 4 years £m
Derivative financial liabilities							
Inflows for forward foreign exchange contracts	86.1	87.0	87.0	-	-	-	-
Outflows for forward foreign exchange contracts	(87.8)	(87.8)	(87.8)	-	-	-	-
Forward foreign exchange contracts	(1.7)	(0.8)	(0.8)	-	-	-	-
Non-derivative financial liabilities							
Sustainability-linked loan	(24.2)	(24.3)	(24.3)	-	-	-	-
Private placement loan notes	(160.4)	(191.3)	(5.0)	(5.0)	(5.0)	(85.4)	(90.9)
Lease liabilities	(48.9)	(57.4)	(16.1)	(11.7)	(8.7)	(6.6)	(14.3)
Bank overdrafts	(139.8)	(139.8)	(139.8)	-	-	-	-
Trade payables, other payables and accruals	(533.0)	(533.0)	(532.3)	(0.7)	-	-	-
At 31 March 2023	(908.0)	(946.6)	(718.3)	(17.4)	(13.7)	(92.0)	(105.2)

Group accounts continued

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 March 2024

23 Financial risk management continued

Market risk – foreign currency transaction risk

The Group is exposed to foreign currency transaction risk as it has operating companies with payables and receivables in currencies other than their functional currency. The Group also has foreign currency translation risk resulting from investment in foreign subsidiaries and foreign currency debt which is mainly in US dollars and euros.

Hedging of currency exposures during periods when operating companies cannot easily change their selling prices is implemented in order to shelter the forecast gross profit during those periods. In this way the impacts of currency fluctuations can be smoothed until selling prices can be changed in the light of movements in exchange rates. The hedges are enacted through forward foreign exchange contracts entered into by Group Treasury in appropriate currencies based on trading projections provided by the operating companies with fixed terms mainly of between three and seven months and occasionally out to 11 months for some more certain US dollar trading projections. The Group's largest exposures relate to euros and US dollars.

In addition, specific cash flows relating to material transactions in currencies other than the functional currency of the local business are hedged when the commitment is made.

The Group classifies forward foreign exchange contracts as hedging instruments against forecast cash receipts and payments for sales and purchases and designates the forward element of these contracts as cash flow hedges for accounting purposes on a 1:1 basis which means the fair value movement in the hedged item is equal and opposite to the fair value movement in the hedging instrument. The forecast cash flows are expected to occur evenly throughout the forecast period from the year end, which is between three and 11 months, and will affect the income statement in the period in which they occur or the inventories are sold. The average forward prices of the outstanding forward foreign exchange contracts are €1.17:£1 and US\$1.26:£1 (2022/23: €1.13:£1 and US\$1.21:£1).

Foreign currency transaction exposures, and the hedges in place to mitigate them, are monitored monthly by the Treasury Committee. The Group does not believe its foreign currency transaction risk has altered materially during the year. Ineffectiveness may arise if actual foreign currency transactions are lower than the trading projections.

The Group has designated the US\$165 million private placement loan notes (2022/23: US\$165 million), with a carrying amount of £130.5 million (2022/23: £133.2 million), as hedges of US\$165 million (2022/23: US\$165 million) of net investments in its US dollar functional currency subsidiaries. The Group has designated the €181 million of private placement loan notes and term loan (2022/23: €nil), with a carrying amount of £154.8 million (2022/23: £nil), as hedges of €181 million (2022/23: €nil) of net investments in its euro functional currency subsidiaries. These hedges are expected to remain highly effective as the change in the value of the net assets of the subsidiaries hedged is always exactly offset by the related change in the fair value of the private placement loan notes and term loan.

No other foreign currency translation exposures are explicitly hedged although local currency debt is used where economically and fiscally efficient in the financing of subsidiaries and this provides a degree of natural hedging. Guidelines are in place to manage the currency mix of the Group's net debt. The Group does not believe its foreign currency translation risk has altered materially during the year. The balance in the cumulative translation reserve relating to the US\$165.0 million and €181.0 million net investment hedges is a gain of £7.1 million with a further loss of £36.7 million relating to previous net investment hedging relationships.

Borrowings are analysed by currency as:

	Bank overdrafts £m	Term loan £m	Sustainability-linked loan £m	Private placement loan notes £m	Total £m
At 31 March 2024					
Sterling	(94.1)	-	(155.0)	-	(249.1)
US dollar	(26.4)	-	-	(130.5)	(156.9)
Euro	(28.5)	(128.2)	-	(26.6)	(183.3)
Canadian dollar	(8.3)	-	-	-	(8.3)
Other	(5.4)	-	-	-	(5.4)
Total borrowings	(162.7)	(128.2)	(155.0)	(157.1)	(603.0)
At 31 March 2023					
Sterling	(125.0)	-	-	-	(125.0)
US dollar	(3.4)	-	(24.2)	(133.2)	(160.8)
Euro	-	-	-	(27.2)	(27.2)
Canadian dollar	(9.7)	-	-	-	(9.7)
Other	(1.7)	-	-	-	(1.7)
Total borrowings	(139.8)	-	(24.2)	(160.4)	(324.4)

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 March 2024

23 Financial risk management continued

Market risk – interest rate risk

The Group has relatively high interest cover. The Group's policy dictates regular monitoring of interest rate exposure with a view to taking suitable actions should exposure reach certain levels. Following the Group's acquisition of Distrelec B.V. and its subsidiaries, the Group's borrowings at variable rates, and hence its exposure to interest rate risk, increased.

As at 31 March 2024 (and 31 March 2023), the Group had US\$165 million and €31 million of private placement loan notes at fixed interest rates. All other borrowings were at variable rates. At 31 March 2024, 26% (2022/23: 49%) of the Group's gross borrowings excluding lease liabilities (total borrowings plus bank overdrafts) was at fixed rates, with surplus cash deposited at variable rates.

Sensitivity analysis of exposure to interest rates and foreign exchange rates

The sensitivity analysis is based on the following:

- Change of one percentage point in market interest rates affecting all variable rate elements of financial instruments.
- Change of 5% in euro and US dollar exchange rates affecting the fair value of derivative financial instruments designated as hedging instruments and other financial assets and liabilities. The transactional foreign exchange effect in equity due to net investment hedges included below would be offset in full by the translation of the US and European subsidiaries.

	2024		2023	
	Impact on income statement gain / (loss) £m	Impact on equity gain / (loss) £m	Impact on income statement gain / (loss) £m	Impact on equity gain / (loss) £m
One percentage point increase in interest rates	(1.9)	–	1.0	–
5% weakening of the euro	1.1	5.4	1.6	0.5
5% weakening of the US dollar	(2.1)	10.0	(6.3)	4.3

A corresponding decrease in interest rates or strengthening of exchange rates would result in an equal and opposite effect to the amounts above.

Capital management

The Board's policy is to maintain a strong capital base always, with an appropriate debt to equity mix, to ensure investor, creditor and market confidence and to support the future development of the business. The Board monitors ROCE (Note 3), and the level of dividends to ordinary shareholders.

The Group seeks to raise debt from a variety of sources and with a variety of maturities. As at 31 March 2024, the Group had a £400 million sustainability-linked loan facility, with an accordion of up to a further £100 million, which has a maturity of October 2028 with an option for the Group to extend for a further one year subject to individual lender approval; private placement loan notes of €18 million with a maturity of October 2026, US\$80 million with a maturity of December 2026, €13 million with a maturity of October 2029, US\$35 million with a maturity of March 2030 and US\$50 million with a maturity of October 2031; and a €150 million term loan maturing in April 2026.

The Group's debt covenants are net debt to adjusted EBITDA to be less than 3.25 times and EBITA to interest to be greater than 3 times, which are measured on a rolling 12-month basis at half year and year end. At the year end the Group comfortably met these covenants with net debt to adjusted EBITDA of 1.1x (2022/23: 0.2x) and EBITA to interest of 10.5x (2022/23: 34.2x).

There were no significant changes in the Group's approach to capital management during the year.

Group accounts continued

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 March 2024

24 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation as a result of a past event and a reasonable estimate can be made of a probable adverse outcome. Otherwise, material contingent liabilities are disclosed unless the transfer of economic benefits is remote.

	Reorganisation provision £m	Penalties and interest on uncertain income tax provision £m	Dilapidation provision £m	Total £m
At 1 April 2023	2.1	4.0	0.4	6.5
Acquisitions (Note 29)	-	0.1	1.4	1.5
Additions	7.6	0.1	0.8	8.5
Utilised	(5.5)	-	-	(5.5)
Released	(0.6)	(1.2)	-	(1.8)
At 31 March 2024	3.6	3.0	2.6	9.2

Analysed in the balance sheet as:

	2024 £m	2023 £m
Current	5.0	1.8
Non-current	4.2	4.7
	9.2	6.5

The reorganisation provision is expected to be fully spent by March 2027 and the dilapidation provision is expected to be fully utilised by March 2028.

At 31 March 2024, there were no material contingent liabilities (2022/23: none).

25 Capital commitments

As at 31 March 2024, the Group is contractually committed to, but has not provided for, future capital expenditure of £8.0 million (2022/23: £3.5 million) for property, plant and equipment and £4.6 million (2022/23: £2.1 million) for intangible assets.

26 Share capital and share premium

	Number of shares	Share capital £m	Share premium £m	Total £m
Issued and fully paid ordinary shares of 10p each:				
At 1 April 2022	471,022,022	47.1	231.4	278.5
Issues to settle employee share awards	1,762,387	0.2	4.6	4.8
At 31 March 2023	472,784,409	47.3	236.0	283.3
Issues to settle employee share awards	1,227,903	0.1	3.5	3.6
At 31 March 2024	474,012,312	47.4	239.5	286.9

The EBT buys shares on the open market and holds them in trust for employees participating in the Group's share-based payment schemes. At 31 March 2024, the EBT held 343,147 shares (2022/23: 336,084 shares) which had not yet vested unconditionally with employees.

27 Other reserves

	Hedging reserve £m	Cumulative translation reserve £m	Total £m
At 1 April 2022	(0.7)	60.9	60.2
Foreign exchange translation differences	-	43.0	43.0
Fair value gain on net investment hedges (Note 23)	-	5.4	5.4
Cash flow hedging gains taken to equity	3.9	-	3.9
Tax on other comprehensive income (Note 11)	(0.7)	-	(0.7)
Total comprehensive income	3.2	48.4	51.6
Cash flow hedging gains transferred to inventories	(3.7)	-	(3.7)
Tax on cash flow hedging transferred to inventories	0.7	-	0.7
At 31 March 2023	(0.5)	109.3	108.8
Foreign exchange translation differences	-	(4.0)	(4.0)
Fair value gain on net investment hedges (Note 23)	-	3.4	3.4
Cash flow hedging gains taken to equity	1.3	-	1.3
Cash flow hedging gains transferred to cost of sales	(1.4)	-	(1.4)
Total comprehensive expense	(0.1)	(0.6)	(0.7)
Cash flow hedging gains transferred to inventories	(1.6)	-	(1.6)
Tax on cash flow hedging transferred to inventories	0.4	-	0.4
Cash flow hedging losses transferred to acquisition purchase price	1.8	-	1.8
Tax on cash flow hedging transferred to acquisition purchase price	(0.4)	-	(0.4)
At 31 March 2024	(0.4)	108.7	108.3

Group accounts continued

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 March 2024

28 Related parties

The Group's joint venture (Note 17) is a related party and during the year, the Group made sales of £4.0 million (2022/23: £4.5 million) to the joint venture, and a balance of £1.5 million (2022/23: £2.8 million) was outstanding at the year end.

The Group's pension schemes are related parties and the Group's transactions with them are disclosed in Note 10. Transactions and balances between the Company and its subsidiaries have been eliminated on consolidation.

The key management personnel of the Group are the Directors and the Senior Management Team / Executive Committee, whose compensation was:

	2024 £m	2023 £m
Short-term employee benefits	6.1	12.0
Post-employment benefits	0.1	0.2
Termination benefits	0.6	1.8
Share-based payments	1.1	8.1
	7.9	22.1

29 Acquisitions

On 30 June 2023 the Group acquired 100% of the issued share capital of Distrelec B.V. and its subsidiaries (Distrelec), a high-service, digital-led distributor of industrial and maintenance, repair and operations (MRO) products in Europe. Distrelec significantly expands the Group's presence in continental Europe and will leverage the Group's existing operations to drive value-accretive growth. The goodwill is attributable to cost synergies in procurement, logistics and warehousing, and marketing and administration, in addition to revenue synergies from cross-selling opportunities of RS's own brand and solutions offer. Distrelec is included in EMEA.

The fair value of the net assets acquired, consideration paid and goodwill arising, plus transaction costs and contribution to the Group's results since acquisition were:

	£m
Intangible assets – customer relationships	73.5
Intangible assets – brands	22.1
Intangible assets – software	10.6
Property, plant and equipment	0.6
Right-of-use assets	29.8
Inventories	51.6
Current trade and other receivables	27.1
Cash and cash equivalents – cash and short-term deposits	9.0
Current trade and other payables	(36.2)
Current lease liabilities	(2.4)
Current provisions	(0.2)
Non-current lease liabilities	(26.1)
Non-current other payables	(11.1)
Non-current other provisions	(1.3)
Current income tax liabilities	(4.9)
Deferred tax liabilities	(14.1)
Net assets acquired	128.0
Indemnification assets (included in non-current other receivables)	2.8
Goodwill	182.3
Consideration paid – cash	313.1
Acquisition-related costs charged to operating costs:	
In 2023/24	4.7
In 2022/23	2.8
Revenue since acquisition	134.6
Loss after tax since acquisition	1.1
Trade and other receivables:	
Gross contractual amounts receivable	27.9
Estimate of amounts not expected to be collected	0.8

Group accounts continued

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 March 2024

29 Acquisitions continued

The goodwill will not be deductible for tax purposes. The indemnification assets relate to:

- £1.9 million for full indemnification from the sellers of costs under the lease of the regional distribution centre in the Netherlands from 1 January 2027 to the end of the lease in November 2036, or when the lease is exited if earlier, measured as the difference between the right-of-use asset and the lease liability for that lease over that time frame, with a range of outcomes from £nil to an amount equal to the aggregate of any such costs (capped at the consideration for the acquisition); and
- £0.9 million for contractual indemnifications relating to uncertain tax provisions measured on the same basis as the provisions, with a range of outcomes from £nil to £0.9 million.

If the acquisition had occurred on 1 April 2023, the Group's revenue and profit for the year ended 31 March 2024 would have been £2,992.0 million and £178.5 million respectively, including the additional amortisation of acquired intangibles that would have been charged and the consequential tax effects.

Included in acquisition-related items for the year ended 31 March 2024 was the release of the £0.4 million contingent consideration payable on acquisition of domnick hunter-RL (Thailand) Co., Ltd. given the conditions for payment were not met.

On 2 April 2024 the Group acquired Trident Australia Pty Ltd (Trident), a specialist MRO distribution and rental, calibration and mechanical services partner for the energy and natural resource industry in Australia, for an estimated £8.0 million on a debt-free, cash-free, tax-free basis. The completion accounts are being prepared and once agreed the consideration will be finalised and the fair value of the net assets acquired assessed.

30 Related undertakings

A full list of related undertakings (comprising subsidiaries and a joint venture) is set out below. All subsidiaries are wholly owned except where indicated below and operate within their countries of incorporation. Those companies marked with an asterisk (*) are indirectly held by the Company.

Name and registered address of undertaking	Country of incorporation	Class of share held
Distributor of product and service solutions		
RS Components Pty Limited*	Australia	Ordinary
25, Pavesti Street, Smithfield, Sydney NSW 2164, Australia		
Distrelec Gesellschaft m.b.H.*	Austria	Ordinary
Jagdgasse 25, 1100 Wien, Austria		
RS Components Handelsgesellschaft m.b.H.*	Austria	Share of equity
Albrechtser Straße 11, 3950, Gmünd, Austria		

Name and registered address of undertaking	Country of incorporation	Class of share held
RS Integrated Supply Belgium*	Belgium	Ordinary
Louizalaan 65/11, 1050 Elsene, Belgium		
RS Americas (Canada), Inc.*	Canada	Common
1155 Lola Street, Unit 6, Ottawa, ON, K1K 4C1, Canada		
RS Integrated Supply Canada Corp.*	Canada	Common
600-1741 Lower Waters Street, Halifax NS B3J 0J2, Canada		
RS Group Limitada (DBA – RS Limitada)*	Chile	Ordinary
Av. Eduardo Frei Montalva, 6001-71 Conchali, Santiago, Chile		
RS Components Limited*	China	Ordinary
Suite 1608, Level 16, Tower 1, Kowloon Commerce Centre, 51 Kwai Cheong Road, Kwai Chung, Hong Kong		
RS Components (Shanghai) Company Limited*	China	Ordinary
Unit 501, Floor 5, Building C, The New Bund World Trade Center Phase II, No.3, Lane 227, Dong Yu Road, Pudong Shanghai, China		
Elfa Distrelec A/S*	Denmark	Ordinary
Haslegårdsvej 8-12, 8210 Aarhus V, Denmark		
RS Components A/S*	Denmark	Ordinary
Nattergalevej 6, 2400, København NV, Denmark		
Risoul Dominicana S.R.L.*	Dominican Republic	Ordinary
Autopista Duarte KM 17, Calle Los Almejos, Palma Enana No 13, Nave 1, Villa Linda, Palmarejito, Santo Domingo Oeste, Dominican Republic		
Elfa Distrelec OÜ*	Estonia	Ordinary
Hobujaama 4, Tallinn 10151 Estonia		
Elfa Distrelec Oy*	Finland	Ordinary
Bertel Jungin Aukio 5, FI-02600, Finland		
RS Components SAS*	France	Ordinary
Rue Norman King, 60000, Beauvais, France		
RS Integrated Supply France*	France	Ordinary
Rue Norman King BF 453, F-60031 Beauvais Cedex, France		
Distrelec Deutschland GmbH*	Germany	Ordinary
Lise-Meitner-Str. 4, DE-28359 Bremen, Germany		
RS Components GmbH*	Germany	Ordinary
Mainzer Landstraße 180, 60327, Frankfurt, Germany		
RS Integrated Supply Deutschland GmbH*	Germany	Ordinary
Albleitstr. 21, 10623, Berlin, Germany		

Group accounts continued

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 March 2024

30 Related undertakings continued

Name and registered address of undertaking	Country of incorporation	Class of share held
RS Integrated Supply Hungary Korlátolt Felelősségű Társaság* 1062, 1-3. Tower A, 6th floor, Budapest, Hungary	Hungary	Ordinary
RS Components & Controls (India) Limited*† 222 Okhla Industrial Estate, New Delhi, India	India	Ordinary
Distrelec Italia S.r.l.* Via Ramazzotti 12, 20045 Lainate, Italy	Italy	Ordinary
RS Components S.r.l.* Sesto san Giovanni, Viale Thomas Alva Edison, 110, 20099, MI, Italy	Italy	Ordinary
RS Integrated Supply Italy S.r.l.* Sesto san Giovanni, Viale Thomas Alva Edison, 110, 20099, MI, Italy	Italy	Ordinary
RS Components KK* West Tower 12F, Yokohama Business Park, 134 Godocho, Hodogaya, Yokohama, Kanagawa, 240-0005, Japan	Japan	Ordinary
Elfa Distrelec SIA* Krišjāņa Valdemāra iela 62, Rīga LV 1013, Latvia	Latvia	Ordinary
Elfa Distrelec, UAB* Visorių g. 2-309, LT-08300 Vilnius, Lithuania	Lithuania	Ordinary
RS Components Sdn. Bhd.* Suite 9D, Level 9, Menara Ansar, 65 Jalan Trus, Johor Bahru, 80000, Johor, Malaysia	Malaysia	Ordinary
Allied Electronics & Automation S. de R.L. de C.V.* Avenida Circunvalación Agustín Yalez N° 2613 Int. 1A 105, Colonia Arcos Vallarta Sur, Guadalajara Jalisco, 44500 Mexico	Mexico	Ordinary
Risoul y Cia, S.A. de C.V.* Avenida Sendero Divisorio 400, Residencia Casa Bella, San Nicolas de los Garza, Nuevo Leon, 66428, Mexico	Mexico	Ordinary
Storeroom Solutions Mexico, S. de R.L. de C.V.* Floresca 57 P, 3 Juarez Distrito Federal, 06600, Mexico	Mexico	Ordinary
Distrelec B.V.* De Tweeling 28, 5215 MC 's Hertogenbosch, Netherlands	Netherlands	Ordinary
Liscombe B.V.* Jarmuiden 56 a, 1046 AE, Amsterdam, Netherlands	Netherlands	Ordinary
RS Components B.V.* Bingerweg 19, 2031 AZ Haarlem, Netherlands	Netherlands	Ordinary

RS Group plc

Name and registered address of undertaking	Country of incorporation	Class of share held
RS Integrated Supply Netherlands B.V.* Bingerweg 19, 2031 AZ Haarlem, Netherlands	Netherlands	Ordinary
RS Components Limited* KPMG, 18 Viaduct Harbour Avenue, Auckland, 1010, New Zealand	New Zealand	Ordinary
Elfa Distrelec AS* Apotekergata 10B, 0180 Oslo Norway	Norway	Ordinary
RS Components AS* 10. etg., Fredrik Selmers vei 6, Oslo, 0663, Norway	Norway	Ordinary
RS Components Corporation* 21st Floor Multinational Bancorporation Centre, 6805 Ayala Avenue, Makati City, Philippines	Philippines	Common and preference
Elfa Distrelec Sp. z.o.o.* Al. Jerozolimskie 136, PL-02-305, Warszawa, Poland	Poland	Ordinary
RS Components sp. z.o.o.* Ul. Domaniewska 48, 02-672, Warszawa, Poland	Poland	Ordinary
RS Integrated Supply Poland Sp. z.o.o.* Ul. Domaniewska 48, 02-672, Warszawa, Poland	Poland	Ordinary
Radionics Limited* Glenview Industrial Estate, Herberton Road, Rialto, Dublin 12, Ireland	Republic of Ireland	Ordinary
RS Integrated Supply Ireland Limited* Glenview Industrial Estate, Herberton Road, Rialto, Dublin 12, Ireland	Republic of Ireland	Ordinary
Synovos Ireland Limited* 70 Sir John Rogerson's Quay, Dublin 2, Ireland	Republic of Ireland	Ordinary
RS Components Pte Ltd* 112 Robinson Road, #05-01, 068902, Singapore	Singapore	Ordinary
RS Integrated Supply Singapore Pte. Ltd.* 10 Ubi Crescent, #06-18 Ubi Techpark, 408564, Singapore	Singapore	Ordinary
Synovos Singapore Pte. Ltd.* 1 Marina Boulevard, #28-00, One Marina Boulevard, 018989, Singapore	Singapore	Ordinary
RS Integrated Supply Slovakia s.r.o.* Landererova 12, Bratislava- mestská časť Staré Mesto, 81109, Slovakia	Slovakia	Ordinary
Amidata S.A.U.* Avenida de Bruselas 6, Alcobendas, 28108, Madrid, Spain	Spain	Ordinary
Risoul Iberica SA* 08402 – Granollers, calle Girona, numero 85, Barcelona, Spain	Spain	Ordinary

Group accounts continued

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 March 2024

30 Related undertakings continued

Name and registered address of undertaking	Country of incorporation	Class of share held
Elfa Distrelec AB* Kronborgsgränd 1, 164 46 Kista, Sweden	Sweden	Ordinary
RS Components AB* Kronborgsgränd 1, 164 46 Kista, Sweden	Sweden	Ordinary
RS Integrated Supply Sweden AB* Drottninggatan 96, 113 60, Stockholm, Sweden	Sweden	Ordinary
Distrelec Schweiz AG* Grabenstrasse 6, 8606 Nänikon, Switzerland	Switzerland	Ordinary
Domnick (Thailand) Co., Ltd.* (86.74%) No. 99/1-3, Naradhiwas Rajanagarindra Road, Chong Nonsi, Yan Nawa, Bangkok, 10120, Thailand	Thailand	Ordinary
RS Components Co., Ltd* GMM Grammy Place, Room No. 1901-1904, Floor 19, No. 50, Sukhumvit 21 (Asoke), Klongtoey Nua, Wattana, Bangkok, 10110, Thailand	Thailand	Ordinary
Distrelec Ltd* 7th floor, 2 St Peter's Square, Manchester, M2 3AA, UK	UK	Ordinary
IESA A & D Limited* IESA Works Daten Park, Birchwood, Warrington, Cheshire, WA3 6UT, UK	UK	Ordinary
John Liscombe Limited* Fifth Floor, Two Pancras Square, London N1C 4AG, UK	UK	Ordinary and preference
Needlers Limited* Fifth Floor, Two Pancras Square, London N1C 4AG, UK	UK	Ordinary and preference
OKdo Technology Limited* Fifth Floor, Two Pancras Square, London N1C 4AG, UK	UK	Ordinary
RS Components Limited Birchington Road, Weldon, Corby, Northamptonshire, NN17 9RS, UK	UK	Ordinary
RS Integrated Supply UK Limited* IESA Works Daten Park, Birchwood, Warrington, Cheshire, WA3 6UT, UK	UK	Ordinary
MRO Distribution, Inc.* Two Radnor Corporate Center, Suite 400, Radnor, PA 19087, United States	United States of America	Common
New DEAM, LLC* Two Radnor Corporate Center, Suite 400, Radnor, PA 19087, United States	United States of America	Common
RS Americas, Inc* 7151 Jack Newell Blvd S., Fort Worth, TX 76118, United States	United States of America	Common

RS Group plc

Name and registered address of undertaking	Country of incorporation	Class of share held
RS Integrated Supply Puerto Rico LLC* Two Radnor Corporate Center, Suite 400, Radnor, PA 19087, United States	United States of America	Common
RS Integrated Supply US Inc.* Two Radnor Corporate Center, Suite 400, Radnor, PA 19087, United States	United States of America	Common
Holding, Financing and Management Companies		
Electrocomponents Limited Suite 1608, Level 16, Tower 1, Kowloon Commerce Centre, 51 Kwai Cheong Road, Kwai Chung, Hong Kong	China	Ordinary
RS Components Business Services (Foshan) Limited* 22nd Floor, Glory International Financial Center, No.25, Ronghe Road, Guicheng, Nanhai District, Foshan, Guangdong, 528200, China	China	Ordinary
Electrocomponents France SARL* Rue Norman King, 60000, Beauvais, France	France	Ordinary
Bodenfeld Immobilien GmbH* Mainzer Landstraße 180, 60327, Frankfurt, Germany	Germany	Ordinary
Electrocomponents Jersey Finance Unlimited* 44 Esplanade, St Helier, JE4 9WG Jersey	Jersey	Common
Synovos Netherlands C.V.* Two Radnor Corporate Center, Suite 400, Radnor, PA 19087, United States	Netherlands	Partnership
Electrocomponents Holdings (Thailand) Limited* (49.00%) GMM Grammy Place, Room No. 1901-1904, Floor 19, No. 50, Sukhumvit 21 (Asoke), Klongtoey Nua, Wattana, Bangkok, 10110, Thailand	Thailand	Ordinary
Electrocomponents Newco (Thailand) Limited* (86.73%) GMM Grammy Place, Room No. 1901-1904, Floor 19, No. 50, Sukhumvit 21 (Asoke), Klongtoey Nua, Wattana, Bangkok, 10110, Thailand	Thailand	Ordinary
Electrocomponents (Thailand) Limited* (73.99%) GMM Grammy Place, Room No. 1901-1904, Floor 19, No. 50, Sukhumvit 21 (Asoke), Klongtoey Nua, Wattana, Bangkok, 10110, Thailand	Thailand	Ordinary
Electrocomponents Overseas Limited* Fifth Floor, Two Pancras Square, London N1C 4AG, UK	UK	Ordinary
Electrocomponents US Finance Limited* Fifth Floor, Two Pancras Square, London N1C 4AG, UK	UK	Ordinary
IESA A & D Holdings Limited* IESA Works Daten Park, Birchwood, Warrington, Cheshire, WA3 6UT, UK	UK	Ordinary

Group accounts continued

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 March 2024

30 Related undertakings continued

Name and registered address of undertaking	Country of incorporation	Class of share held
IESA Holdings Limited* IESA Works Daten Park, Birchwood, Warrington, Cheshire, WA3 6UT, UK	UK	Ordinary
Needlers Holdings Limited* Fifth Floor, Two Pancras Square, London N1C 4AG, UK	UK	Ordinary and preference
RS Components Holdings Limited* Fifth Floor, Two Pancras Square, London N1C 4AG, UK	UK	Ordinary
RS Group International Holdings Limited Fifth Floor, Two Pancras Square, London N1C 4AG, UK	UK	Ordinary
RS Group Pension Trustees Limited Fifth Floor, Two Pancras Square, London N1C 4AG, UK	UK	Ordinary
Electrocomponents, Inc* 7151 Jack Newell Blvd S., Fort Worth, TX 76118, United States	United States of America	Common and preference
Electrocomponents North America, Inc.* 7151 Jack Newell Blvd S., Fort Worth, TX 76118, United States	United States of America	Common
Electrocomponents North America LLC* 7151 Jack Newell Blvd S., Fort Worth, TX 76118, United States	United States of America	Common
Electrocomponents (US), Inc.* 7151 Jack Newell Blvd S., Fort Worth, TX 76118, United States	United States of America	Common
Electrocomponents US LLC* 7151 Jack Newell Blvd S., Fort Worth, TX 76118, United States	United States of America	Common
Synovos International, Inc.* Two Radnor Corporate Center, Suite 400, Radnor, PA 19087, United States	United States of America	Common
Not currently trading		
RS Components (Proprietary) Limited* 20 Indianapolis Street, Kyalami Business Park, Kyalami Midrand, Gauteng, 1684, South Africa	South Africa	Ordinary
Risoul (Trinidad and Tobago) Limited* Nunez & Co, Level 2, Invaders Bay Tower, Invaders Bay, Off Audrey Jeffers Highway, Port of Spain, Trinidad and Tobago	Trinidad and Tobago	Ordinary
Electro Lighting Group Limited* Fifth Floor, Two Pancras Square, London N1C 4AG, UK	UK	Ordinary
IESA Limited Fifth Floor, Two Pancras Square, London N1C 4AG, UK	UK	Ordinary

Name and registered address of undertaking	Country of incorporation	Class of share held
RS Limited* Fifth Floor, Two Pancras Square, London N1C 4AG, UK	UK	Ordinary

† Note 17 provides details about the Company's interest in the joint venture.

RS Components Limited (UK), RS Components B.V. (Netherlands) and RS Components GmbH (Germany) operate branch offices in South Africa, the Philippines, China (Taiwan), Belgium and Switzerland.

Company accounts

COMPANY BALANCE SHEET

As at 31 March 2024

	Notes	2024 £m	2023 £m
Fixed assets			
Tangible assets	7	15.1	15.7
Investments in subsidiaries	8	648.6	491.2
Total fixed assets		663.7	506.9
Current assets			
Debtors: amounts falling due after more than one year	10	0.7	2.2
Debtors: amounts falling due within one year	10	1,242.6	995.7
Cash at bank and in hand		104.6	171.3
Total current assets		1,347.9	1,169.2
Creditors: amounts falling due within one year	11	(531.2)	(512.0)
Net current assets		816.7	657.2
Total assets less current liabilities		1,480.4	1,164.1
Creditors: amounts falling due after more than one year	12	(440.9)	(185.6)
Net assets		1,039.5	978.5
Capital and reserves			
Share capital	16	47.4	47.3
Share premium account	16	239.5	236.0
Own shares held by Employee Benefit Trust (EBT)	16	(1.8)	(2.2)
Profit and loss account (including profit for the year of £155.6 million (2022/23: £142.5 million))	16	754.4	697.4
Total equity		1,039.5	978.5

The Company accounts on pages 173 to 177 were approved by the Board of Directors on 22 May 2024 and were signed on its behalf by:

Kate Ringrose
Chief Financial Officer

RS Group plc
Company number: 647788

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	Share capital £m	Share premium account £m	Own shares held by EBT £m	Profit and loss account £m	Total £m
At 1 April 2022	47.1	231.4	(3.0)	632.1	907.6
Profit and total comprehensive income for the year	-	-	-	142.5	142.5
Dividends (Note 16)	-	-	-	(88.6)	(88.6)
Equity-settled share-based payments (Note 5)	-	-	-	14.2	14.2
Settlement of share awards (Note 16)	0.2	4.6	2.9	(2.9)	4.8
Purchase of own shares by EBT (Note 16)	-	-	(2.1)	-	(2.1)
Tax on equity-settled share-based payments	-	-	-	0.1	0.1
At 31 March 2023	47.3	236.0	(2.2)	697.4	978.5
Profit and total comprehensive income for the year	-	-	-	155.6	155.6
Dividends (Note 16)	-	-	-	(104.1)	(104.1)
Equity-settled share-based payments (Note 5)	-	-	-	7.8	7.8
Settlement of share awards (Note 16)	0.1	3.5	1.9	(1.9)	3.6
Purchase of own shares by EBT (Note 16)	-	-	(1.5)	-	(1.5)
Tax on equity-settled share-based payments	-	-	-	(0.4)	(0.4)
At 31 March 2024	47.4	239.5	(1.8)	754.4	1,039.5

Company accounts continued

NOTES TO THE COMPANY ACCOUNTS

For the year ended 31 March 2024

1 General information

RS Group plc (the Company) is the parent company of the RS Group and is included in the consolidated accounts of RS Group plc (the Group accounts). The Company is a public limited company and is incorporated, registered and domiciled in England and Wales. The address of its registered office is Fifth Floor, Two Pancras Square, London N1C 4AG, UK.

2 Statement of compliance

The individual accounts of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102), and the Companies Act 2006.

3 Basis of preparation

These are the Company's separate accounts and have been prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value through profit and loss. They are presented in sterling and rounded to the nearest £0.1 million. The principal accounting policies have been applied consistently unless otherwise stated.

The preparation of accounts under FRS 102 requires the Company to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant that are included in these accounts.

Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

The Company has taken advantage of the following disclosure exemptions available under FRS 102:

- i. preparation of a cash flow statement
- ii. financial instrument disclosures
- iii. share-based payment disclosures
- iv. key management personnel compensation disclosure

Transactions in foreign currencies are recorded using the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rate ruling at that date and the gains and losses on translation are recognised in profit or loss.

4 Employees

Average number of employees	2024	2023
Management and administration	69	63
Aggregate employment costs		
	2024 £m	2023 £m
Wages and salaries	6.9	8.0
Social security costs	0.9	1.9
Share-based payments – equity-settled (Note 5)	(0.2)	3.8
Share-based payments – cash-settled	(0.4)	(0.2)
Defined contribution retirement benefit costs (Note 6)	0.4	0.3
	7.6	13.8
Termination benefits	0.6	1.4
Total	8.2	15.2

Information on the Directors' remuneration is in the Directors' Remuneration Report on pages 99 to 115.

The numbers and costs above are for employees who work for the Company. There are a number of Group employees whose contracts of employment are with the Company but who actually work in its subsidiaries and perform no services directly for the Company. These employees are not included above.

5 Share-based payments

The Company operates a number of share-based payment schemes for employees of the Group, details of which are in Note 9 of the Group accounts. Certain of the Company's employees participate in the equity-settled LTIPs, DSBP and equity-settled SAYE which grant rights to the Company's own equity instruments and hence are accounted for as equity-settled share-based payments.

Company accounts continued

NOTES TO THE COMPANY ACCOUNTS CONTINUED

For the year ended 31 March 2024

6 Post-employment benefits

Employees of the Company may be members of the Group's UK pension schemes.

Defined benefit scheme

There is no agreement or stated policy for charging the net defined benefit cost for the scheme to the individual Group entities. Both the Company and RS Components Limited, the main UK trading subsidiary of the Company, are the sponsoring employers. The majority of the scheme members work for RS Components Limited and so it accounts for the UK scheme as a defined benefit scheme in its accounts. The Company recognises a cost equal to its contributions.

Details of the UK defined benefit scheme is in Note 10 of the Group accounts.

Defined contribution scheme

Contributions to the defined contribution scheme are expensed as they fall due.

7 Tangible assets

Tangible assets are stated at cost (or deemed cost for the freehold warehouse facility which is occupied by a wholly owned subsidiary) less accumulated depreciation and any provisions for impairment. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use and any dismantling and restoration costs.

No depreciation has been charged on land. Other assets are depreciated to residual value on a straight-line basis over the following useful lives: investment property (freehold warehouse facility occupied by a wholly owned subsidiary) 50 years; leasehold improvements 10 years; plant and machinery 10 years; and computer equipment 5 years.

	Investment property £m	Leasehold improvements £m	Plant and machinery £m	Computer equipment £m	Total £m
Cost					
At 1 April 2023 and 31 March 2024	18.2	1.2	9.2	0.8	29.4
Depreciation					
At 1 April 2023	3.0	0.7	9.2	0.8	13.7
Charged in the year	0.5	0.1	-	-	0.6
At 31 March 2024	3.5	0.8	9.2	0.8	14.3
Net book value					
At 31 March 2024	14.7	0.4	-	-	15.1
At 31 March 2023	15.2	0.5	-	-	15.7

8 Investments in subsidiaries

Investments in subsidiaries, including loans that are expected to be repaid after more than one year although there is an option for the Company to require repayment on demand, are carried at the lower of cost and expected recoverable amount. Impairments are recognised in the profit and loss account.

The expense relating to share-based payments that grant rights to the Company's equity instruments to employees of other Group companies is treated as an increase in investments with the corresponding credit taken directly to reserves. In the year ended 31 March 2024, this amounted to £8.0 million (2022/23: £10.4 million).

	Shares £m	Loans £m	Total £m
Cost			
At 1 April 2023	227.9	279.1	507.0
Additions	8.0	155.5	163.5
Written off on strike off of subsidiary	(0.5)	(0.3)	(0.8)
Translation differences	-	(6.0)	(6.0)
At 31 March 2024	235.4	428.3	663.7
Impairments			
At 1 April 2023	0.4	15.4	15.8
Written off on strike off of company	(0.4)	(0.3)	(0.7)
At 31 March 2024	-	15.1	15.1
Net book value			
At 31 March 2024	235.4	413.2	648.6
At 31 March 2023	227.5	263.7	491.2

A number of non-trading subsidiaries were struck off during the year.

A list of the Company's related undertakings is in Note 30 to the Group accounts.

Company accounts continued

NOTES TO THE COMPANY ACCOUNTS CONTINUED

For the year ended 31 March 2024

9 Financial instruments

Basic financial instruments

Basic financial assets, including cash and bank balances and amounts owed by subsidiary undertakings, are initially recognised at transaction price and then subsequently at amortised cost less any provision for impairment.

Basic financial liabilities, including accruals, other creditors, bank overdrafts and loans, private placement loan notes and amounts owed to subsidiary undertakings, are initially recognised at transaction price and then subsequently at amortised cost.

Derivative financial instruments and hedging activities

The Company has elected to adopt the recognition and measurement provisions of IAS 39 (as adopted in the UK) and the disclosure provisions of FRS 102 in respect of financial instruments.

The Company uses derivative financial instruments to cover its exposure to foreign exchange risks arising from operational and financing activities. It principally employs forward foreign exchange contracts to hedge against changes in exchange rates on behalf of its operating subsidiaries using back-to-back external and intra-group forward foreign exchange contracts and these subsidiaries apply cash flow hedging where appropriate. In accordance with its treasury policies, the Company does not hold or issue derivative financial instruments for trading purposes.

All the Company's derivatives are measured at fair value with changes in the fair values recognised in profit or loss.

10 Debtors

	2024 £m	2023 £m
Amounts falling due within one year:		
Amounts owed by subsidiary undertakings	1,233.8	988.1
Other derivative assets	3.8	3.4
Prepayments	5.0	4.2
Debtors: amounts falling due within one year	1,242.6	995.7
Amounts falling due after more than one year:		
Deferred tax asset (Note 13)	0.7	2.2
Debtors: amounts falling due after more than one year	0.7	2.2

Amounts owed by subsidiary undertakings are unsecured, bear interest at market rates and are repayable on demand.

11 Creditors: amounts falling due within one year

	2024 £m	2023 £m
Amounts owed to subsidiary undertakings	353.7	363.8
Bank overdrafts	157.6	134.0
Other derivative liabilities	3.8	3.4
Accruals	7.9	10.3
Other creditors	8.1	0.2
Cash-settled share-based payment liability	0.1	0.3
	531.2	512.0

Amounts owed to subsidiary undertakings are unsecured, bear interest at market rates and are repayable on demand.

NOTES TO THE COMPANY ACCOUNTS CONTINUED

For the year ended 31 March 2024

12 Creditors: amounts falling due after more than one year

	2024 £m	2023 £m
Unsecured private placement loan notes repayable after more than five years	78.4	80.0
Unsecured private placement loan notes repayable from three to four years	-	80.4
Unsecured private placement loan notes repayable from two to three years	78.7	-
Unsecured sustainability-linked loan repayable from four to five years	155.0	24.2
Unsecured term loan repayable from two to three years	128.2	-
Other creditors	0.4	0.7
Cash-settled share-based payment liability	0.2	0.3
	440.9	185.6

Details of the private placement loan notes, sustainability-linked loan are in Notes 21 to 23 of the Group accounts.

13 Deferred tax

The charge or credit for taxation is based on the taxable profit or loss for the year and takes into account taxation deferred because of timing differences. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax assets are attributable to the following:

	2024 £m	2023 £m
Equity-settled share-based payments	0.7	2.1
Other	-	0.1
Deferred tax asset (Note 10)	0.7	2.2

There are no unused tax losses or unused tax credits.

14 Operating lease commitments

Future minimum amounts payable under non-cancellable operating leases are:

	2024 £m	2023 £m
Within one year	1.2	1.2
From one to five years	2.8	4.0
	4.0	5.2

15 Contingent liabilities

The Company enters into financial guarantee contracts to guarantee the indebtedness of certain other companies within the Group. The Company treats the guarantee contracts as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Guarantees exist in respect of bank facilities available to certain subsidiaries, up to a maximum of £86.7 million (2022/23: £81.4 million), of which £8.8 million (2022/23: £9.3 million) had been drawn down at the end of the year.

16 Capital and reserves and dividends

Details of the Company's share capital, share premium account, EBT and dividends paid to shareholders are in Notes 13 and 26 of the Group accounts.

The Company has sufficient distributable reserves to pay dividends for a number of years and is also able to increase its distributable reserves further by receiving distributions from its subsidiaries.

Five year record

FIVE YEAR RECORD

Year ended 31 March

Summary income statements and related metrics

	2024 £m	2023 £m	2022 £m	2021 £m	2020 £m
Revenue	2,942.4	2,982.3	2,553.7	2,002.7	1,953.8
Operating profit	280.1	383.0	308.8	167.2	205.3
Add back: amortisation and impairment of acquired intangibles	26.6	16.6	11.6	7.0	5.4
Add back: acquisition-related items	5.1	2.6	-	2.9	-
Add back: substantial reorganisation costs and substantial asset write-downs	-	-	-	11.2	10.0
Adjusted operating profit	311.8	402.2	320.4	188.3	220.7
Net finance costs	(31.9)	(12.2)	(7.1)	(6.8)	(5.9)
Share of profit of joint venture	0.6	0.7	0.5	0.2	0.2
Adjusted profit before tax	280.5	390.7	313.8	181.7	215.0
Amortisation and impairment of acquired intangibles	(26.6)	(16.6)	(11.6)	(7.0)	(5.4)
Acquisition-related items	(5.1)	(2.6)	-	(2.9)	-
Substantial reorganisation costs and substantial asset write-downs	-	-	-	(11.2)	(10.0)
Profit before tax	248.8	371.5	302.2	160.6	199.6
Income tax expense	(65.1)	(86.7)	(72.2)	(35.1)	(44.9)
Profit for the year attributable to owners of the Company	183.7	284.8	230.0	125.5	154.7
Earnings per share	38.8p	60.4p	48.9p	27.7p	34.7p
Adjusted earnings per share	43.8p	63.6p	51.3p	31.3p	37.7p
Dividend per share¹	22.0p	20.9p	18.0p	15.9p	15.4p

Summary balance sheets and other metrics

	2024 £m	2023 £m	2022 £m	2021 restated ³ £m	2020 £m
Non-current assets	1,257.0	953.7	706.1	711.0	573.4
Current assets	1,641.4	1,590.3	1,395.1	1,134.8	1,044.3
Current liabilities	(815.3)	(838.9)	(726.2)	(631.8)	(570.4)
Non-current liabilities	(650.2)	(360.2)	(266.5)	(314.6)	(327.4)
Net assets	1,432.9	1,344.9	1,108.5	899.4	719.9
Add back: net debt	418.2	113.0	42.1	122.0	189.8
Add back: retirement benefit net assets / obligations	25.7	36.4	12.4	55.7	55.8
Capital employed	1,876.8	1,494.3	1,163.0	1,077.1	965.5
Return on capital employed (ROCE)²	17.4%	30.8%	28.7%	19.4%	24.0%
Adjusted free cash flow	151.2	263.6	162.9	145.4	80.9
Average number of employees	8,964	7,818	7,383	6,806	7,044
Share price at 31 March	726.8p	914.0p	1,084.0p	993.0p	516.2p

1 An additional interim dividend for the year ended 31 March 2020 of 9.5p, to replace the deferred final dividend, was paid on 18 December 2020. This is included in the 2019/20 dividend per share amount.

2 ROCE for the year ended 31 March 2020 was updated in 2020/21 to be based on monthly average capital employed.

3 Restated in 2021/22 for measurement period adjustments for prior year acquisitions.

REGISTERED OFFICE, FINANCIAL CALENDAR AND ADVISORS

Registered office

RS Group plc
Fifth Floor
Two Pancras Square
London N1C 4AG
United Kingdom
Tel: +44 (0)20 7239 8400
rsgroup.com

Registered number: 647788
Registered in England and Wales

Shareholder services

Registrar

If you have any questions about your shareholding in the Company, please contact our Registrar: Computershare Investor Services PLC
The Pavilions, Bridgwater Road, Bristol BS99 6ZZ
Tel: 0370 703 0199
www.investorcentre.co.uk/contactus

Investor Centre

To access online information about your shareholding visit www.investorcentre.co.uk. Through the Investor Centre you can:

- Update member details and address changes
- Update dividend bank mandate instructions and review dividend payment history
- Register to receive Company communications electronically

Your shareholder reference number (SRN) is required to access your shareholding. This can be found at the top of your welcome letter or share certificate. Alternatively, you can obtain your SRN by contacting Computershare on the number given above.

Dividend reinvestment plan (DRIP)

Should you wish to reinvest your dividends in the Company, you can take advantage of our DRIP. It will allow you to use your cash dividend to buy more RS Group shares in the market. You will need to complete a DRIP application form and return it to Computershare. This can be found, together with plan terms and conditions, at www.investorcentre.co.uk or in the Shareholder Information section of our website under FAQs. Alternatively, please contact Computershare on the number given above, and details and a form will be sent to you.

Share price information

The latest information on the RS Group plc share price is available on our corporate website: **rsgroup.com**

Be scam smart

Investment scams are designed to look like genuine investments.

Spot the warning signs

Have you been:

- Contacted out of the blue?
- Promised tempting returns and told the investment is safe?
- Called repeatedly?
- Told the offer is only available for a limited time?

If so, you might have been contacted by fraudsters.

Avoid investment fraud

Reject cold calls

If you have received unsolicited contact about an investment opportunity, the chances are it is a high-risk investment or a scam. You should treat the call with extreme caution. The safest thing to do is to hang up.

Check the FCA Warning List

The FCA Warning List is a list of firms and individuals we know are operating without our authorisation.

Get impartial advice

Think about getting impartial financial advice before you hand over any money. Seek advice from someone unconnected to the firm that has approached you.

Report a scam

If you suspect that you have been approached by fraudsters please tell the FCA using the reporting form at **www.fca.org.uk/consumers/report-scam-us**. You can also call the FCA Consumer Helpline on **0800 111 6768**.

If you have lost money to investment fraud, you should report it to Action Fraud on 0300 123 2040 or online at **www.actionfraud.police.uk**

Find out more at **www.fca.org.uk/scamsmart**

Remember: if it sounds too good to be true, it probably is!

Financial calendar

Announcement of results

The results of the Group are normally published at the following times:

- Half-year results for the six months ending 30 September in mid-November
- Preliminary announcement for the year ending 31 March in late May
- Annual Report and Accounts for the year ending 31 March in mid-June

Dividend payments

Our current policy is to normally make dividend payments at the following times:

- Interim dividend in January
- Final dividend in July

Contacts

Auditors

2023/24

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

2024/25

Deloitte LLP
2 New Street Square
London EC4A 3BZ

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GLOSSARY OF TERMS

A&C	Automation and control	FC	Fulfilment centre	SBTi	Science Based Targets initiative
AGM	Annual general meeting	FCA	Financial Conduct Authority	SEO	Search engine optimisation
AI	Artificial intelligence	FRC	Financial Reporting Council	SID	Senior Independent Director
B2B	Business to business	FRS	Financial Reporting Standard	SLL	Sustainability-linked loan
B2C	Business to customer	GSBS	Global Shared Business Services	SMT	Senior Management Team
BEIS	Department of Business, Energy & Industrial Strategy (from February 2023, the Department for Business and Trade)	GHG	Greenhouse gas	STEM	Science, technology, engineering and maths
		IAS	International accounting standards	TCFD	Task Force on Climate-related Financial Disclosures
CAGR	Compound annual growth rate	ICFR	Internal controls over financial reporting	The Code	UK Corporate Governance Code 2018
CEO	Chief Executive Officer	IFRS	International Financial Reporting Standard	The updated Code	The UK Corporate Governance Code 2024
CFO	Chief Financial Officer	IoT	Internet of things	TPT	UK Transition Plan Taskforce
CISO	Chief Information Security and Compliance Officer	ISSB	International Sustainability Standards Board	TSR	Total shareholder return
CO₂e	Carbon dioxide equivalent	J2G	Journey to Greatness	TWMP	The Washing Machine Project
CoE	Centre of Expertise	KPIs	Key performance indicators	UK IAS	UK-adopted international accounting standards
CPO	Chief People Officer	LGBTQIA+	Lesbian, gay, bisexual, transgender, queer, intersex and others	UNGC	United Nations Global Compact
CSRD	Corporate Sustainability Reporting Directive	LTIP	Long term incentive plan	UN SDGs	United Nations sustainable development goals
D&I	Diversity and inclusion	M&A	Mergers and acquisitions		
DC	Distribution centre	MRO	Maintenance, repair and operations		
DJSI	Dow Jones Sustainability Indices	NIS2	The Network and Information Security (NIS2) Directive		
DRIP	Dividend Reinvestment Plan	NPI	New product introduction		
DRR	Directors' Remuneration Report	NPS	Net Promoter Score		
DSBP	Deferred share bonus plan	OEM	Original equipment manufacturer		
DTAM	Distributor total addressable market	ORE	Offshore Renewable Energy		
EBITA	Earnings before interest, taxes and amortisation	OTTP	On time to promise		
EBITDA	Earnings before interest, taxes, depreciation and amortisation	PBT	Profit before tax		
EMD	Environmental management dashboard	PMI	Purchasing Manager Index		
EPS	Earnings per share	PPE	Personal protective equipment		
ERG	Employee resource groups	PwC	PricewaterhouseCoopers LLP		
ESG	Environmental, social and governance	QBR	Quarterly business review		
EU	European Union	ROCE	Return on capital employed		
EV	Electric vehicles	RS YAY!	RS YAY! all employee share award		
EWB	Engineers Without Borders-International	SAYE	Save as you earn		
ExCo	Executive Committee	SBC	Single-board computing		
		SBT	Science-based targets		



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