Specialist capabilities for critical projects

Vp plc Annual Report and Accounts 2024

We are Vp Group.

Specialists in equipment rental. When customers need exceptional capabilities they turn to us.

For 70 years we have delivered for our customers – safely, efficiently, responsibly – with no short cuts or half measures. They trust us with exceptional requirements where complexity and constraints demand capabilities beyond the ordinary. They rely on our specialist solutions to create and care for projects that allow economies to grow.

We focus on niche sectors principally in the Infrastructure, Construction, Housebuilding and Energy markets.

Visit our new corporate website:

www.vpplc.com

Front cover image: Leon Grimshaw, Torrent Trackside

Financial highlights

Group revenue

£368.7m

(FY2023: £371.5m)

Return on average capital employed[1]

14.5%

(FY2023: 14.4%)

Adjusted profit before tax, amortisation, impairment of intangible assets and exceptional items[1]

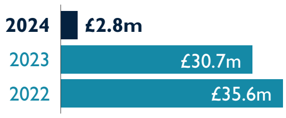
£39.7m

(FY2023: £40.5m)

Statutory profit before tax[1]

£2.8m

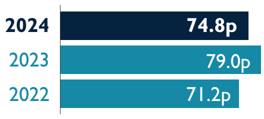
(FY2023: £30.7m)



Adjusted basic earnings per share[1]

74.8p

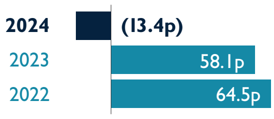
(FY2023: 79.0p)



Statutory basic (loss)/earnings per share

(13.4p)

(FY2023: 58.1p)



Dividends per share

39.0p

(FY2023: 37.5p)

Net debt excluding lease liabilities

£125.2m

(FY2023: £134.4m)

1 These measures are explained and reconciled in the Alternative Performance Measures section on page 143.

Contents

Strategic Report

Financial highlights 01
Group at a glance 02
Our investment case 04
Chair's statement 05
Q&A with the Chief Executive 06
Market review 08
Business model and strategy 10
Our strategy 12
Key performance indicators 13
Business review 14
Financial review 22
Stakeholder engagement 24
Environmental, social and governance 26
TCFD 42
Risk management 51
Viability statement 56
Non-financial and sustainability information statement 56

Corporate Governance

Board of Directors 60
Governance at a glance 61
Corporate governance report 62
Nomination Committee report 65
Audit Committee report 67
Remuneration report 70
Directors' report 85
Independent Auditors' report 88

Financial Statements

Consolidated income statement 96
Consolidated statement of comprehensive income 97
Consolidated statement of changes in equity 98
Consolidated balance sheet 99
Consolidated statement of cash flows 100
Parent Company statement of changes in equity 101
Parent Company balance sheet 102
Parent Company cash flows 103

Shareholder Information

Five-year summary 142
Alternative performance measures 143
Directors and advisers 144

Group at a glance

Vp plc is a leader in equipment rental. We are expert providers of equipment, people, services and support for specialist projects. We focus on niche sectors principally in the Infrastructure, Construction, Housebuilding and Energy markets and operate in the UK and overseas.

Our values are the guiding principles of how we operate: focused, agile and fair.

70 YEARS of heritage

83,000+
Global customers

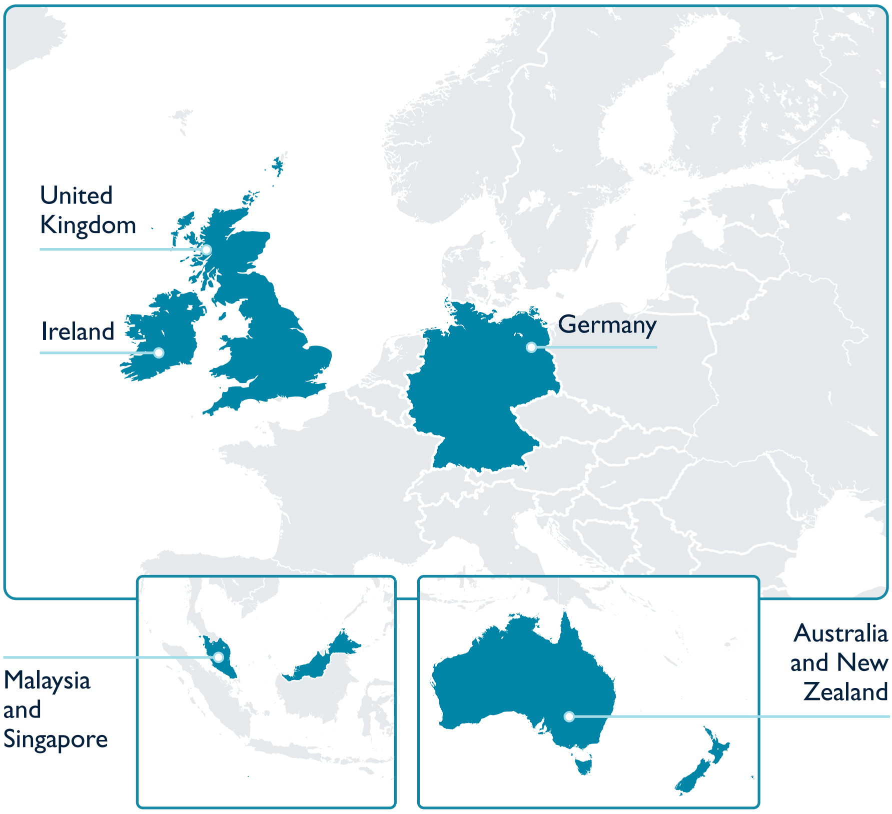
£256.9m
Net book value of property, plant and equipment

£62.8m
Investment in rental assets in FY2024

2,750+
Employees

200+
Branches

Where we operate



Commitment to reach
net zero
across the value chain by 2050

Read more on page 38

Why customers buy from us

01
UK coverage with local leadership

02
Market-leading specialist teams

03
Young, fit-for-purpose hire fleet

04
Proactive fleet management with satellite tracking

05
Industry-leading safety experts

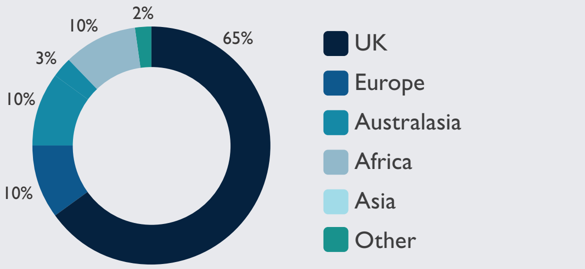
06
Trusted by leading customers

07
Omni-channel customer support

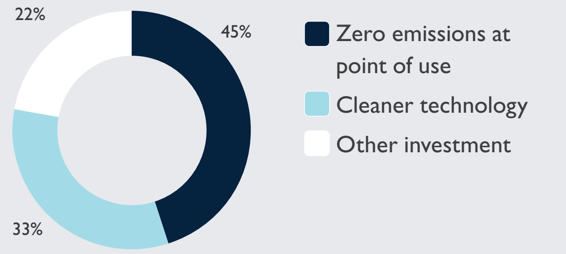
08
Competitive pricing

09
Flexible hire times

Revenue breakdown by region



Capex analysis



Markets by division

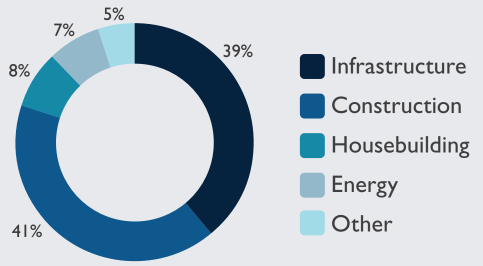
Infrastructure: Rail, highways, utilities and other key infrastructure projects

Construction: Non-residential construction, including commercial offices, warehousing and distribution

Housebuilding: Private and public sector residential housebuilding within the UK

Energy: Oil, gas and energy production both onshore and offshore across the UK and International

Others: Events, defence and aviation



Our investment case

Key differentiators

Specialist rental model

- Specialist assets, markets and delivery
- Market-leading positions in niche sectors
- Young, well maintained fleet
- Disciplined asset management

£62.8m
Fleet investment in FY2024

Diverse and resilient revenue streams

- Growth and risk mitigation from exposure to different markets and geographies

£368.7m
Revenue

Exciting growth prospects

- Aligned to markets with growth potential
- Opportunity to improve cross-divisional working
- Refreshed corporate development plan

Financial profile

Continued strong returns

- Target ROACE of 15%
- Strong margins

14.5%
ROACE

Balance sheet strength

- Disciplined capital allocation
- Cash generative, refinance complete

£108.7m
Cash generated from operations

Progressive dividend

- 30-year uninterrupted dividend track record
- Long-term view

39.0p
2024 dividend

Chair's statement

Jeremy Pilkington
Chair

I am pleased to report a solid overall performance for the Group despite the particular challenges that we have faced in the UK General Construction market. Elsewhere, our international and infrastructure operations have enabled the majority of our business to move forward strongly in the period.

For the year ended 31 March 2024, adjusted profit before tax, amortisation, impairment of intangible assets and exceptional items[1] eased marginally to £39.7 million (2023: £40.5 million) on revenue broadly in line at £368.7 million (2023: £371.5 million). Whilst it is never pleasurable to report a reduction in profitability, we believe that under the circumstances, this represents a good result demonstrating once again the ability of our diversified business exposure to deliver resilient profit in spite of localised challenges. Reflecting the challenges faced by the UK Construction market, we have taken £27.7 million non-cash impairment charge against intangible assets, including goodwill, in the Brandon Hire Station business, referenced in more detail later.

Capital investment in the rental fleet was slightly ahead of prior year at £62.8 million (2023: £59.9 million) as we continue to support specific investment opportunities with an ongoing emphasis on transitioning towards more environmentally friendly solutions. Year end net debt excluding lease liabilities[1] was £125.2 million (2023: £134.4 million). Return on Average Capital Employed[1] was 14.5% (2023: 14.4%), in line with our long-term target, an excellent result, which reflects once again the underlying quality of the Group's earnings. Adjusted earnings per share[1] of 74.8 pence per share (2023: 79.0 pence per share) includes the impact of the 6% increase from 19% to 25% of UK Corporation Tax rate.

1 These measures are explained and reconciled in the Alternative Performance measures section on page 143.

> "We have a long-term track record of successfully delivering sector-leading results for all our stakeholders."

At the Annual General Meeting, scheduled to be held on Thursday 25 July 2024, the Board will be recommending payment of a final dividend of 27.5 pence per share (2023: 26.5 pence per share) making a total for the year of 39.0 pence per share (2023: 37.5 pence per share). Subject to shareholder approval, it is proposed to pay the final dividend on 7 August 2024 to members registered at 21 June 2024. This proposed level of dividend is based on our policy to distribute on a two times covered earnings basis over the cycle and having due regard to future prospects.

As previously announced, after 26 years with the Company and latterly 19 years as Managing Director and CEO, Neil Stothard retired from the Board at the end of September 2023. I wish to repeat on behalf of myself, the Board and the wider employee and shareholder audience, our appreciation of Neil's contribution over this period.

Anna Bielby, who joined as Chief Financial Officer (CFO) in January 2023, was appointed to the position of Chief Executive from 1 September 2023 and has made an immediate positive impact in her new role. Anna is bringing a welcome new energy and strategic oversight to the Group and I look forward to working with her as she drives the business forward.

Keith Winstanley joined as CFO on 1 January 2024, and we look forward to working with Keith in the months and years ahead.

In addition to these Board changes, we have simplified the senior management reporting structure, established an Executive Committee, and significantly strengthened the central senior management team in a number of key roles.

As always the skills and commitment of our employees lie behind everything we achieve as a business. Our people bring specialist skills, technical prowess and sharp focus to delivering the right solution for our customers. We continue to promote our extensive apprentice and graduate schemes which provide advancement and career progression opportunities and to emphasise recruitment policies which support diversity in the workplace.

It is therefore my pleasure on behalf of the Board to thank all our employees for their hard work and commitment during the year that has made these results possible.

Jeremy Pilkington

Chair

4 June 2024

Q&A

with Anna Bielby

Chief Executive

Q What have been your priorities in your first year as CEO of Vp?

I was really excited to step up to the CEO role in September. I already knew that Vp was a great business from my time as CFO and I jumped at the chance to lead the business into its next phase.

New leadership represents a change for Vp and, like all change, needs to be managed carefully. My job is very much to build on the foundations and rich heritage of the Group, including the strong track record of our specialist divisions.

One of my first priorities was to bring a fresh perspective and energy to the business through the recruitment of new talent and the formation of an Executive Committee. I am happy that the blend of knowledge and experience, coupled with some new recruits, positions us well to take the business forward.

Our strategy is centred on driving growth and operational excellence. This is supported by a refreshed People strategy, a new digital roadmap and a focus on using the Group's scale to improve efficiency.

Q What actions did you take during the year to address the challenges faced by the Company?

Given the challenging Construction market, we performed a review of Brandon Hire Station and made changes to the management team. The new Brandon team is making good progress on refocusing the business and reducing its cost base.

We have reviewed the Group's operating model to ensure that it is appropriate and set up to best support our customers. While recognising the distinctiveness of our specialist businesses, we need to drive consistency and simplicity where it makes sense to do so. This includes making sure that our central functions are fit for purpose and that we take advantage of the Group's scale to drive synergies, for example in the areas of procurement and property.

We want Vp to be easy for our customers to do business with and we have updated our digital roadmap to focus on improving the customer experience and increasing collaboration between our divisions.

During the year, we re-financed our bank facilities, providing a solid platform on which to grow the business through organic investment in our asset base, supplemented by disciplined M&A activity.

Our colleagues remain at the heart of the business, but staff turnover in our sector is always a challenge. We are currently refreshing our People strategy to reinvigorate our culture, build on the diversity of our teams and provide a safe and inclusive workplace where people can build their careers.

We operate in a competitive, fragmented market but I believe our specialist solutions, strong heritage and track record for excellent service positions us well.

Q What conclusions have you drawn from the Brandon Hire Station review?

Brandon Hire Station has been exposed to both general macro-economic conditions and the more challenging Construction market. Its high operational gearing has made it more difficult to manage market headwinds so action has had to be taken to improve financial performance.

This includes implementing a number of revenue, cost and process initiatives, including looking at the division's physical footprint, optimising its branch network, and aligning activities and resources towards target customers.

Despite a challenging year, Brandon Hire Station remains a large part of the Group's revenue and plays an important part in supporting some of our biggest customers.

Q What are the growth opportunities for Vp?

Our specialist divisions operate across a number of end markets and, as we have seen this year, this diversity underpins the resilience of our business model. The performance of the Infrastructure and Energy markets has been particularly strong this year with notable contributions from Groundforce and Airpac.

For the year ahead, we expect the Construction market to remain challenging. but we see more opportunity in those businesses aligned to the Infrastructure market where there is a clearer pipeline of projects and opportunities.

We have a strong growth track record and a robust balance sheet and we will continue to invest in our asset base to support organic growth. We will target our investments towards market opportunities and those areas that will support the achievement of our target returns.

Our specialist divisions have strong individual market positions and presence, and I believe that these can be further enhanced through closer collaboration and working. This collaboration will ensure that we are best placed to exploit opportunities and grow.

From a corporate development perspective, we will look for bolt-on acquisitions to existing divisions and will consider carefully any strategic opportunities in markets and products that complement the wider Vp Group. We will do this in a disciplined manner and based on our strict financial hurdles.

Q Where does ESG fit into your strategy and how is engagement with the supply chain and customers progressing?

We embrace ESG in how we do business every day. We are committed to working closely with our customers and suppliers to meet our own sustainability objectives and to help them achieve theirs.

Fundamentally, the rental industry, by definition, operates a circular business model. It fulfils all the circular economy principles and, by doing so, minimises the negative environmental impact of equipment. We are working with our customers to help them address their own supply chain carbon footprint, for example with the use of our carbon calculators.

Our approach to ESG is shaping our capital investment. A significant proportion of our fleet is zero emissions at the point of use, and we continue to transition our fleet towards battery powered alternatives, where available and where the returns mean that it is sensible to do so.

Our supply chain engagement is progressing well, often highlighting new products and developments that can help reduce their own carbon footprint.

In November 2023, we were pleased to have our near-term, long-term and net zero targets validated by the Science-based Targets initiative (SBTi), aligning our targets with the SBTi's Net Zero Standard and to a 1.5°C trajectory.

This year, we are turning our attention to our social value strategy where we will look to make further progress.

Q What makes Vp special?

Vp's heritage is important. We have worked with customers for over 70 years – safely, efficiently, responsibly. Our specialisms across a wide range of markets combined with our values provide the backbone of how we operate. Our focus on what our customers need is at the heart of how we operate and our teams work tirelessly with them to address those ever-changing needs. We are ready to mobilise our people, resources and capital at scale and speed.

Our breadth of operations, diversity and talent of our teams and our great asset management give us a powerful combination. These have enabled us to keep long-standing relationships with many customers, for which we are very grateful.

I am immensely proud of our teams and want to expand how Vp can support and develop them so they can contribute their very best, while feeling fulfilled in their progression and achievements.

Q Looking ahead what are your priorities for the coming year?

We have a great business and I'm confident that the actions we are taking will enhance our performance this year. Our focus is on continuing to grow the business and take advantage of opportunities, particularly in those markets that are strong, for example Infrastructure and Energy.

Our performance in our key markets of Infrastructure and Energy remain encouraging but we are experiencing more difficult markets in Housebuilding and General Construction, where Brandon Hire Station mainly operates. I am confident that the work that the new management team at Brandon is undertaking will strengthen the business in the coming year.

Internally, our focus is on operational excellence - working to drive efficiency through our digital roadmap and our group-wide approach to areas such as procurement and property. We will work in a focused and agile way to drive performance.

As we celebrate 70 years of Vp, our talented people will continue to focus on delivering on exceptional customer experience.

I look ahead to the year with a sense of excitement and cautious optimism.

Market review

Our markets are diverse and fragmented. Working across a range of sectors provides us with resilience and opportunity for future growth.

Markets by division

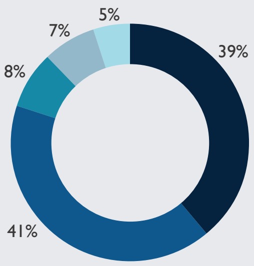
Infrastructure: Rail, highways, utilities and other key infrastructure projects

Construction: Non-residential construction, including commercial offices, warehousing and distribution

Housebuilding: Private and public sector residential housebuilding within the UK

Energy: Oil, gas and energy production both onshore and offshore across the UK and International

Others: Events, defence and aviation



Infrastructure

Includes rail, highways, utilities and other key infrastructure projects

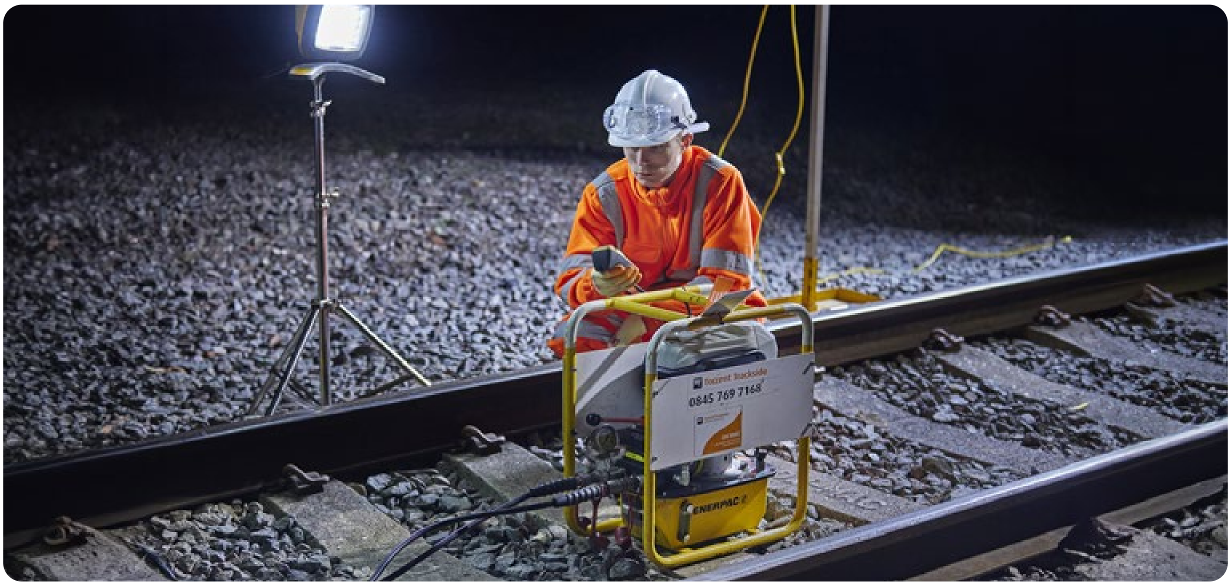
The rail sector has been significantly disrupted across the UK with industrial strike action throughout the year. Despite this, progress continued on major projects including HS2 and the TransPennine route upgrade.

With the cancellation of the northern legs of HS2, work continued on the first phase despite major political concerns over the ongoing viability of the project. Control Period 6 (CP6) ended in March 2024, with the new Control Period (CP7), now underway. CP7 brings significant project plans, outlined by Network Rail, to support major projects and track improvement plans.

Roads and highways projects overall experienced a decline in 2023, with a number of projects postponed or delayed into future periods. The minor decline of 1% through 2023, is expected to become a double-digit decline through 2024 as project schedules are delayed indefinitely due to continued cost inflationary pressures.

The utilities sector has seen significant growth in the water and sewage sub sectors, as unspent funds from Asset Management Plan (AMP) 7 which comes to an end in March 2025, look to be utilised during calendar year 2024, albeit at a slightly lower rate.

(Source: Experian Construction Forecast 2024).



Construction

Non-residential construction, including commercial offices, warehousing and distribution

Overall the non-residential construction market fell by 1.7% through the year 2023.

There was a mixed performance between the different sub sectors in non-residential construction, with the public sector spending growing at a strong rate through the year 2023 particularly in the education and hospital sub-sectors, but with new orders in the warehousing and distribution sub-sectors falling by over 25% year on year.

Industrial construction experienced a year of decline, against a strong growth period in the prior year, whilst commercial construction, including offices and entertainment, experienced double-digit growth in the year.

Retail spend remained in line with overall consumer spend, showing another year of decline throughout 2024 and there is an expectation of continued decline in 2024.

2023 saw a clear trend from new commercial builds to commercial redevelopment, with a number of major existing projects within London approved for redevelopment into multi-use spaces.

Housebuilding

Private and public sector residential housebuilding within the UK

2023 showed significant decline within the housebuilding sector against a strong performance in 2021 and 2022. The inflationary costs within the supply chain, poor consumer confidence, and heightened mortgage interest rates all contributed to a double-digit declining market throughout 2023.

The public sector housing market remained more buoyant than the private sector, as housebuilders have used the reduced market appetite to meet their affordable housing targets. It is expected that, in line with an uncertain political outlook and reduced local council spending, public sector housing spend will decline in the calendar year of 2024.

The private sector Housebuilding market suffered a 14% year on year decline, with interest rates for mortgages a significant factor impacting demand.

Private housebuilding was also affected by a number of Government-backed house buyer schemes coming to an end or being removed, again limiting demand. Private housebuilding is expected to stay flat throughout 2024.

Energy

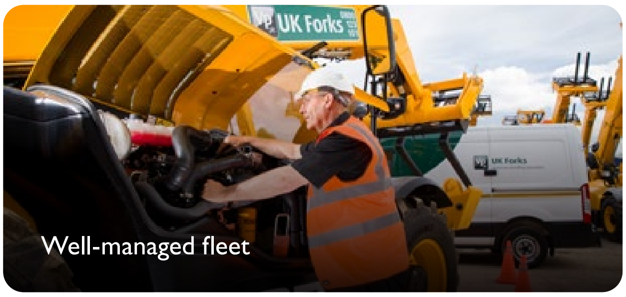
Oil, gas and energy production both onshore and offshore across the UK and international

The oil and gas market in particular has seen significant levels of spend and activity in the year, linked to the increase in oil prices. This increase has driven more investment projects, including the expansion and upgrading of existing sites. Globally, there is significant investment into offshore, as well as discovery of new oil reserves in emerging markets.

Business model and strategy

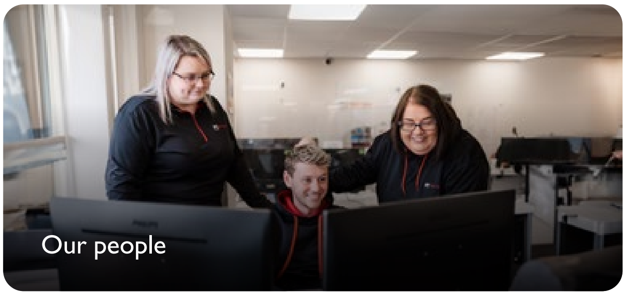
We aim to deliver high-quality returns to our shareholders and other stakeholders, sustained over the long term while embracing our environmental, social and governance responsibilities.

Our resources

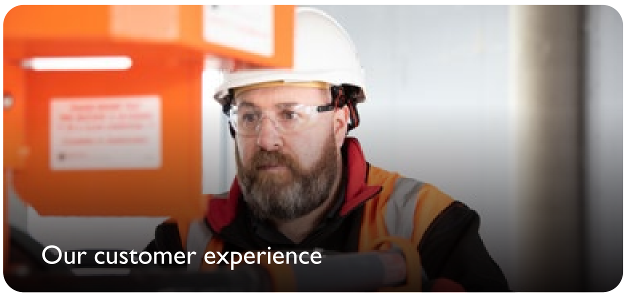


Well-managed fleet

We have an optimised asset management model with a focus on zero emissions at point of use. We are a well-tuned operation, ready to mobilise our people, resources and capital at scale and speed.


Our people

The specialist knowledge of our teams is at the forefront of the service we provide to our customers. We are an agile Group, deliberately lean with responsive people who quickly solve problems.


Our customer experience

We focus on our customers – the job in hand and their changing needs, what really matters to them and where we can make the difference. They trust us with exceptional requirements where complexity and constraints demand capabilities beyond the ordinary.

Our strategy

Delivering growth

- Continued investment to drive organic growth, focus on returns
- Improved cross-divisional working to exploit opportunities
- Acquisition opportunity from refreshed corporate development strategy

Driving operational excellence

- Driving simplicity and consistency throughout operating model, supported by digital roadmap
- Using the benefits of the Group's scale to drive value
- Appropriate balance between efficient central functions and agile customer centric divisions

People

- A unique mix of rich heritage, new leadership and fresh ideas
- Recruiting, retaining and developing our people who grow with us
- Rewarding our people fairly

Digital roadmap

- Modest investment in digital
- Building on what we already have
- Leading to better cross-divisional working, customer experience and data and decision making

ESG focus

- Important area for stakeholders
- A pragmatic approach
- Focus on capex and management of supply chain

Our operating model

Locations close to the customer
National UK coverage across over 200 locations, and a targeted overseas presence

Customer first
Local relationships and customer ownership, putting the customer at the core of the branch network

Delivering specialist solutions
Harnessing the expertise of our specialist divisions to deliver tailored solutions for our customers

Empowered divisional teams
Agile management teams with autonomy to adapt quickly to changing customer and market dynamics. Close management of metrics and KPIs

Efficient central functions
Operations supported by efficient central functions, taking advantage of scale and synergy

Focused digital investment
Targeted investment to drive simplicity and efficiency and improve the customer experience

Capital allocation
Disciplined allocation of funds towards investment in assets, growth activities and shareholder returns

Vp plc

- Groundforce – Specialist Construction Solutions
- TPA – Portable Roadways
- Torrent Trackside – Railway Plant. Railway People
- Brandon Hire Station – The UK's Tool and Equipment Specialist
- MEP Hire – Mechanical, Electrical & Low Level Access Specialist
- ESS – Safety. Survey. Test & Measurement
- UK Forks – Materials Handling Specialists
- Airpac Rentals – Energy Industry Solutions
- TechRentals

The value we create

Our customers
We provide our customers with the right knowledge, information and solutions, drawing on the specialist skills of our teams. We engage with the supply chain on behalf of customers often bringing new solutions to the fore through our customer and supply chain engagement.

Our people
Our teams have an appetite for knowledge and technical expertise, using their skills to find the right solution. Our people pride themselves on being plain-speaking, reliable, ethical and good to deal with.

Our supply chain
We work with our supply chain to provide feedback from customers and develop new solutions in an ever changing market. We also help them address their Scope 3 emissions.

Our communities and environment
Our branches and depots are located in the heart of local communities. Our colleagues are typically from the local areas in which they work, strengthening our ties to those communities.

Our investors
We aim to deliver sustainable returns to our investors. We are proud of our uninterrupted 30-year dividend track record.

Read more about Vp KPIs on page 13

Read more about stakeholder engagement on page 24

Our strategy

Specialist provider in equipment rental – focused, agile and fair

Delivered through our strategic priorities and underpinned by our ESG and digital investment:

A straightforward business that works together simply to drive value

Delivering growth

- Continued investment to drive organic growth
- Improved cross-divisional working to exploit opportunities
- Acquisition opportunity from refreshed corporate development strategy

Driving operational excellence

- Driving simplicity and consistency through operating model, supported by digital roadmap
- Using the benefits of the Group's scale to drive value
- Appropriate balance between efficient central functions and agile customer centric divisions

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ESG focus

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- A pragmatic approach
- Focus on capex and management of supply chain

Key performance indicators

Financial and performance KPIs[1]

Group Revenue

2024	**£368.7m**
2023	£371.5m
2022	£350.9m

Definition
Group revenue from the hire of equipment and the provision of goods and services to third-party customers during the year.

Investment in rental fleet

2024	**£62.8m**
2023	£59.9m
2022	£59.8m

Definition
Rental equipment purchased during the year to generate revenue through customer hire.

Adjusted EBITDA

2024	**£91.0m**
2023	£92.9m
2022	£88.9m

Definition
Operating profit less amortisation, impairment of intangible assets and exceptional items, and depreciation (excluding depreciation of right of use assets).

ROACE

2024	**14.5%**
2023	14.4%
2022	14.5%

Definition
Return on average capital employed (ROACE) is based on adjusted operating profit before amortisation, impairment of intangible assets and exceptional items divided by average capital employed on a monthly basis using the management accounts.

Non financial KPIs

Alongside our refreshed strategy, we are reviewing our non financial KPIs during 2024. These will likely include metrics covering health & safety, people, customer and ESG.

Accident frequency rate

2024	**0.18**
2023	0.26
2022	0.18

Definition
The accident frequency is calculated by multiplying the number of reportable accidents by 100,000 divided by the total number of hours worked by colleagues.

Total Group carbon inventory (market based)

2024	**373,167 tCO_2e**
2023	374,287 tCO_2e
2022	N/A

Definition
The data shows the Group's total carbon calculations/emissions inventory since reporting commenced in 2023.

[1] These are explained further in the Chairman's statement on page 05 and in the Alternative Performance Measures page 143

Business review

Anna Bielby
Chief Executive

“

Local agility and decision making have been key to Vp's success over the years and this is an important part of the specialist solutions we have consistently delivered to our customers.”

Results

The Group's performance for the year ended 31 March 2024 was encouraging, with the delivery of a solid set of results against the backdrop of mixed and challenging markets. This year also represented a significant change for Vp with a new Chief Executive and leadership team.

Our full-year result of £39.7 million adjusted profit before tax, amortisation, impairment of intangible assets and exceptional items[1], represents a resilient performance underpinned by a robust balance sheet, following successful refinancing of our revolving credit facility in November 2023.

During the year, we continued to generate strong returns with a Return on Average Capital Employed[1] of 14.5% (2023: 14.4%), slightly below our target level of 15%.

Market summary

Our specialist divisions operate across a number of end markets and, as we have seen this year, this diversity underpins the resilience of our business model.

The Infrastructure and Energy markets have been supportive during the year, benefiting Groundforce and Airpac in particular. In contrast, the more challenging Construction and Housebuilding markets have significantly impacted Brandon Hire Station, as well as affecting the performance of other divisions, such as ESS and UK Forks. These businesses have implemented division-specific action plans where needed, which has led to some restructuring costs, included within our exceptional costs of £5.8 million.

Strategy

Under new leadership, we have refreshed the Group's strategy and are focused on growing the business, underpinned by operational excellence. During the year, we have established an Executive Committee and simplified our management structure.

Local agility and decision making have been key to Vp's success over the years and this is an important part of the specialist solutions we have consistently delivered to our customers. Our local teams will continue to be empowered to do what they do best. Despite this, our structure carries cost and complexity, and we believe that this offers opportunities to drive greater simplicity and consistency. Focus areas include a more group-wide approach to procurement, property and digital investment improving the overall customer experience.

Our digital roadmap is focused on making our internal processes as efficient as possible. It will also allow us to work better across our divisions, therefore making it easier for our customers to do business with us. Our digital approach will be disciplined, with a focus on enhancing current capability, supplemented by modest investment in those areas that give the best returns across the Group.

Under new HR leadership, we have focused on our People strategy, recognising the importance of our colleagues in supporting our customers. This is particularly relevant given the skills shortages which have been apparent across all of our businesses and geographies this year.

We are strong asset managers, and we care for our assets throughout their lifecycle. During the year, we invested £62.8 million in our fleet to ensure that our asset base continues to meet our customers' needs. This includes moving towards green product equivalents, where appropriate.

ESG continues to be a focus area for the business through our engagement with both customers and our supply chain. Climate change remains an important agenda item. The emissions from our hire fleet (embodied and usage carbon) account for c.75% of entire Group emissions. We take seriously our role in working with our customers and suppliers to address Scope 3 emissions and have a plan in place to reduce these emissions. We were pleased this year to have our science-based targets validated by the SBTi.

As an employer, we have direct impacts on the wellbeing, professional development and economic reward of our workforce with responsibility for creating an inclusive and positive working environment. Our teams are tasked with extending our culture into our supply chains and communities where we live and operate. Our social value strategy will be a key area for further development this year.

We have a strong growth track record and have refreshed our corporate development strategy during the year.

Divisional performance

While our divisions typically operate in more than one market, the majority of our divisions are principally aligned to one of our four major market segments of Infrastructure, Construction, Housebuilding or Energy.

Infrastructure

Groundforce UK

A market-leading rental and design provider of excavation support systems and specialist products to the water and construction industries across the UK, the Republic of Ireland and mainland Europe.

Groundforce has delivered a market-leading performance and strong year-on-year growth. The division has supported a number of varying projects, across rail, utilities and transmission. Within rail, Groundforce supported HS2 on over 30 sites across London and the Midlands, with involvement in larger projects relating to sewer and utility diversions in London. Utilities remains a consistent sector of project work, with AMP7 ending in March 2025, including the Anglian Water Strategic Pipeline Alliance.

Groundforce continues to focus on customer service, including digital innovations such as the self-service tools "Your Solution" and "Your Solution+" platforms, aimed at enhancing customer experience and streamlining project delivery.

In mainland Europe, Groundforce grew year-on-year leading to the addition of a further operational site to support local markets and the pipeline of projects anticipated for the coming year.

TPA

One of Europe's largest suppliers of temporary access solutions providing portable roadways and temporary access solutions to customers in the transmission, construction, rail and outdoor events markets.

TPA UK achieved year-on-year growth principally driven by activity in the portable roadways sector. Market conditions remained stable in power transmission and utilities, however, there was a slowdown in the last quarter of the year.

The division has recently opened a new southern depot to support growth and increase local operational capacity in the South East of England and the transition from CP6 to CP7 within the rail sector is expected to present new opportunities in the coming year. TPA also has a strong pipeline in the events sector for the summer.

TPA Europe operates principally in the power transmission market, where we have seen strong growth and further opportunity leading to increased capital investment to meet demand. The power transmission and renewables sectors in Germany and across Europe are anticipated to remain supportive in the coming year.

Torrent Trackside

Specialist suppliers of rail infrastructure, portable plant and related trackside services, principally to Network Rail and their appointed track renewal, maintenance and project contractors.

Torrent Trackside has grown year-on-year, despite ongoing disruption caused by UK-wide industrial action, which led to the cancellation of several track projects. Notable projects include the TransPennine route upgrade programme, covering on-track activities for both the East and West legs, and the Core Valley Lines project led by Transport for Wales.

The end of CP6 saw a slight reduction in activity but we anticipate a good level of projects and maintenance from CP7 as we move into the new financial year. In the light rail sector, which includes London Underground, activity has been lower than expected.

Throughout the year, this division has placed a strong emphasis on environmental impact with over 70% of the fleet purchased this year being zero carbon at point of use.

[1] These measures are explained and reconciled in the Alternative Performance Measures section on page 143.

Business review continued

Case study

Infrastructure – Extension of the Vienna metro

Deep excavations 32 metres below Vienna required the use of an innovative bracing concept pioneered by our trenching and shoring business, Groundforce. The project is part of a major expansion to the city's metro network. Groundforce provided modular bracing equipment and supported contractors with an innovative concept, which was pioneered for these excavations. A temporary bracing solution was installed and dismantled at the new Matzleinsdorfer Platz station, as permanent works progressed. This solution helped manage the challenges and limitations at the site, which, as well as the station, incorporated entry of several new metro tunnels. A heavy-duty support system, including a range of hydraulically extendable steel wailing beams and tubular props, were installed around the perimeter of the excavation and across its width and corners to counteract heavy ground pressure. The entire project involved 1,000 tonnes of equipment, delivered to the site on a fleet of 40 vehicles.

Construction

Brandon Hire Station

The leading provider of tools and specialist rental products to industry, construction and home owners across the UK.

Brandon Hire Station experienced challenging trading conditions throughout the year, leading to a disappointing performance and lower activity levels than last year. The high operational gearing of this division means that market challenges impact financial performance quickly and significantly. Fleet investment in this division reduced during the year to match activity levels. As a result of the division's performance, intangible assets, including goodwill, of £27.7 million have been written off during the year.

Under a new management team, a review of the business was undertaken midway through the year. The new team is focused on a number of initiatives around pricing, cost control and process. In addition, the division is refocusing the business to better serve target customers.

Actions in the year also include reviewing and optimising the branch network, leading to a number of closures and consolidations. As a result of these changes, restructuring exceptional costs were incurred during the year.

Notwithstanding the above, Brandon Hire Station remains a significant element of the Group's revenue and plays an important part in supporting some of our biggest customers. Despite the continuing uncertainty in the General Construction market, the self-help measures taken, coupled with a truly national footprint, leaves the division well placed to respond quickly to any market upturn in the coming financial year.

MEP

The UK's largest provider of mechanical and electrical press fittings and low level access platforms to the construction, fit out, mechanical and electrical markets.

MEP delivered a strong year securing a number of large contracts in London, which provide a significant opportunity for growth.

With two new locations opening during the year, the network of depots within MEP represents true national coverage with major hubs supporting the UK's largest cities.

Key project focus, particularly in London, relates to regeneration programmes, with a clear shift from traditional office space fit-outs, to multifunctional operating spaces. Outside of major projects, the focus for the core business remains on non-residential projects, which gives optimism going into the coming year.

MEP has, however, felt the effects of a challenging credit market within the year, due to the prevalence of smaller subcontractors within its customer base.

ESS

The leading specialist provider of safety, survey, communications and test and measurement equipment rental in the UK.

Market conditions were challenging during the year, particularly in the survey sector. Despite this, the business responded well with a clear action plan, including the finalisation of its regionalisation programme, to right-size its physical footprint across the UK.

Other areas of the business performed strongly, including test and measurement and industrial projects, with key customers utilising a range of products and services to support major projects in the Energy market.

ESS remains at the forefront of innovation, particularly in communications products, collaborating closely with manufacturers to develop customer-centric solutions, which have had significant traction in the rail sector.

Momentum across ESS was positive in the fourth quarter of the year with a number of key projects in the pipeline leading to optimism for the year ahead.

Business review continued

Case study

Construction – On-site hire centre speeds up project and reduces carbon footprint

An on-site MEP hire centre set up at one of London’s most iconic towers is supporting fit-out specialists, Overbury, to deliver a flagship refit project, which is one of the largest of its type in Europe. Citi-Tower is being transformed to create a workplace for the future, which incorporates the latest technology, with project completion due in 2025. MEP is providing innovative equipment to contractors transforming the 42-storey Citi-Tower in London’s Canary Wharf. As the centre is on-site, contractors working on the tower have quick and convenient access to our full range of equipment hire without the need to wait for delivery. This approach was devised with Overbury due to the scale of the Citi-Tower project and has been designed to overcome a number of site restrictions. For example, the solution helps to relieve pressure on a single loading bay at the base of the tower and reduces journeys to the site, which is in an area with restricted transport access. This also helps to reduce carbon footprint. As an exclusive partner for on-site hire stock on what is a large fit-out project, we have put in place a dedicated, on-site team of experts to answer queries and to deliver tool familiarisation and training.

Housebuilding

UK Forks

One of the UK's leading specialist hirers of telescopic handlers operating across construction and housebuilding sites across the UK.

The UK Housebuilding market, although steady, remains subdued. The strength of UK Forks' customer relationships has allowed it to successfully retain all core customers, both national and regional, albeit at reduced volumes.

UK Forks has responded well to the challenging market conditions by demonstrating rigorous cost controls and managing its fleet size carefully, helped by strong ties with suppliers and manufacturers.

Although the outlook for Housebuilding remains subdued in the short term, when the market improves the business is well placed to capitalise.

Energy

Airpac

A supporter of a wide range of oil and gas markets, servicing well testing, pipeline, rig maintenance and liquefied natural gas (LNG) markets worldwide.

Airpac's performance in the Energy markets delivered strong year-on-year growth.

Asia performed particularly well, benefiting from various LNG shutdowns and projects, which we expect to leverage further in the coming year. Europe represented a more subdued landscape, marked by project delays and postponements. Meanwhile, Australia showed a gradual recovery, with revenue streams from a range of projects including plant maintenance, new pipelines, and other initiatives.

The wider macro-economic and political environment creates opportunity for Airpac, as focus remains on the maintenance of existing plant and facilities within the sector. Airpac has made investments in electric compressors, aligning with customers' green initiatives, especially in geothermal projects. The pipeline of projects in the current financial year remains optimistic, particularly across Asia.

Other

Tech Rentals

Australasia's leading technical equipment rental group providing test and measurement, communications, calibration and audio visual solutions in Australia, New Zealand and South East Asia.

Tech Rentals recorded a strong performance against a backdrop of challenging geographical markets and subdued business confidence in Australia. Key markets of events, defence and aviation allowed Tech Rentals to deliver year on year growth.

Outlook

The Group has again delivered sector-leading returns, led by a strong performance in Infrastructure in particular. Whilst some economic uncertainty remains, the Group has made a solid start to the new financial year, which we expect to be in line with the Board's expectations.

Anna Bielby

Chief Executive

4 June 2024

Case study

UK Forks helps regional housebuilder with complex build

When regional housebuilder Keon Homes needed telehandlers for a care home being built on a tighter than normal site, they turned to our UK Forks business for help.

The 1.4-acre care home scheme by Keon Homes for Wrekin Housing Trust, which includes 70 affordable apartments, has been supported by the team at UK Forks and includes the hire of a 20-metre telehandler which was needed at short notice for work on the four-storey build.

The scheme in Newport, Shropshire is scheduled to run for 18 months. The development has been designed to foster a sense of community and belonging by incorporating communal living spaces such as a restaurant, lounges and staff rooms with apartments.

UK Forks are part of a group agreement for both themselves and fellow Tara Group subsidiary Cameron Homes, to supply telehandlers for 90% for Keon's schemes.

Keon Homes senior buyer Emma Priest said: "UK Forks were chosen to provide the telehandlers for this scheme to assist with the complexity of the build and its evolving requirements and to keep the site tidy and a safe place to work. We always consider safety a priority and need high-quality machines for what are sometimes demanding time schedules."

"Telehandlers are an integral part of any build and for this scheme in particular, with the care home being somewhat larger than our usual builds and being situated on a small parcel of land. The telehandlers provided by UK Forks always perform exactly as we require them to and, due to the regular site visits from the company, it is rare that we have any issues or down time."

She added: "We've had a couple of circumstances where we've had a machine from another supplier on order and at the last minute, they have been unavailable, hence the move to UK Forks."

Case study

Safety and efficiency in the liquefied natural gas (LNG) infrastructure lifecycle

With pipelines serving as the crucial links of LNG facilities, maintaining their integrity is a critical task.

Pipelines serve as conduits for transporting natural gas, and any compromise in their integrity can lead to severe consequences. Gas condensates present in the pipelines, along with corrosive substances, also pose a significant risk to the infrastructure. Regular maintenance, facilitated by high pressure equipment, is imperative to mitigate these risks and ensure the continued safe commissioning and operation of the LNG facilities. High pressure compressed air and nitrogen equipment is an essential tool in pre-commissioning, maintenance, testing and decommissioning procedures, all vital for the operation of LNG structures.

Airpac Rentals, an international business, plays an important role in this process, supporting a wide range of oil and gas markets, servicing well test, pipeline testing, rig maintenance and LNG fabrication, and supplies essential tools for all phases of LNG infrastructure and its maintenance.

Recent projects have used our skills at de-watering, drying, inerting, and leak testing of modules at a prominent LNG infrastructure fabrication yard in Indonesia, and maintaining pipelines and modules at key LNG sites in Angola and Indonesia. By providing high-pressure equipment tailored to the demands of these projects, Airpac Rentals plays a crucial role in safeguarding the integrity and functionality of the LNG infrastructure.

Financial review

Keith Winstanley
Chief Financial Officer

> Our strong balance sheet provides the foundation for future growth."

Trading performance

The Group has delivered an encouraging financial performance against a challenging backdrop with Group revenue remaining broadly flat at £368.7 million (2023: £371.5 million). Adjusted profit before taxation, amortisation, impairment of intangible assets and exceptional items ('PBTAE') decreased to £39.7 million (2023: £40.5 million) with net operating margin at 10.8% (2023: 10.9%). Statutory profit before tax was £2.8 million (2023: £30.7 million). The Return on Average Capital Employed[1] was 14.5% (2023: 14.4%).

Segmental performance

Revenue generated by the Group's UK segment was £330.1 million (2023: £333.5 million), while operating profit before amortisation and impairment of goodwill, trade names and customer relationships and exceptional items was flat at £44.7 million (2023: £45.6 million) - a resilient performance given the challenges in the UK General Construction market.

The Group's International segment, assisted by exposure to international energy markets, delivered pleasing growth, with revenue increasing by 1.3% to £38.6 million (2023: £38.1 million). Operating profit before amortisation and impairment of goodwill, trade names and customer relationships and exceptional items increased by 50% to £4.8 million (2023: £3.2 million).

Exceptional items

This year, the Group has recorded exceptional items of £5.8 million (2023: £5.0 million). These items have been reported separately due to their size, nature or irregularity and in order to better understand the underlying performance of the Group. Exceptional items comprise £1.6 million of costs from changes to the Group's Board and senior leadership team alongside branch closure costs of £4.2 million, mainly in relation to Brandon Hire Station.

Impairment of intangible assets

Intangible assets have been impaired by £28.1 million (2023: £1.2 million). The majority of the impairment (£27.7 million) has been recorded against assets initially recognised on the acquisition of Brandon Hire in November 2017. This non-cash impairment has reduced the carrying value of goodwill, trade names and customer relationships by £25.9 million, £0.7 million and £1.1 million respectively.

The impairment has been calculated by comparing the carrying value of the cash generating unit assets against their recoverable amount. Further detail of this exercise is provided in note 10.

As discussed further in the Business Review, Brandon Hire Station performed disappointingly during the year, due to challenging trading conditions in the General Construction market.

Earnings per share, dividend and shares

Adjusted basic earnings per share before amortisation, impairment of intangible assets and exceptional items ('Adjusted basic earnings per share[1]') decreased from 79.0 pence to 74.8 pence. The decrease of 4.2 pence includes the impact of the increase in the UK Corporation Tax Rate in the current year. After taking into account amortisation, exceptional items and impairment charges the Group recorded a basic loss per share of (13.4) pence (2023: earnings per share of 58.1 pence). The Board has recommended a final dividend of 27.5 pence per share. If approved, the full-year dividend would increase to 39.0 pence per share with dividend cover of 1.9 times (2023: 2.1 times) based upon adjusted earnings per share. At 31 March 2024, 40.2 million shares were in issue, of which 609,000 were held by Vp's Employee Trust.

Balance sheet

The Group's balance sheet is set out on page 99 of this report.

Total property, plant and equipment increased by £4.5 million to £256.9 million. The movement in the year mainly comprised £69.9 million (2023: £66.9 million) of capital expenditure offset by depreciation of £44.1 million (2023: £46.9 million) and £17.8 million (2023: £15.7 million) of disposals (net book value).

Rental equipment at £226.0 million (2023: £220.6 million) accounts for 88.0% of property, plant and equipment net book value. Expenditure on equipment for hire was £62.8 million (2023: £59.9 million) and depreciation of rental equipment was £38.8 million (2023: £40.9 million).

Intangible assets reduced from £57.7 million to £28.6 million, predominately due to the impairment charge noted earlier.

Gross trade debtors were £71.4 million at 31 March 2024 (2023: £77.6 million). Days sales outstanding has decreased by 1 day from 59 to 58 days as the external credit environment has remained stable yet challenging. Bad debt and credit note provisions totalled £4.9 million (2023: £4.6 million) equivalent to 6.9% (2023: 5.9%) of gross debtors. The impairment of trade receivables for the year as a percentage of total revenue was 1.0% (2023: 0.9%).

The Group's defined benefit pension schemes have a net surplus of £1.9 million (2023: £2.3 million), which is recorded as an asset on the balance sheet on the basis that the Company has an unconditional right to a refund of the surplus of its main scheme.

Cash flows and net debt

The Group's cash flow is shown on page 100. Year-end net debt excluding lease liabilities[1] decreased by £9.2 million to £125.2 million.

The Group continues to generate strong cash flows with £108.7 million (2023: £80.2 million) generated from operations.

The year-on-year increase includes the impact of a £9.8 million improvement in working capital, with pro-active management remaining an important area of focus.

Cash outflows for the purchase of property, plant and equipment were £71.4 million (2023: £63.3 million). Proceeds from disposal of assets totalled £25.3 million (2023: £24.9 million), generating a profit on disposal of £7.5 million (2023: £9.2 million).

Net interest outflows, excluding IFRS 16 interest, for the year were £6.3 million (2023: £5.4 million). This additional cost was largely due to the increase in Sterling Overnight Index Average (SONIA) during the year. Interest cover before amortisation and IFRS 16 interest was 7.3 times (2023: 8.3 times) and the gearing ratio of adjusted Net Debt/EBITDA was 1.36 (2023: 1.44), both are calculated in accordance with our bank facility agreements and are comfortably within our covenants of greater than 3.0 times and lower than 2.5 times respectively. Net interest expense including IFRS 16 was £9.6 million (2023: £8.6 million). Cash tax was £9.2 million (2023: £5.5 million).

Dividend payments to shareholders totalled £15.0 million (2023: £14.5 million) and cash investment in own shares on behalf of the Employee Benefit Trust (EBT) during the year was £0.7 million (2023: £1.1 million).

Capital structure

The Group finances its operations through a combination of shareholders' funds, bank borrowings and leases. The Group allocates its capital using a disciplined capital allocation policy that prioritises organic growth and ordinary dividends. The capital structure is monitored using the gearing ratio quoted above.

In November, the Group was pleased to renegotiate its revolving credit facility (RCF) for a further three years, including a refreshment of our banking club (HSBC, Lloyds, Bank of Ireland). The updated RCF provides £90 million of credit and expires in November 2026. The terms of the facility are broadly unchanged, other than an increase in the uncommitted accordion facility from £20 million to £30 million.

At the year-end date, the Group had £183.0 million debt capacity (2023: £183.0 million) comprising £90 million committed revolving credit facilities and £93 million private placement agreements. The Group has two private placement agreements both with low fixed interest rates. The placements expire in January 2027 and November 2028. At 31 March 2024, £132.0 million of the combined facilities was drawn down (2023: £146.0 million). In addition to the committed facilities, the Group's net overdraft facility at the year-end was £7.5 million (2023: £7.5 million). Borrowings under the Group's RCF are priced on the basis of SONIA plus a margin. The interest rate margin is linked to the net debt to EBITDA leverage of the Group.

The Board has evaluated the facilities and covenants on the basis of the 2025/26 long-term forecasts which have been prepared taking into account the current economic climate, together with a severe but plausible downside scenario. All scenarios retain adequate headroom against borrowing facilities and fall within existing covenants.

This evaluation gives the Directors confidence that the Group has adequate resources to continue in operation over the viability period. Further discussion regarding going concern is set in the Directors' report on pages 85-86.

Treasury

The Group has exposure to movements in interest rates on its borrowings, which is managed by maintaining a mix of fixed and floating debt. The fixed element of year end borrowings was £93.0 million, which was c.75% of net debt excluding lease liabilities.

The Group is exposed to movements in exchange rates for both foreign currency transactions and the translation of net assets and income statements of foreign subsidiaries. The Group regards its interests in overseas subsidiary companies as long-term investments and manages its transactional exposures through the currency matching of assets and liabilities where possible.

The matching is reviewed regularly with appropriate risk mitigation performed, where necessary. During the year the Group has not had any foreign exchange hedges.

Taxation

The overall tax charge for the year was £8.1 million (2023: £7.7 million). The effective rate was significantly higher than the prior year predominately due to goodwill impairment charges not being deductible for tax. A more detailed reconciliation of factors affecting the tax charge is shown in note 8 to the financial statements.

Keith Winstanley
Chief Financial Officer

4 June 2024

1 These measures are explained and reconciled in the Alternative Performance Measures section on page 143.

Stakeholder engagement

Meeting the needs and expectations of our stakeholders is fundamental to the delivery of our purpose.

Our engagement strategy has been reviewed during the second half of the year following the appointment of a refreshed leadership led by Chief Executive, Anna Bielby. We believe that engagement with our stakeholders should be a multi-layered process with engagement touching all part of our business from front line operations, our workforce, to the Board, its Committees and our shareholders. Furthermore, engagement with our customer base and supply chain is an active part of how we do business at a divisional level and in the coming year, greater focus will be placed on engaging with customers strategically for the benefit of the Group.

Our Section 172(1) statement

Each Director, and the Board collectively, gives careful consideration to the factors set out above and has acted in a way they consider complies in all respects with their Section 172(1) duties. To help facilitate this, prior to each Board meeting all Directors receive appropriate reports addressing, among other things, key matters concerning customers, suppliers, investors, colleagues, regulators and the communities, together with information regarding the Group, comprising a Chief Executive overview, a financial report and individual briefings from senior executives.

To help the Board understand our wider stakeholder relationships and to help inform the Board's decision making, reporting and communication has been improved through the year. Communications to the Board, between the Board and the Executives and clear communication channels from the divisions, enable the Board to monitor the short, medium and long-term impact of key decisions.

01 – Colleagues

Our colleagues are key to our success, with many working directly with customers in depots and branches.

How we engage

- Company-wide email updates
- Senior management calls and conferences
- Company intranet
- Dedicated whistleblowing helpline available to all colleagues with all disclosures handled confidentially
- Vp Learning Academy
- Long Service Awards recognising 20, 30, 40 years' service
- Vacant job roles are shared across all divisions
- Trialling of listening groups in Brandon Hire Station
- Divisional colleague surveys
- Women's network – colleagues from our divisions participate in external community groups

Key challenges

- Attracting and retaining the best people in the industry
- Driving high engagement with branch-based colleagues
- Ensuring all colleagues across the business feel heard

Engagement performance metrics and highlights in 2023

- Understanding the reasons for, and thereby reducing our, attrition
- Making available opportunities to progress within the organisation

Priorities for 2024

- Improving the range and quality of channels to communicate with all colleagues
- Colleague satisfaction monitoring
- Introduction of Management Development training
- Extension of the Vp Academy

Read more about our colleagues on pages 33-34

02 – Customers

Our customer base is diverse and includes a number of blue-chip clients who are typically leaders in their industries.

How we engage

- Face-to-face meetings, online meetings and calls
- Tendering and RfP processes
- Monitoring of the provision of hire, sales and services
- Call centre support
- Customer training – presentations, video blogs and webinars
- Customer feedback with data collection through channels including Zendesk and surveys
- Omni-channels (online, websites, mobile apps, help desks) available including depot/branch network
- Social media
- Product videos
- Trading shows throughout the year

Key challenges

- Understanding customers' changing needs
- Regulatory compliance
- Economic fluctuations

Engagement performance metrics and highlights in 2023

- Customer retention
- Customer satisfaction
- Repeat sales

Priorities for 2024

- Efficient central functions supporting agile customer-centric divisions
- Optimised digital touchpoints fostering strong customer relationships and retention
- Increase in the range of products to reduce operational carbon emissions intensity

Read more about customers on pages 31-32

03 – Supply chain

We value collaboration with our partners and seek to engage with and support them.

How we engage
- Tendering process
- Through our face-to-face and digital channels
- Day-to-day interactions including conferences, site visits and calls
- Conferences/meetings with strategic suppliers on key topics such as sustainability and compliance
- Training sessions
- Membership of industry organisations such as Supply Chain School of Sustainability

Key challenges
- Developing and maturing a broad range of supply chain partners via improved procurement structures to counteract pricing and deliverability pressures
- Delivering goods and services in time pressured environment
- Managing compliance risk

Engagement performance metrics and highlights in 2023
- Health and safety and compliance
- Engagement to reduce their, and our customers' operational carbon emissions intensity through product innovation

Priorities for 2024
- Refreshed procurement processes
- Continued dialogue on sustainability topics
- Product innovation days
- Improved governance and compliance

Read more about supply chain on pages 40-41

04 – Investors

We engage with existing and prospective investors at regular intervals giving them access to accurate and accessible information to promote transparency and ensure business stability.

How we engage
- Annual General Meeting
- Results presentations, meetings, calls, roadshows, conferences
- Annual report
- Emails, calls and online meetings
- Corporate website – relaunched June 2024
- ESG benchmark and disclosure initiatives

Key challenges
- Ensuring investors understand differentiators
- Balancing regular, timely, informative communications with operational pressures and compliance requirements

Engagement performance metrics and highlights in 2023
- Share price
- Investor feedback

Priorities for 2024
- Continued commitment to good practice disclosure
- Site visits showcasing management team and wider workforce
- Engagement with existing and prospective investors

05 – Communities

With our colleagues often living in close proximity to where they work, we are embedded in local communities across the areas where we operate.

How we engage
- Volunteering projects in the community
- Charitable donations and employee charity matching
- BITC – Vp has recently become a member of BITC and undertaken BITC's Responsible Business Tracker evaluation

Key challenges
- The breath of our operations
- Capacity of our workforce

Engagement performance metrics and highlights in 2023
- Charitable and community engagement

Priorities for 2024
- Launch of our new social value strategy
- Charitable activities linked to our 70 year anniversary

Read more about communities on page 35

Environmental, social and governance at a glance

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

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

Read more on page 28

A proactive approach to customer and market sentiment regarding sustainability

Read more on page 28

Our strategy is focused on four primary stakeholder groups

01 Customers

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

Read more about customers on pages 31-32

02 Colleagues and Community

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

Read more about colleagues and community on pages 33 - 35

03 Environment

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

Read more about environment on pages 36 - 40

04 Supply Chain

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

Read more about supply chain on pages 40 - 41

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

- SBTi validation of our carbon emissions inventory and reduction targets
- Group emissions inventory completed in-house to increase understanding
- Ongoing development of our hire fleet to meet customers' requirements for cleaner alternatives
- Work ongoing to provide emissions data to our customers
- Positive engagement with our supply chain to align core values and targets

A detailed table of highlights is shown on page 30

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

Capex analysis

Read more on page 27

Net zero roadmap

Read more on page 38

Carbon inventory for FY2023/24

Read more on page 39

Chief Executive’s introduction to ESG

Anna Bielby
Chief Executive

Managing risk and opportunity

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

Overview

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

We are also aware of the extensive impact of social value resulting from our operations. As a large employer we have direct impact on the wellbeing, professional development and economic reward of our workforce, with responsibility for creating an inclusive and positive working environment. Our teams are then tasked with extending our culture into our supply chains and communities where we live and operate to ensure we leave a positive impact.

Sustainability and our business model

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

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

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

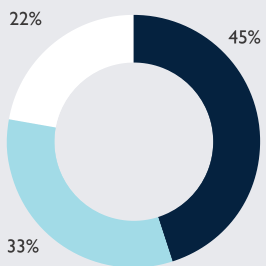
Alignment to brand framework

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

Approach to stakeholder analysis and engagement

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

Capex analysis



Zero emissions at point of use
Cleaner technology
Other investment

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

Focused

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

Agile

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

Fair

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

Assessing our impacts

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

Assessment of material ESG issues

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

Our approach

01 Customers

02 Colleagues and Community

03 Environment

04 Supply Chain

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

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

Our sustainability themes

1. Minimising the impact of our operations

Value preservation through the de-risking of our activities

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

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

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

Value creation through product innovation

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

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

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

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

Standards and frameworks

Implemented

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

Acknowledgements

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

Environment, social and governance

Key highlights and targets

01 Customers

See pages 31 - 32 for more information

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

02 Colleagues and Community

See page 33 - 35 for more information

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

03 Environment

See pages 36 - 40 for more information

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

04 Supply Chain

See pages 40 - 41 for more information

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

01 Customers

Supporting our customers' sustainability strategies

Market sectors

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

Regulatory drivers for customers

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

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

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

Case study

Enhanced sustainability data for customers

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

A positive impact proposition

Customer landscape

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

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

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

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

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

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

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

Our response

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

Environment, social and governance continued

Supply chain strategy

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

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

Balancing emissions sources: embodied and usage carbon

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

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

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

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

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

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

Tier 5 engines (UK Forks)

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

Case study

Brandon Hire Station charging solution

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

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

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

Case study

Carbon comparator: TPA Portable Roadways

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

02 Colleagues and Community

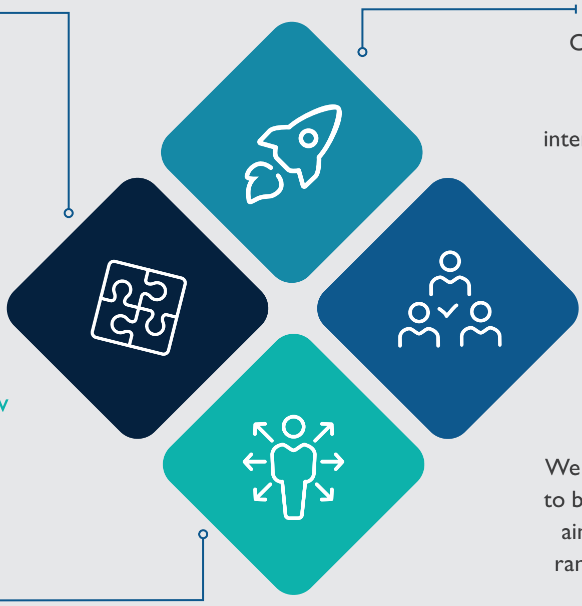
Our people are specialists and drive the quality of service and solutions that we provide to customers.

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

Our HR strategy is focused on the following areas:

Teams that work together
Our structure is flat which helps with effective decision-making. We believe in trusting our people with high levels of autonomy and accountability.

A great place to work
Our colleagues get the chance to be involved in some of the most challenging and exciting UK and international projects. We aspire to make them feel valued.



People who join us and grow
We create opportunities for our colleagues to establish lasting careers supported by providing fit for purpose and engaging learning and development.

The right people in place for now and tomorrow
We recognise that our people want to be the best in all they do, and we aim to attract and retain a diverse range of talent and skills, reflecting the communities in which we operate.

Recruitment and talent attraction/retention

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

Environment, social and governance continued

Development

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

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

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

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

Diversity and inclusion

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

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

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

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

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

Case study

Gender pay

Leading the way on gender pay

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

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

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

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

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

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

Vp plc consolidated data	
Mean hourly pay gap	0.18
Median hourly pay gap	(1.36)

Health and safety

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

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

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

Community

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

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

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

Case study

Digital devices donated to Reboot North Yorkshire

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

250

tablets donated

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

Environment, social and governance continued

03 Environment

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

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

Climate risk and policy

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

Net zero target and other commitments

Scope	Target and performance
Long-term absolute reduction target	The Group commits to reach net zero GHG emissions across the value chain by 2050 from a 2023 base year.
Near-term targets	The Group commits to reduce absolute Scope 1 GHG emissions 50% by FY2032 from a FY2023 base year. The Group also commits to reduce absolute Scope 3 GHG emissions 50% from purchased goods and services, capital goods, use of sold products and downstream leased assets within the same timeframe. The Group further commits to increase annual sourcing of renewable electricity from 87% in FY2023 to 100% by FY2030.
Short-term targets by the end of FY2025 - not validated by the SBTi	The majority of our top 250 suppliers by emissions will have set science-based emissions reduction targets. All employees will be carbon literate and trained in sustainability. The Group will reduce its energy consumption intensity (kWh/m^2) 20% from a 2021 baseline. The Group will reduce waste production intensity 30%, recycle more than 85% waste and divert more than 95% waste from landfill using a 2021 baseline.
Renewable energy	The Group's entire UK estate is now under a renewable electricity agreement. We are looking to develop this mandate overseas, however, there is currently limited availability and opportunity to achieve this in our key operating areas of Australia, NZ, and Singapore.

Planning the journey to net zero

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

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

Offset

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

Biodiversity approach and programmes

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

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

We are especially proud to have committed support to the training of Wildlife Trust land advisers who, given >70% of the UK's land is farmed, have a crucial role in promoting nature alongside our food production to the betterment of both.

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

Case study

Restoring Peatlands across Lancashire

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

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

Work includes:

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

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

Case study

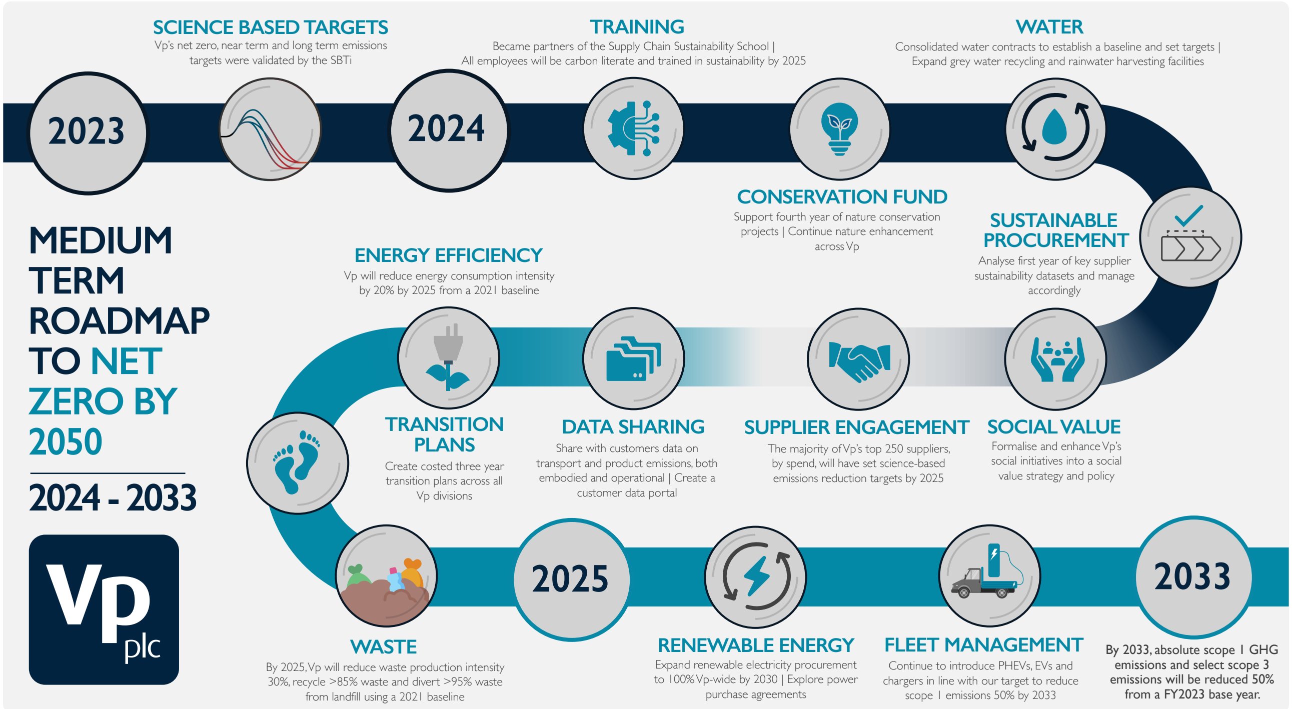
Natural Flood Management in Sheffield

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

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

Net zero roadmap

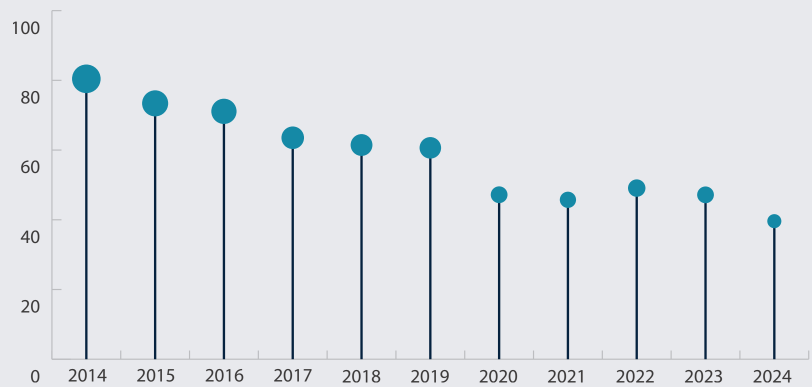
To ensure a robust transition plan, we have aligned our targets, specifically with the SBTi's net zero standard and to a 1.5°C planetary warming trajectory. The roadmap below demonstrates the approach the Group is taking to the various elements of work required.



A lower carbon operating model

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

Carbon intensity measure: Scope 1 and 2 emissions



We have reduced our greenhouse gas emissions in the last ten years on a carbon intensity basis (which calculates tonnes of CO_2 in relation to £m revenue) to 42 in FY2024.

Carbon emissions inventory

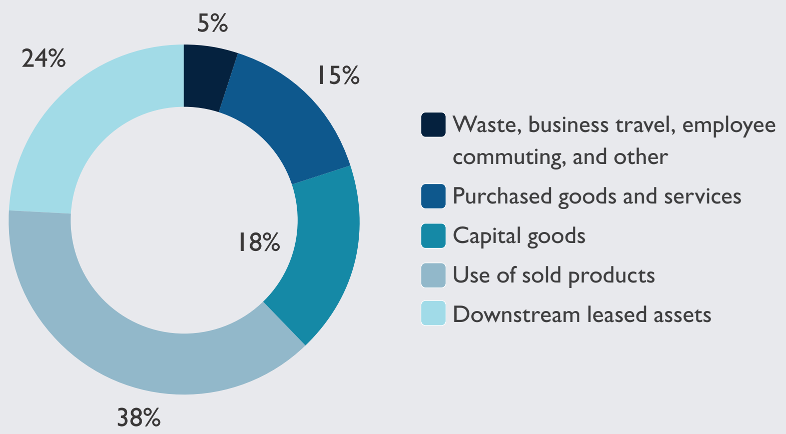
Scope 1 and 2 emissions inventory FY2023/24

		2024	2023
UK	Scope 1 (Tonnes CO_2e)	**13,469**	15,946
	Scope 2 Location-based (Tonnes CO_2e)	**1,650**	1,269
	Scope 2 Market-based (Tonnes CO_2e)[1]	**–**	–
	Total Scope 1 & 2 Location-based (Tonnes CO_2e)	**15,119**	17,215
	Total Scope 1 & 2 Market-based (Tonnes CO_2e)	**13,469**	15,946
	Energy consumption of Scope 1 & 2 (kWh)	**56.9m**	65.4m
	Intensity Ratio Location-based Tonnes CO_2e (gross Scope 1 + 2) / £1 million revenue	**46**	52
	Intensity Ratio Market-based Tonnes CO_2e (gross Scope 1 + 2) / £1 million revenue	**41**	48
Global	Scope 1 (Tonnes CO_2e)	**15,137**	18,252
	Scope 2 Location-based (Tonnes CO_2e)	**1,859**	1,460
	Scope 2 Market-based (Tonnes CO_2e)[1]	**209**	191
	Total Scope 1 & 2 Location-based (Tonnes CO_2e)	**16,996**	19,782
	Total Scope 1 & 2 Market-based (Tonnes CO_2e)	**15,346**	18,513
	Energy consumption of Scope 1 & 2 (kWh)	**64.9m**	73.6m
	Intensity Ratio Location-based Tonnes CO_2e (gross Scope 1 + 2) / £1 million revenue	**46**	53
	Intensity Ratio Market-based Tonnes CO_2e (gross Scope 1 + 2) / £1 million revenue	**42**	50

Scope 3 emissions inventory (tonnes CO_2e)

Scope 3	Purchased Goods and Services (PG&S)	**53,778**	68,132
	Capital Goods	**64,897**	47,604
	Use of Sold Products – Use of	**136,689**	136,427
	Downstream Leased Assets	**85,843**	86,953
	Other Scope 3 Categories[2]	**16,614**	16,728
	Total Scope 3 (CO_2e)	**357,821**	355,844
	Total Group Carbon Inventory (market based)	**373,167**	374,287

Scope 3 emissions - analysis by key categories



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

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

Environment, social and governance continued

Notes to carbon inventory

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

Commentary on carbon inventory

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

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

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

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

04 Supply chain

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

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

Supply chain assessment and management

Our strategy related to our supply chain engagement is part of our overall governance improvement plan.
The aim is to demonstrate to our stakeholders that we are:

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

To help us achieve this aim, we have we have partnered with a recognised leading software platform, Eco Online. Internally branded as "Capture", the system provides multi-user, group-wide access for our businesses to record accident and near miss data, audit results and has a separate model for Supplier Management (SM). The SM module houses a supplier questionnaire, which we have issued to our top 80 suppliers based on their level of carbon emissions (as opposed to supplier turnover). We are currently developing our protocols for analysing the results and agreeing actions where anomalous performance exists.

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

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

Indirect workforce

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

Supply chain emissions

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

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

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

Case study

Partnership approach with our supply base

SUPPLY CHAIN SUSTAINABILITY SCHOOL PARTNER

Corporate collaboration is a key element in driving sustainability solutions across various industries. Our supply chain faces complex environmental challenges that no single entity can solve alone, making collaborative efforts essential. We have partnered with the Supply Chain Sustainability School. Current partnerships are leveraging shared resources, knowledge, and innovation to achieve goals that provide mutually beneficial data.

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

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

Task Force for Climate-related Financial Disclosure (TCFD)

General

The Board has refined its thinking around the global climate situation and has re-iterated its commitment to ensuring appropriate resources are allocated internally to the management of the many risks and opportunities to our business model and strategy. This analysis has been renewed and refreshed for this reporting period.

We have completed a full assessment of the TCFD framework and supporting guidance documents, including the all sector guidance of the TCFD annex. This report provides an updated point in time assessment of progress against the frameworks and its requirements, and demonstrates the changes since our previous declaration. The Group view this area of governance as an iterative process and will continue to develop its reporting in accordance with the requirements.

This year we have provided a greater level of transparency and granularity regarding elements of our sustainability strategy, which is intrinsically linked to the overall risk of climate change, and to our overall corporate strategy. The details provided below illustrate the work completed and planned for future financial years.

The Group has committed to be net carbon zero emissions by 2050 at the latest and our emissions inventory and plans to reduce our impact on the environment were validated in November 2023 by the SBTi. This has provided clarity on our entire Group emissions inventory and provided focus on our emissions hotspots.

This section of the Annual Report covers all statements made by the Group regarding TCFD – it is not covered elsewhere in this report.

Governance and Risk

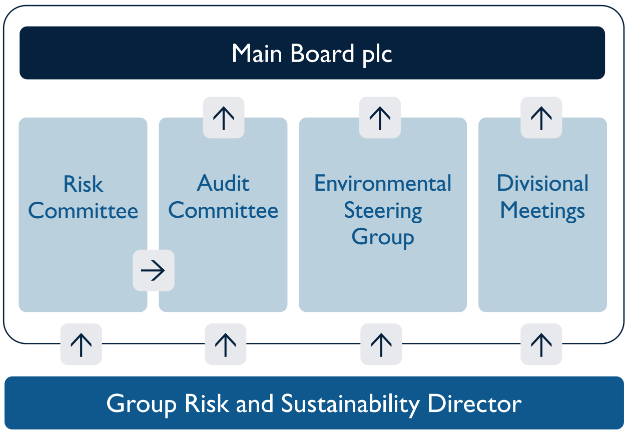
Environmental risk is included in the Group's Principal Risk statement on pages 51-55. All principal risk areas are considered by the Board and by applying the Group's risk management processes – more details on these processes are included on page 51.

The Board takes responsibility for the management of risks and opportunities arising from climate change. The Board is informed by the Risk Committee, the Environmental Steering Group and directly from the Group Risk and Sustainability Director (GRSD). The Board sets the overall corporate strategy, which ensures climate and sustainability risks and opportunities are clearly defined from the very top and are and being effectively managed. Critically the Group is building resilience in its business model by continuing to invest in sustainable hire fleet alternatives for our customers.

Regular communication is enabled between the GRSD and wider management team through senior management meetings. This acts as a two way process:

- To inform management of the overall strategy and their obligations in fulfilling the elements of it; and
- Receiving feedback from the Group's divisions regarding customer and other stakeholder expectations and requirements.

The below graphic illustrates the pillars of the Governance structure in place at Vp:



The Enviromental Steering Group which met four times in FY2023/24, routinely monitors progress with, and redefines, the strategic plan. In the reported financial year, the climate change risk register has also been updated. The GRSD takes responsibility for this and reports directly to the Board on these matters. The ESG considers how governance processes are working in practice on an ongoing basis.

TCFD area	TCFD area description	Vp's assessment
Governance a)	Board oversight of climate-related risks and opportunities (CRRO)	Consistent
Governance b)	Management's role in assessing and managing CRRO	Consistent

Strategy

The Board has ultimate responsibility for setting the strategy for delivering on the Group's sustainability intentions. In development of these strategic objectives the process is informed by a risk and opportunity analysis listed in summary form below and how this links to our financial planning processes.

Strategy	Description	Related risk
Corporate commitment	Overall corporate commitment regarding emission reduction includes our net zero commitment and our near-term (as defined by the Science Based Target initiative) emissions targets (2033) and longer-term net zero aspirations (2050). The high level transition plans related to near and long-term targets are reviewed regularly. The Environmental Steering Group is content with the level of change being achieved.	Enhanced emission reporting. Requirement to comply with legal/regulatory obligations relating to climate change.
Composition of Vp's hire fleet	Where possible our divisions are investing to alter the makeup of our fleet to include more environmentally friendly options, which has a lesser impact on the issue of climate change. Our Group is split between powered hire fleet and products that are zero emissions at the point of use. In reviewing the sustainability of these products our divisional companies are considering embodied and usage emissions and working with our suppliers to consider environmental product declarations (EPDs). This review remains an ongoing process and is a combination of innovation and demand driven forces. An example of this is our submission to be compliant with the Plant Charter which is an initiative driven by the Supply Chain Sustainability School.	Customer preference changes.
Sustainable Procurement	Our Scope 3 emissions inventory highlighted where the hotspots are in our value chain, identifying that reducing embodied carbon in the products we procure for hire is an immediate priority. To this end, our Sustainable Procurement Group has been active for over a year. Many workstreams have been completed in the year which will enable the Group to move forward, for example: • Investment in a system to enable robust assessment of suppliers and log the carbon emissions of the products they provide – ongoing • Development of a sustainable procurement policy - complete • Consideration of the recommendations of ISO 20400 (Sustainable Procurement) - ongoing • Transitioning to low carbon supply alternatives (general supply and fleet for hire) – ongoing.	Transition to a lower carbon operation.
Low carbon operation	The Group has been successful in gaining accreditation against ISO 50001 – the energy management accreditation. The Group has also consolidated waste and water supply ensuring better data is available to reduce usage.	Transition to a lower carbon operation, customer preference changes.
Awareness and training	Our Learning and Development module will be used to deliver key messages to all employees in the Group. We are working towards an aspiration of ensuring all of our employees receive carbon literacy training by the end of 2024.	Transition to a lower carbon operation.

Task Force for Climate-related Financial Disclosure (TCFD) continued

The following tables highlight the key risks and opportunities that have been considered by the Environmental Steering Group and Board. At this point the analysis below represents the entirety of the Group's operating locations. This analysis is an intrinsic part of determining our strategy and is built up using our standard risk management model, assessing risks and opportunities using an impact and likelihood scale. The position of the risk/opportunities on this scale will determine management's approach to mitigation of the risk or pursuing the opportunity. Areas highlighted as a priority for management are denoted with a (P).

Within the Group, impact or materiality is assessed using three methods – impact on Group profit, impact on reputation, and potential disruption to the Group. Likelihood is based on the probability that the risk/opportunity is to crystallise and over what time scale.

The timelines used in our risk analysis are:

- 2024–2026 Short Term
- 2027–2033 Medium Term
- 2033–2050 Long Term

Transition Planning: The Group sustainability team has been working with our divisional management teams to develop thinking with the ultimate aim of each division creating and embedding a transition plan. We are in the process of consolidating these plans and providing accurate costings, which will better inform the Board on our emission reduction pathways. These action plans set out how we transition to a lower carbon operation including hire fleet purchasing.

Opportunities	Timelines	Perceived impact (post mitigation)	Response
Transition			Our divisional management teams are continually assessing fleet options through product review groups. Innovation is considered by the Board within the overall strategy for the Group.
• Changing fleet dynamic to meet customer demand – proactive innovation and reacting to demand (P)	ST – Ongoing	Medium	
• Market leadership through development of a sustainable range of products (P)	ST – Ongoing	Low	
• Engaging with technological advancements in our strategy to reduce carbon emissions	ST – Ongoing	Low	
• Value engineering of operational processes to consume less energy (P)	ST – Ongoing		ISO 50001 challenges the business to achieve demonstrable change in energy consumption.
Physical • Greater demand for our products related to temperature control and flood relief.	ST – Ongoing	Very Low	The Group may experience benefits from increased rental income as climate-related issues become more prevalent.

Risks	Timelines	Perceived impact (post mitigation)	Response
Transition			
• Customer preference changes and regulatory requirements to move to a "cleaner" hire fleet (P)	ST – Ongoing	Medium	Our divisional management teams are continually assessing fleet options through product review groups. Innovation is considered by the Board within the overall strategy for the Group.
• Transition to a lower carbon operation (P)	ST – Ongoing	Medium	The varied workstreams agreed by our Environmental Steering Group address this risk. The completion of our Scope 3 emissions inventory has unlocked many further areas to focus on.
• Requirement to comply with legal/regulatory obligations relating to climate change	ST – Ongoing	Low	Our Environmental Steering Group has a standing agenda for horizon scanning.
• Availability of capital	ST – 1-3 years	Low	Our CFO is in constant dialogue with our lenders and how our approach to sustainability and climate change could impact on the business.
• Enhanced emission reporting	ST – Ongoing	Low	The Board and Enviromental Steering Group are comfortable with the concept of completing an emissions inventory. Our work has been validated by the SBTi.
• GHG offset pricing	Long term	Low	The Group is focusing efforts on organic reduction in emission values, however, is vigilant to the offset space and the potential impact on the business.
Physical			
• Flood, extreme heat, fire, water availability, rising sea levels, biodiversity loss	ST – Ongoing	Low	The TCFD appendix - scenario planning (page 49) considers three planetary warming scenarios and the impact on the Group's operations.
• Supply chain continuity risk	ST – Ongoing	Low	The feedback loop within the business is our Sustainable Procurement Group, which reports into our Enviromental Steering Group. The Group has not reported material supply chain issues as at the year-end but will keep this under continual review.

Task Force for Climate-related Financial Disclosure (TCFD) continued

Impact assessment

Transition – We are committed to decarbonising our supply chain but realise this is a longer-term engagement. The general transition risks, however, are more immediate in timing. The Group continues to assess the impacts but, at the time of writing, these are considered minor because our review of our hire fleet make up is an ongoing process. The greater demand for low carbon products (embedded and emission generating) has been successfully built into our business planning. The Risk Committee will continue to review this approach.

Physical – The Board recognises that the physical risk elements mentioned above are active threats. Some elements have experienced increased prominence in the financial year – flood and increased rainfall is a good example.

We have overlaid the risk analysis onto our operating model in terms of trading and supply chain locations and reliance on key sites. The initial assessment of the impact at current planetary warming trajectories is rated as minor. See Appendix for further details regarding our recently completed scenario analysis.

TCFD area	TCFD area description	Vp's assessment
Strategy a)	Risk and opportunities identified	Consistent
Strategy b)	Impact of climate-related risks	Consistent
Strategy c)	Resilience of strategy considering climate-related scenarios	Consistent

Risk management

As described on page 51 the Group's embedded risk management approach applies equally to climate change as it does to any other area of management. An incumbent part of the Group's risk management process is to horizon scan to assess the risk environment.

The responsibility for assessing climate risks ultimately falls with the Environmental Steering Group. Significant issues are formally reported to the Risk Committee and the Board to determine the approach taken to achieve appropriate mitigation. The governance structure within the Group is that the Risk Committee is a sub-committee of the Audit Committee.

The Board is routinely made aware of the following information:

- Risk relating to climate change and sustainability matters
- The strategy determined by the Environmental Steering Group
- The progress on key workstreams that support the overall strategy

For the financial year being reported on, the Group Risk and Sustainability Director attended the Board meeting twice to discuss the above matters.

Our standard risk register model details risk owners and control owners. It is the risk owner's responsibility to ensure that the controls are delivered on a timely basis and continue to mitigate the risk identified. Where owners are multiple and/or spread across the organisation, it is the responsibility of the Group Risk and Sustainability Director to monitor the mitigation. Exceptions will be raised at Risk Committee level.

The effectiveness of our risk management is continually reviewed by our internal audit function who carry out independent reviews of all principal risk areas and who report into our Risk and Audit Committees. In areas where shortcomings are raised, these will be prioritised for remediation with an action plan. During the full year, the Internal Audit function provided a review of the calculation of Scope 3 emissions, the issues raised were immediately addressed.

TCFD area	TCFD area description	Vp's assessment
Risk management a)	Process for identifying and assessing climate-related risks (CRR)	Consistent
Risk management b)	Management of CRR	Consistent
Risk management c)	Integration of CRR management into overall risk management	Consistent

Metrics and targets

The principal metrics the Group calculates and reviews are Emissions, Waste, Energy and Water use. The Group has robust processes or defined plans in place to facilitate the Environmental Steering Group and Board to review metrics which drives the following actions:

- Provision of an indicator of the risk related to a particular part of the business
- Provides a measure of trends
- Provides a measure of achievement (or likely achievement in the case of longer-term goals) of our targets to have a positive impact on the environment.

The Group has disclosed some of the above metrics highlighted above in the ESG Report on pages 26 - 41.

Emissions

The Group continues to calculate Scope 1 and 2 emissions and provides a relative measure in relation to tonnes of CO_2e in relation to £m of revenue. The detail is included on pages 38 - 39 of this report. One area the Board remains committed to is the purchase of REGO-backed renewable electricity.

Our Scope 3 emissions inventory has been completed as directed by GHG Protocol Technical Guidance. The Group is using a base year of 2023 i.e. year ended March 2023. In accordance with the requirements under SBTi validation we have declared our Scope 3 emission figures for the first time on page 39.

Along with the Scope 3 inventory we have submitted our near and long-term targets to be net carbon zero by 2050.

Emissions performance against SBTi short-term targets

The Group's complete carbon inventory is shown on page 39. This shows our performance against our emission reduction plans agreed with the SBTi.

- Long term targets – we have not changed our commitment set at 2050
- Near term targets
  - Scope 1 – Our global scope 1 emissions reduced by 3,115 tonnes of CO_2e in the first year since our base year (2023) was declared, representing a 17% decrease
  - Scope 3 – Our global scope 3 emissions increased by 1,977 tonnes in the same period, representing a 0.55% increase.
- There has been no material change in the percentage of renewable energy use between the base year and FY2024.

The reduction in year one or our ten year time horizon (defined by the near-term targets) is a minimal reduction. As a business we expect that the majority of emission reductions will be experienced in the second half of this time horizon given that 75–80% of our Group emissions relate to our rental fleet. The targets set out by the Group are noted on page 36.

Financial impact

Other metrics used by the Group are change in average cost prices in our capital expenditure, energy consumption and remediation of physical risks (insurance/repair costs). As part of our annual review, none of these cost elements are showing a material impact on the Group's operations or finances. but are deemed gradual. As the impacts of the climate challenge become more transparent, it will become possible to identify material financial impacts and provide meaningful quantification.

An example of the gradual change is asset values and useful lives of our hire assets. The Group constantly reviews this on a division by division basis. The Board feels that this review process would trigger any required changes under TCFD.

Targets

The Group is currently in the process of considering the data it received in relation to water use. Once we have complete confidence in the data sets, the Group will formally set targets.

During the year under review, the Group has gained ISO 50001 accreditation. Part of the process of gaining accreditation is to formalise year-on-year targets for energy consumption reduction. These targets now form our baseline and future accreditation will be reliant on achievement. The Group will need to demonstrate the improvements stipulated to the ISO auditor at the time of gaining accreditation.

Once we have confidence in the data we receive the Board will be able to formalise the suite of metrics and targets and complete the link to the risks and opportunities identified earlier in the report.

Task Force for Climate-related Financial Disclosure (TCFD) continued

Executive pay

The current remuneration packages for Executives and Senior Management are not linked to climate-related metrics. The Remuneration Committee will continue to keep this under review as progress is being made with formalising metrics.

TCFD area	TCFD area description	Vp's assessment
Metrics and Targets a)	Metrics used by the organisation	Consistent

TCFD area	TCFD area description	Vp's assessment
Metrics and Targets b)	Scope 1, 2 and 3 emissions	Consistent
Metrics and Targets c)	Targets used by the organisation	Partially consistent – see compliance statement below

TCFD Compliance Statement – concluding analysis

In consideration of the ongoing assessment undertaken, the view of the Board is that this TCFD statement is not fully consistent with the complete TCFD framework.

The Board is committed to be consistent with the TCFD and aim for this to be achieved during the financial year ended March 2025. We have identified the last elements of work to ensure consistency with TCFD and we are confident we have an appropriate governance structure and resource to achieve this.

Reconciliation of consistency

TCFD area	TCFD area description	Vp's assessment	Vp's roadmap to consistency
Metrics and Targets (c)	Targets used by the organisation to manage climate-related risk and opportunities and performance against targets.	Scope 1, 2 and 3 emissions have been reported on page 39 of this document.	Energy/Water/ Waste targets will be operational by March 2025.

TCFD appendix – scenario analysis

In order to consider both the physical and transitional risks to our business due to future climate change, we have decided to use three Shared Socio-Economic Pathways (SSPs) for our analysis. SSPs build on the widely used Representative Concentration Pathways (RCPs) with the addition of various socio-economic factors. By combining the socio-economic impacts of the SSPs with the physical temperature changes of the RCPs, we can build a better picture on what the possible impacts of future climate change may be on the Group.

One important difference between the SSPs and our previously set targets surrounding sustainability is the difference in time frames. The SSPs "short-term" scenario starts in 2041 whereas our "long-term" goals end in 2050.

In order to ensure consistency, it was decided that the SSP temperature projections would be brought forward to be aligned with our time frames and consequently, assume the same impact for short, medium and long-term time frames. Because of this, we consider our approach prudent as the impact is accelerated across the short/medium/long internal timelines when assessing the financial impact of climate change on our business.

Below are the options chosen for our scenario analysis along with the justifications:

SSP	Description	Justification	Associated temperature change
1	Driven by an increasing commitment to achieving development goals, consumption is oriented toward low material growth and lower resource and energy intensity.	A ≤2°C scenario is required by the TCFD and this scenario allows Vp to consider the financial risks and opportunities posed from a transition to a less carbon intensive society. This scenario is likely to initiate sudden change and it is important We are prepared to adapt to these changes to maximise efficiency and minimise negative impacts on the business.	1.8
2	The world follows a path in which social, economic, and technological trends do not shift markedly from historical patterns. Intensity of resource and energy use declines. Challenges to reducing vulnerability to societal and environmental changes remain.	This scenario describes "middle-of-the-road" emissions and the continuation of a transition away from fossil fuels. This allows a gradual change in the makeup of our fleet along with other changes enabling a sustainable transition within the business both environmentally and financially.	2.7
5	Push for economic and social development is coupled with the exploitation of abundant fossil fuels. There is an exploitation of resources through energy intensive lifestyles.	This scenario allows the business to account for the "worst case scenario" of warming and the potential risks and opportunities associated with a resource and energy intensive society. While this scenario is extreme, we acknowledge the risks and opportunities posed to the Company under a society prioritising development and fossil fuel dominance.	4.4

For our scenario analysis, the risks deemed as having the largest impact were chosen in application of the above SSPs The below risks were selected based on the perceived impact, as per the above TCFD statement.

- Customer preferences change leading to an increased demand for a cleaner hire fleet.
- Physical risks to operations and assets.

TCFD appendix – scenario analysis continued

The table below provides more information under each SSP:

Risk/Opportunity	SSP 1	SSP 2	SSP 5
Customer preferences change leading to an increased demand for the 'cleaner' hire fleet.	On going changes to a more environmentally friendly hire fleet in line with our customer requirements, revenue and costs are built into ongoing budgets under a ' business as usual' approach. Transition within the fleet is orderly and controlled.		
Physical risks to operations and assets.	Negligible overall risk of disruption.	Low risk generally with the potential for medium regionalised risk.	Requirement to consider operating locations and impacts of climate changes on our key suppliers.

Negligible need for financial changes　'Business as usual'　Financial changes to be made

Explanation of risk scoring:

- Negligible need for financial changes assumes that the level of planetary warming does not warrant enough risk to make direct significant financial changes.
- The term "business as usual" in the above analysis refers to the concept that we will consistently be making sustainable changes to our hire fleet. As this will be accounted for in the budgets and completed at a financially sustainable pace, it is assumed that financial risk/impact overall will be categorised as business as usual. Adapting to customer needs is something that we and other hire companies would naturally be reviewing on an ongoing basis so this wording allows us to account for the adaptability of the industry. We will continue to build on our scenario analysis in the future and create a more thorough analysis moving forward.
- The final category "financial changes to be made" assumes that changes above the level of "business as usual" are scheduled to be made solely due to planetary warming.

Moving forward and based on the scenario analysis, we will monitor the physical risk to assets and continue to work towards our near and long-term emission reduction targets. The Environmental Steering Group alongside our Sustainable Procurement Group will continue to monitor any variance from "business as usual" when considering the transition towards a "cleaner" fleet. In the future, we will focus more on specific sites in which physical impacts may be felt in consideration of the wider risk assessment.

Based on the above analysis we consider that changes made within our business align with Group strategy and business model, and this demonstrates resilience to future climate change detailed in the scenarios above.

Risk management

The Board recognises that good risk management aids effective decision making and helps to ensure that risks taken on by the Group are adequately assessed and challenged.

The Board is responsible for the systems of internal control and risk management, including reviewing its effectiveness and determining the level and nature of risks it is appropriate to take in delivering the Group's strategy and its day to day objectives. The Group's risk management framework is designed to ensure that all key risks are recognised, and mitigation plans are constantly evaluated for effectiveness. Ensuring that risk decisions are being made at the correct point of the management structure is crucial to the success of our programme, and to this end a project is underway to review accountability within both the Group structure and at divisional level. The risk management framework is under constant review by the Board and the Executive Committee.

In line with the work to develop the Group's corporate governance processes, two key exercises to enhance risk management have been delivered, further detail of which is set out below.

Risk Committee

The Risk Committee met three times during the financial year. The attendees are the Chief Executive, Chief Financial Officer, Chief Operating Officer, General Counsel and Company Secretary, Group IT Director, Group Risk and Sustainability Director, Group HR Director and the Head of Internal Audit.

The Risk Committee reports into the Audit Committee. The agenda is shared with the Chair of the Audit Committee in advance of the meeting and an open invitation exists to all meetings for our Non-Executive Directors. The meetings aim to address key risk areas (current and emerging) that exist in the business and consider the mitigating actions deployed.

If deemed necessary, the Group Risk and Sustainability Director will be invited to main Board meetings throughout the year to discuss risk management. This happened once in the financial year to participate in a discussion regarding risk appetite.

The Committee has been successful in applying a consistent approach to managing high-level risk in the Group and providing additional assurance to the Audit Committee and the Board around risk management processes in the Group.

Risk appetite

The Board recently refreshed the approach to risk appetite with a dedicated analysis exercise. The exercise was facilitated by the Group Risk and Sustainability Director through a 1:1 discussion with each main Board member, followed up with a summary presentation and discussion at our March 2024 Board meeting.

The session cemented a collective view of the level of risk the Group is willing to take in the pursuit of its objectives and what levels of mitigation and approach are required in each key area of business management.

The results of the process were also discussed with our Executive. The priority at this point is to ensure the results of the exercise are communicated effectively with our divisional structure to ensure all activities and work streams undertaken are within appetite.

Process of management

In addition to the changes above, the Group has an established risk management strategy. The Board regularly reviews divisional and departmental risk registers as well as the summary risk registers covering strategic, reputational and fraud and loss risk.

All risk registers have a documented action plan to mitigate each risk identified. The progress made on the action plan is considered as part of the risk review process. Within the last financial year, the Group Internal Audit department has completed targeted assurance reviews across all departments and divisions, the review being selected on a risk-based approach. Internal Audit and other assurance programmes are designed to inform the overall risk management process. The Internal Audit plan includes the facility to engage with emerging risks and, therefore, respond to changes in the Group's risk environment.

A risk register is prepared as part of all major Group initiatives. This will include work to deliver change programmes, major investment due diligence programmes (acquisitions and major fleet investments) and adherence with changing regulation.

Consideration of the systems of internal control and risk management

The Board considers the current systems fit-for-purpose and in accordance with the guidance within the Financial Reporting Councils "Guidance on Risk Management, Internal Control and Related Financial and Business Reporting" document. To this end, the Board has signed off the Effectiveness of Internal Control and Risk Management completed for the year ended March 2024. The diagram below summarises the layers the Group utilises to ensure risk management is robust.

Risk management governance

Vp plc Board
Determines appetite, assesses risk impacts, in the context of objectives

Audit Committee

Risk Committee	Executive Committee
Group Internal Audit	Group Risk & Sustainability Director

Divisional Assurance Teams	Management Teams	Risk Indicator/Risk Events

Principal risks

Risk description	Mitigation	How risk is monitored
Market and competition: Economic cycles and headwinds can impact our business and we have experienced a worsening levels of activity in some of the end market we serve. The equipment rental market is a competitive marketplace and this is constantly evolving from a risk perspective. **Change from previous year** ↑	• Our specialist approach and diversified business model provides some insulation to market and competitive forces. • Market changes are considered by our experienced leadership team, both at Group and divisional level. • We provide products and services to a range of markets with some geographic spread. • The Group aims to provide a first class service to its customers in a range of specialist niche sectors. • Our balance sheet strength enables agility in the competitive environment we exist in. • A divisional structure that facilitates consistency across budgeting, decision making, risk management, technology and strengthening of the Vp brand.	• The Group regularly monitors economic conditions and our investment in fleet can be flexed with market demand. • The Board monitors the revenue activity and economic trends closely. Many aspects of our business are linked to the Infrastructure and Construction markets, therefore, long-range trends are under regular review. • Revenue is analysed by market segment and Group customer analysis is completed. • Competitive forces and competitive actions are experienced daily by our divisional management teams. Key issues are discussed with our divisional teams and the Board considers Group level concerns. • Operating reviews of each business unit to ensure alignment to Group expectations.
People and culture: Retaining and attracting the best people is key to our aim of exceeding customer expectations, enhancing shareholder value and becoming an employer of choice. The Group's attrition rate in certain operational positions is a key priority for reduction. With recent senior management changes, the blend of new and old talent and experience is promoting fresh momentum of activity and energy across the Group to improve operational excellence and grow the business This shift has resulted in many new workstreams e.g. work on digital enhancement, improved operational efficiencies and strengthened governance. These changes are being communicated across the business. **Change from previous year** ↑	• Vp has many long-serving employees, but also recognises the need for new ideas and change in how the Group operates. • The Group is working to deliver a working environment that demonstrates how much we respect and value all of our employees. • A review of reward to ensure parity across the divisions to provide an externally verified approach to remuneration. • Enhancements to succession planning, development of our learning and development software; and improvements to our working environments. • Regular update communications from the Chief Executive delivered across the Group. • Senior leadership team quarterly updates from the Executive team. • The Group fosters an inclusive working environment where all employees are given equal opportunity to fulfil their potential. • A dedicated internal learning and development team.	• Routine reporting is provided on vacancy levels, employee turnover by role and sickness. This is provided for each division and at Group level. • Training hours are monitored from our learning and development systems. • External benchmarking e.g. gender pay reporting. • Comprehensive review of reward to ensure parity across the divisions to provide an externally verified approach to remuneration.

Key to risk change

↓ Decreased risk ↑ Increased risk → No change

Risk description	Mitigation	How risk is monitored
Fleet management and investment: Organic growth – in order to grow it is essential the Group obtains innovative, first-class products at attractive prices and maintains them to ensure reliability for our customers. The Group is aware that the appetite for sustainable products is increasing across its customer base. Acquisitive growth – the Group has a track record of delivering on acquisitions as an enabler for growth. These investments inherently possess a higher risk premium. **Change from previous year** →	• The Group has well established processes to manage its fleet from investment decision, maintenance, depreciation through to disposal. • We have a consistent approach to the appraisal of investment opportunities. This is demonstrated by our consistently healthy return on capital (ROACE). • Enhanced review processes have been implemented for all major capex investment with active consideration of prior performance to inform future decisions. • The Group has revisited its governance processes for acquisitive growth and continues to review proactive and reactive opportunities as they arise.	• ROACE is a key measure in our business and review of this metric will drive business decisions. • The Board receives data on disposal proceeds and margins, which informs whether depreciation rates remain suitable. • Individual investments will be subject to review throughout their lifecycle to inform future investment decisions.
Health & safety: The Group operates in industries where health and safety is a key consideration for both the wellbeing of our employees and customers that hire our equipment. Failure in this area would impact both our performance and our results and reputation. **Change from previous year** →	• The Group has robust health and safety policies and management systems supported by our induction and training programmes. We have compliance teams in each division with Group-level oversight. We provide support to our customers exercising their responsibility to their own workforces when using our equipment. • Some further areas have been identified for focus in the last and current financial year. The Group recently partnered with Business in the Community to conduct a Responsible Business Health Check, which has further identified some future areas on which to concentrate. • We recently completed a roll-out of enhanced driver training for our commercial fleet drivers in an attempt to minimise road related incidents and to improve safety for our own employees and for members of the public. • A review and refresh of our crisis management and incident response planning has been undertaken. • The appointment of a new Group Health, Safety and Sustainability Director and a new Head of Estates will help meet health & safety requirements across our network of branches.	• Data from our internal compliance teams and external H&S consultants is tabled at all Executive Committee and main Board meetings. • All of our trading locations are inspected twice per year. and trend and root cause analysis is completed on the outputs generated. • Group Internal Audit will include safety matters in the scope of some of their audits and provide further insight to the Board.

Principal risks continued

Risk description	Mitigation	How risk is monitored
Financial: Vp needs access to sufficient funding at a reasonable cost. Sufficient funding is crucial to allow agility in delivery of our business model and overall Group strategy. The Group has experienced an increased exposure to credit risk with a slight uptick in our metric of write-off as a percentage of turnover due to some customers defaulting on payments from the backdrop of a challenging market place. This currently sits within our risk tolerance. **Change from previous year** →	• In FY2023/24 the Group re-negotiated its borrowing facility £90 million facility and £30 million headroom to secure the medium to long ability to pursue business growth. Balance sheet strength and cash generation are key enablers to allow this growth to be pursued. • Our covenant metrics and gearing remain comfortably within the stated requirements and internal targets. • The Group is alert to an operating environment where credit offered by us represents a higher risk profile. • The Group and divisional management teams constantly review this exposure to ensure the optimal equilibrium between risk and opportunity is maintained.	• Daily cash reporting forms the lowest level indicator of our liquidity situation. At a higher level the Board will consider total facility, headroom and cash generation trends. • Debtor days by division is monitored and negative trends are addressed with customers. • Proactive engagement with our lenders in advance of renewal dates. • Sensitivity analysis of key metrics (including working capital and debt)are presented to the Audit Committee.
Governance and legal/regulatory requirements: Failure to comply with legal or regulatory obligations culminating in financial penalty, regulatory consequences and/or reputational damage. The Group is alert to changes in the corporate governance landscape under review through training and updates from its advisers. **Change from previous year** →	• The Group appointed a General Counsel and Company Secretary in September 2023, who is responsible for all Governance, Legal and Regulatory matters. • In reaction to legislation, the Group together with the General Counsel and the Group Risk and Sustainability Director will implement all necessary changes. • The Group Risk and Sustainability Director and General Counsel/Company Secretary meet regularly to discuss risk and governance matters. • Mandatory training programmes have been specified and are targeted at the appropriate level of employees determined by job type. • In the last year, the Board and the Executive Committee, the Managing Directors and Finance Directors have received refreshed compliance training provided by the Group's level advisers. Further training will be implemented as required.	• Regular updates and training from external advisers. • Our General Counsel/Company Secretary attends our main Board meetings to keep the Board updated. • The Risk Committee will provide intelligence to the Audit Committee and Board of current regulatory requirements as well as horizon scanning for impending Corporate Governance changes. • The internal Whistleblowing policy has been refreshed and rolled out across the Group. All whistleblowing reports will be thoroughly reviewed.

Key to risk change

↓ Decreased risk ↑ Increased risk → No change

Risk description	Mitigation	How risk is monitored
Environmental: The effects of climate change and the transition to a lower carbon economy could lead to increasing levels of regulation. The Group is experiencing increasing demand from our customers for lower carbon hire fleet alternatives. Other stakeholder groups e.g. employees and investors have significant interest in how the business reacts to the risk of climate change and future-proofing the business to a lower carbon operation. **Change from previous year** →	• Dedicated sustainability team. • The Group has formally declared its intention to be net carbon zero by 2050 at the latest. This declaration is part of a wider body of work in relation to the quantifying and ultimately reducing the environmental impact of the Group's operations. • In November 2023, our emissions inventory and near and long-term reduction targets were validated by the Science Based Target initiative. • The results of our Scope 3 inventory provided focus on our carbon hotspots that required addressing.	• Our emissions inventory is the most basic indicator of the impact our business has on climate change. • Energy use and water consumption are key metrics which we are working on to allow prioritisation in our approach. • Our Environmental Steering Group, chaired by our Chief Executive considers information and data from its sub-committees, including our Sustainable Procurement group. This group works closely with our key suppliers.
Technology and IT resilience: Technology within Vp is seen as an enabler to do business in a more efficient and effective way from both an external and internal customer perspective. The management of our IT offer is crucial to the future success of the business. As is the case with most businesses, the Group is reliant on the consistent availability and security of our key IT systems. Disruption to, or failure of, our principal systems could result in significant disruption to our business, potentially leading to reputation and financial loss. The Group continues to develop existing systems and introduce new software packages. As such cyber and data risks have become an area of increased focus and controls are constantly evolving. **Change from previous year** →	• The Group is engaged in an ongoing digital transformation program to deliver on improved customer experience and to meet an overall aspiration to make Vp an easier group to do business with. The governance around the transformation work is sponsored at the highest level within the business. • Resilience - This area is being led by our Group IT Director supported by our IT Technical and development teams. Where appropriate, consultancy is provided by trusted third parties who understand and validate the level of risk the Group faces in its various processes, systems and interfaces. From this work some enhancements have been made such as managed detection service and multi-factor authentication. • The Group has tested continuity plans in place and is reviewing the level of cover we have on an ongoing basis. • Employee awareness of the potential risk areas continues and is being enhanced. • The Group has achieved Cyber Essentials and Cyber Essentials Plus and is working towards ISO 27001, the international standard to manage information security, across our entire Group.	• Progress reports on digital work are provided to Executive Committee and the Board. • System downtime is reported to the divisions and at Group level. • Instances of reported incidents are considered for severity, root cause and corrective actions required.

Viability statement

The Directors have assessed the viability of the Group

In accordance with the Corporate Governance Code, the Board have assessed the viability of the Group over the two-year period to 31 March 2026. The Board believe this period to be appropriate as the Group's detailed plan encompasses this period.

Process and scenarios considered

The Group's detailed plan considers the profit and loss, balance sheet, cashflows, debt and other key financial ratios over a two-year forward-looking period. Compliance with existing covenant arrangements and headroom to borrowing facilities are also assessed.

The detailed plan has been subjected to sensitivity analysis in which a number of the main underlying assumptions are adjusted and tested to consider alternative risk-based scenarios. The plan has been stress tested to take into account severe but plausible scenarios.

These scenarios include consideration of market risk arising from the impact of a downturn in economic activity. The modelling is at least as severe as the most recent financial downturn and more severe than the financial year 2020–21 which included two full lockdowns in our major regions.

The Board has also considered the availability of the Group's borrowing facilities, which have a range of maturity dates, the earliest of which is November 2026.

While it is impossible to foresee all risks (or take into account risks which are currently immaterial but could turn out to be significant), mitigating activities could be performed, for example reducing capital expenditure or discretionary spend.

In the most severe scenario modelled, the test indicates that the Group has sufficient headroom in its borrowing facilities and would not breach any of the associated covenants. Details of the Group's financing arrangements can be found in note 16.

Having assessed the current position of the Group, its prospects and principal risks and taking into account the assumptions above, the Board has determined that it has a reasonable expectation that the Group is financially sound and stable and, therefore, will be able to continue in operation and meet its liabilities as they fall due over a period of two years from 1 April 2024.

Non-financial and sustainability information statement

This section of our Strategic report constitutes Vp plc's non-financial and sustainability information. This statement has been prepared to comply with sections 414CA(1) and 414CB(1) of the Companies Act 2006, to provide an understanding of the Group's development, performance and position and the impact of our activities. Information regarding non-financial matters is also included throughout our Strategic report.

An overview of our business model is set out on pages 10-11.

Our policies are available on our website www.Vpplc.com

Reporting requirement	Relevant policies and standards governing our approach	Where to read more
Environmental matters	The impact of climate change is a principal concern for stakeholders and our sustainability work reflects this. More granular detail on the risks and opportunities posed by climate change can be found in our TCFD disclosures. We understand that our activities and business model do have an impact on the environment and that we have an ongoing responsibility to minimise these impacts. The validation of our science-based targets and emissions inventory have solidified our thoughts on how best to move forward with our emission reduction plan.	Environmental Policy – website ESG pages 26 - 41 ESG pages 26 - 41 Sustainable Procurement Policy and Climate Change Policy – website
Climate related financial disclosures	A description of the Company's governance arrangements in relation to assessing and managing climate related risks and opportunities can be found in our TCFD disclosures. More granular detail on the individual risks and opportunities posed by climate change are detailed in the disclosure.	TCFD statement inclusion in this annual report – pages 42 - 50 Performance against our targets agreed with the SBTi are highlighted in detail on page 47 under paragraph 'Emissions performance against SBTi short term targets'.

Reporting requirement	Relevant policies and standards governing our approach	Where to read more
Employees	Our approach is to attract the highest calibre talent into our business irrespective of role and level of responsibility. We are working on improving retention of our existing talented individuals through various value adding workstreams that include reward, wellbeing focus and working hours review. We continue to ensure that our workforce is truly representative of all sections of society and for each employee to feel respected, while realising their full potential. Our Health and Safety Policy sets out the Group's occupational safeguarding aims and is implemented through our Occupational Health management system for all operational activities. Our partnerships on restoration and conservation projects combine with our employee volunteering programme and colleagues are able to participate outside of their holiday entitlement.	Diversity and inclusion policy – website Health and Safety Policy – website Whistleblowing Policy – website Employee Handbook
Social matters	Community development is one of our sustainability pillars and a key area of focus for the business. Some of our target impact areas: Donations – we recently donated 250 end-of-life tablets to a Reboot scheme, organised by North Yorkshire Council, which provides IT hardware for members of society who have difficulty accessing the internet. For FY2024/25 we have committed to four new restoration and conservation projects taking our investment to £100k per annum, the highest amount in our four-year history of partnership work.	ESG - page 35
Human rights	We continue to treat our stakeholders with fairness and respect. Our approach to this in relation to suppliers is laid out in our Modern Slavery Policy. Our Modern Slavery Statement sets out the steps taken by us to prevent workforce exploitation and human trafficking within both the Group's businesses and its supply chain. We expect our suppliers to comply with the high standards we set. We are currently engaged in a detailed diligence programme with our supply chain. Where areas for improvement are identified we will work with these suppliers to take any learnings to support future development.	Modern slavery policy and statement - website ESG - pages 40 - 41
Anti-fraud, bribery and corruption	Our aim is to establish and develop a culture within the Group in which bribery and corrupt practices are never seen as acceptable behaviours. Our Anti-Bribery Policy outlines our approach to the prevention of unethical conduct of this kind. We consider ourselves to be a positive force for corporate good, compliant will all local laws in our areas of operation and strong economic contributor, which is underpinned by our historical and current approach to regulatory levies as defined by our Board-approved tax strategy.	Anti-Bribery Policy – website Competition Law policy – website Whistleblowing Policy - website Group tax strategy policy – website Employee Handbook – available for all employees
Business model, principal risks and non-financial KPIs	We measure a number of non-financial performance indicators to ensure the business is effectively managing its responsibilities.	Business Model – pages 10 - 12 Principal risks - pages 52 - 55 Non-financial KPIs - page 13

By order of the Board

Anna Bielby

Chief Executive

4 June 2024