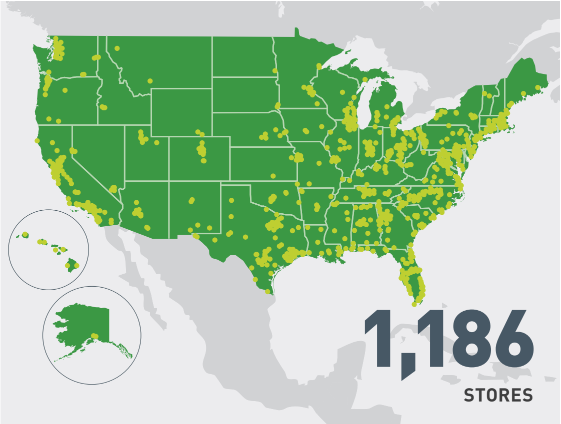
An international network of equipment solutions and services

Ashtead is an international equipment rental company, trading under the Sunbelt Rentals brand, with national networks in the US, Canada and the UK. We rent a broad range of construction, industrial, general and specialty equipment across a wide variety of applications to a diverse customer base.

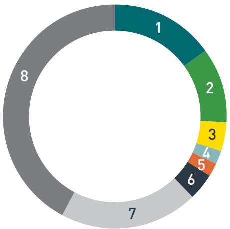
US



The second largest equipment rental company in the US with 1,186 stores

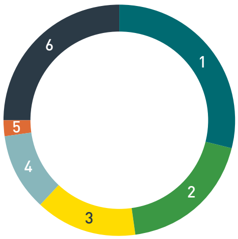
Revenue	**$9,307m**
Return on investment[1]	**23%**
Segment result	**$2,633m**
Employees	**19,245**
Stores	**1,186**
Fleet size	**$15,057m**

MARKET SHARE[2]



1 United Rentals......... 15%
2 Sunbelt..................... 11%
3 Herc Rentals.............. 4%
4 Home Depot............... 2%
5 H&E.............................. 2%
6 Top 6–10...................... 4%
7 Top 11–100................ 20%
8 Others 42%

FLEET COMPOSITION[3]



1 Mobile elevating work platforms........ 29%
2 Forklifts..................... 19%
3 Earth moving 14%
4 Power and HVAC 11%
5 Scaffold 2%
6 Other.......................... 25%

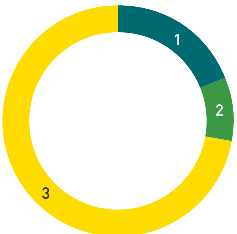
1 Excluding goodwill and intangible assets.
2 Source: Management estimate based on S&P Global Market Intelligence market size estimate.
3 Source: Management information.

CANADA

The second largest equipment rental company in Canada with 135 stores

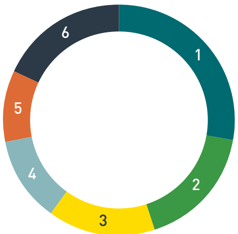
Revenue	**C$897m**
Return on investment[1]	**11%**
Segment result	**C$138m**
Employees	**2,306**
Stores	**135**
Fleet size	**C$1,751m**

MARKET SHARE[2]



1 United Rentals......... 19%
2 Sunbelt........................9%
3 Others 72%

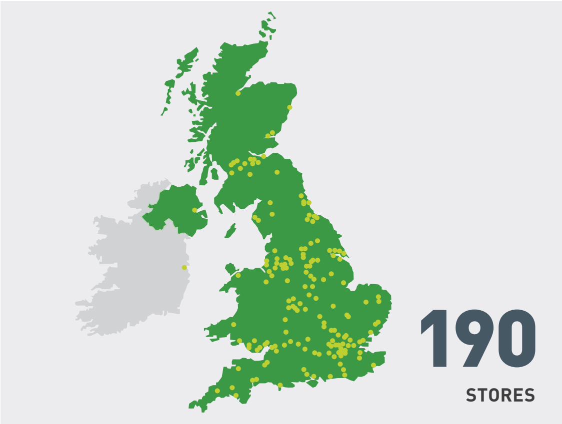
FLEET COMPOSITION[3]



1 Mobile elevating work platforms 28%
2 Film & TV................. 17%
3 Power and HVAC 15%
4 Earth moving 12%
5 Forklifts................... 10%
6 Other......................... 18%

1 Excluding goodwill and intangible assets.
2 Source: Management estimate, excluding Film & TV, based on latest S&P Global Market Intelligence market size estimates.
3 Source: Management information.

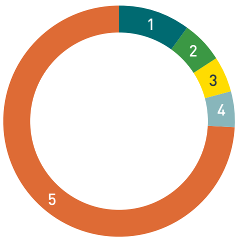
UK



The largest equipment rental company in the UK with 190 stores

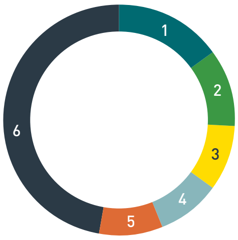
Revenue	**£706m**
Return on investment[1]	**7%**
Segment result	**£58m**
Employees	**4,384**
Stores	**190**
Fleet size	**£1,130m**

MARKET SHARE[2]



1 Sunbelt 10%
2 Speedy........................ 6%
3 HSS 5%
4 VP 5%
5 Others 74%

FLEET COMPOSITION[3]



1 Accommodation 15%
2 Panels, fencing and barriers............ 11%
3 Earth moving 9%
4 Forklifts......................9%
5 Mobile elevating work platforms..........9%
6 Other.........................47%

1 Excluding goodwill and intangible assets.
2 Source: Management estimate based on S&P Global Market Intelligence market size estimates.
3 Source: Management information.

A STRONG YEAR OF TRANSITION

Dear Shareholder

I am delighted to report another year of strong performance as we continue to execute on our strategic priorities which were embedded in our Sunbelt 3.0 plan. The continued success of our business is only possible because of the knowledge and commitment of a highly engaged workforce who deliver outstanding service to our customers every day of the year. So, thank you to all our team members in the business who proudly represent Sunbelt.

Strategic progress

A key theme in our Sunbelt 3.0 strategy was to continue to expand our North American footprint to meet a growing market demand as the structural change from ownership to rental accelerated. We also recognised that there is an opportunity to extend our product offerings as the demand for rental grows in non-construction markets. I am delighted to report that during the last three years we have added 401 new locations in North America through 231 greenfield locations and 170 through bolt-on acquisitions. This has expanded our North American footprint significantly. We have also been successful in expanding our Specialty lines of business through a series of acquisitions adding adjacent products to existing sectors as well as new markets such as temporary structures and temporary fencing.

Sunbelt 4.0, announced in April 2024, builds on the success of 3.0, leveraging the investments made in the last three years as well as having five new actionable components which provide a clear roadmap for continued growth in the business. These five new actionable components, described later in this Annual Report, are underpinned by our foundational elements for success which are People, Platform and Innovation. I look forward to reporting our progress in next year's Annual Report.

A sustainable business model

Health and safety will always be our first priority in all aspects of our day-to-day life at Ashtead. Our Engage for Life programme has now been running for several years and has helped embed safety into the daily lives of our team members. I am delighted to report that we had our safest year ever in terms of our total recordable incident rate, an achievement of which our team members are extremely proud.

Sustainability is a key component in our 4.0 strategic plan, and we are committed to delivering long-term sustainable value for our people, customers, communities and shareholders as a thriving and growing business. Our business model is inherently sustainable as we provide rental equipment to the 'many' rather than the 'many' buying and disposing of equipment they use for their own purpose.

We announced with Sunbelt 4.0 a new Scope 1 and 2 carbon intensity reduction target and a Scope 1 and 2 Net Zero target by 2050. We have a clear roadmap to help us achieve this objective, including investment in the latest and most advanced transportation fleet. In addition, we are investing in advanced rental fleet, with early access to sustainable products from our key suppliers, including battery energy storage systems which enable a more efficient use of our power fleet.

Financing

Our balance sheet remains strong with net debt of $10.7 billion (2023: $9.0 billion) at 30 April 2024. Our net debt to EBITDA leverage was 1.7x at 30 April 2024 compared to 1.6x in the prior year (excluding IFRS 16). During the year we accessed the debt markets to further strengthen our balance sheet and to ensure we have appropriate financial flexibility. Following the issue of these notes, our debt facilities are committed for an average of six years at a weighted average cost of 5%.

We continue to deploy capital in accordance with our capital allocation policy. During the year we returned $78m to shareholders through buybacks. At our Capital Markets Day in April 2024, we announced a revised target leverage range of 1.0 to 2.0 times net debt to EBITDA (pre IFRS 16) which will provide enhanced flexibility and optionality to allocate capital in accordance with our long-term priorities.

PAUL WALKER
Chair

Board

I would like to extend my thanks to Lindsley Ruth who is leaving the Board at our AGM in September 2024. Lindsley has made a terrific contribution to the Board as well as providing advice and support to executives in the business. I would also like to thank Eric Watkins, who retired in April this year as company secretary and general counsel. Eric has made a significant contribution to the business and the development of the Board over many years. I am delighted to welcome Roy Twite to the Board who was appointed as a non-executive director in June 2024. Roy is the chief executive officer of IMI plc and brings significant business experience to the Board. I would also like to welcome Alan Porter who is our new company secretary.

I was delighted that the Board was able to attend our Powerhouse event in Atlanta in April 2024 when we announced our Sunbelt 4.0 strategy. My Board colleagues and I very much enjoyed this opportunity to meet and engage with team members, customers, suppliers and shareholders. It truly was a memorable event.

Dividends

We continue to have a progressive dividend policy which is designed to ensure sustainability through the economic cycle. In recognition of our strong operating performance and outlook for the Company the Board are proposing a 5% increase in the final dividend to 89.25¢. The final dividend will be paid, if approved at the AGM, on 10 September 2024 to shareholders on the register on 9 August 2024.

In addition, the Group intends to rebalance the split between its interim and final dividend to align with normal market practices, and pay a greater proportion of the Group's dividend as part of the interim dividend, commencing with the interim dividend for 2024/25.

Outlook

Our business continues to perform well, and our recently announced Sunbelt 4.0 strategic plan will drive future growth as well as benefitting from the strong fundamentals that have been created and developed in the business over many years.

Our balance sheet remains strong, and with a well-defined and proven go-to-market strategy as well as an outstanding workforce, we are well positioned for continued growth in the business.

PAUL WALKER
Chair, 17 June 2024

HIGHLIGHTS OF THE YEAR

+12%
Revenue up 12%[1], rental revenue up 10%[1]

$4,311m
$4,311m of capital invested in the business (2023: $3,772m)

$2,654m
Group operating profit of $2,654m (2023: $2,522m)

$905m
$905m spent on bolt-on acquisitions (2023: $1,146m) and 66 greenfield locations opened in North America

$2,230m
Group adjusted pre-tax profit of $2,230m (2023: $2,273m)

$216m
$216m of free cash flow generation (2023: $531m)

386.5¢
Adjusted earnings per share of 386.5¢ (2023: 388.5¢)

1.7x
Net debt to EBITDA leverage[1,2] of 1.7 times (2023: 1.6 times)

365.8¢
Earnings per share of 365.8¢ (2023: 368.4¢)

89.25¢
Proposed final dividend of 89.25¢, making 105.0¢ for the full year (2023: 100.0¢)

1 At constant exchange rates.
2 Excluding the impact of IFRS 16.

ACTIONABLE
COMPONENT

1

CUSTOMER

Elevate our obsession with customer service and their success throughout the organisation to a level unparalleled in the broader service sector.

KEY OBJECTIVES:

- Elevating our customer culture from centric to obsession
- Roadmap for success
- Opportunity for share gains and annuity value
- Hallmark of enduring success

NEXT PHASE OF AMBITION WITH PURPOSE

We have delivered another year of growth driven by the strength of our North American markets and ongoing momentum. We completed successfully our Sunbelt 3.0 strategic plan and launched the next phase of our strategy, Sunbelt 4.0 – Runway for Success. We launched Sunbelt 4.0 in April at Powerhouse, a combined internal meeting and external Capital Markets event which brought together c. 5,000 team members from the US, Canada and the UK, c. 300 customers and suppliers and c. 160 investors and analysts. Powerhouse was a great success, providing a unique opportunity for everyone to immerse themselves in Sunbelt 4.0 and understand the breadth of our capabilities and end markets and most importantly, our culture.

We are proud of our performance through Sunbelt 3.0 and are excited about the next phase of the Group's development. Sunbelt 3.0 provides a strong foundation from which we can capitalise on our existing competitive advantage. We have grown our General Tool and Specialty businesses, expanded our geographical footprint, progressed our cluster strategy, embedded new technologies to enhance order capture and dynamic pricing while also investing in a transformative technology ecosystem, made progress against our sustainability initiatives while flexing all parts of our capital allocation priorities. We continue to embed sustainability into the business and our new Sunbelt 4.0 strategy has brought additional clarity and forward motion to our commitments. We are delighted to announce our commitment to being Scope 1 and 2 Net Zero by 2050 and we have a clear, tangible path to get us there, with a shorter-term Scope 1 and 2 carbon intensity reduction target of 50% by 2034.

Our success is made possible through the dedication of our team members who deliver for all our stakeholders every day, while ensuring our leading value of safety remains at the forefront of everything we do.

During the final year of Sunbelt 3.0 we executed on all our priorities. We invested $4.3 billion in new rental fleet and delivery vehicles to fuel our existing locations and greenfield additions. This investment positions us well to capitalise on the opportunities arising from ongoing structural changes and our expanded network. We added 113 locations in North America, 66 by way of greenfields and 47 through bolt-on acquisitions. We are now present in all 50 US states and eight Canadian provinces. We have created a strong platform for future growth and are confident in the ongoing health of our end markets, and the fundamental strength in our cash generating growth model.

We saw growth in all our markets last year. Group rental revenue increased 10% for the year, on a constant currency basis. This growth was delivered with strong margins, an EBITDA margin of 45% and an adjusted operating profit margin of 26%, delivering adjusted operating profit of $2,775m, 5% higher than last year. After an interest expense of $545m, 49% higher than this time last year, which reflects both higher absolute debt levels and the significantly higher interest rate environment, adjusted pre-tax profit was slightly lower at $2,230m. Adjusted earnings per share were 386.5¢ for the year.

BRENDAN HORGAN
Chief executive

MICHAEL PRATT
Chief financial officer

RUNWAY 4 SUCCESS

Rental revenue in the US grew by 11% over last year to $8,321m, which was on top of growth of 24% the previous year. General Tool grew 11% and Specialty grew 14%, despite some impact from the lower level of emergency response work than in previous years. Rental revenue growth was driven by a combination of volume and rate improvement in strong end markets. Rates continue to be an important part of the equation given the increased costs we face, whether it be interest costs or the impact of continued inflation on our rental fleet and operating cost base. We used the opportunity of strong second-hand markets to catch up on delayed equipment disposals and accelerate the disposal of some older fleet where utilisation has been lower than optimal.

Canada continues to deliver strong growth, from existing general tool and specialty locations, as well as greenfield and bolt-on acquisition activity. Rental revenue was 10% higher at C$765m. Advancing our clusters enabled us to increase our markets beyond construction as we have done so well over the years in the US. Importantly, as is the case in the US, rental rates continued to grow year over year, which we expect to continue to be the case moving forward.

Our Film & TV business was impacted significantly by the strikes in the North American film and television industry, which were settled in December. Excluding the drag from the Film & TV business, EBITDA margins in Canada are slightly better than last year.

UK rental revenue was 6% higher than a year ago at £590m. Total revenue increased 3% for the year reflecting the higher level of service revenue in the prior year associated with the demobilisation of the Department of Health Covid testing sites and the Queen's funeral. While we continue to make progress on rental rates, this has not kept pace with the inflationary environment in the UK, which impacted margins adversely. We continued to make market share gains in an end market composition which favours our unique positioning through the industry's broadest offering of general tool and specialty products which is unmatched. While progress has been made on rental rates, we have plenty more to do. We are focused on passing through the necessary rate increases for the leading services we provide.

This has been another period of good growth, location expansion, and continued momentum in our business. We are experiencing strong demand for our products and services and gaining improved clarity to the strength of both our construction and non-construction end markets. This is driven in part by the ongoing realities of US onshoring, technology and manufacturing modernisation, and the Federal legislative acts discussed in the strategy section of this report. These factors add to what was already a strong underlying level of end market construction activity, further supported by increasingly large and resilient non-construction activity, for example the day-to-day MRO (maintenance, repair and operations) of our markets.

Our business is positioned to win in the near, medium, and long term as we both influence and benefit from the structural advancement of our business and industry. We have had a very successful Sunbelt 3.0 campaign which positions us well for future success. For these reasons, and coming from a position of ongoing strength, and positive outlook, we look to the future with confidence. Sunbelt 4.0 is our runway for successful growth, increased resilience and performance, for our customers, our team members, and our investors.

Sunbelt 3.0 – Successful completion

Actionable component	How we delivered
1 Grow General Tool and Advance Our Clusters	– Grew General Tool revenue at 17% CAGR – Expanded our North American footprint by 401 locations: 230 in Specialty and 171 in General Tool – Now present in all 50 US states and eight Canadian provinces – Progressed our top 100 US clusters from 31 to 58
2 Amplify Specialty	– Amplified Specialty by growing revenue at 24% CAGR to $2.9bn and adding three new business lines – Extracted the power of cross-selling our unique mix of products and services to a broadened customer base by 30%
3 Advance Technology	– Embedded our order capture and dynamic pricing systems enabling overperformance in volume and pricing – Developed comprehensive and powerful technology ecosystem, with implementation roadmap in place for these domains: Sales, Logistics, Service, Connected, Frontline, enabling: - Enhanced order capture - Improved customer experience - Efficiencies for next chapter of growth - Market share gains
4 Lead with ESG	– Reduced carbon intensity by 31%, ahead of our 15% target – Rental penetration increased, thereby reducing embedded carbon – Our 'Engage for Life' health and safety programme and culture delivered record-low incident rates – Continued strength demonstrated through our team member engagement surveys – 87% engagement score
5 Dynamic Capital Allocation	– Consistent application of our capital allocation policy to optimise capital deployment for the benefit of all stakeholders – $10.5bn invested in the business – 231 greenfields opened in North America – $3.3bn spent on bolt-ons with 170 locations added in North America – Returned $1.8bn to shareholders through dividends ($1.1bn) and share buybacks ($0.7bn) – Underpinned by target net debt to EBITDA leverage range of 1.5 to 2.0 times; 1.7 times at 30 April 2024

IN THE STRATEGIC REPORT

CAPITALISING ON MARKET OPPORTUNITIES

We are building market share through same-store growth, new greenfield investments, select bolt-on acquisitions and the expansion of our product offering.

+ page 12

CREATING SUSTAINABLE VALUE

Our equipment rental business model, and the management of that over the economic cycle, enable us to create long-term sustainable value.

+ page 20

IMPLEMENTING OUR STRATEGY

We focus on building market share, maintaining flexibility in our operations and finances, and delivering Availability, Reliability and Ease to our customer base.

+ page 26

MEASURING OUR PERFORMANCE

We had a year of strong market outperformance across the business, delivering for all our stakeholders.

+ page 34

MANAGING OUR RISKS

Our main risks relate to economic conditions, competition, cyber security, health and safety, people and culture, the environment and laws and regulations.

+ page 36

BEING A RESPONSIBLE BUSINESS

We report on responsible business through the Group Risk Committee. We focus on health and safety, our people, the environment, including climate change, community investment and ensuring the highest ethical standards across the Group.

+ page 56

OUR MARKETS

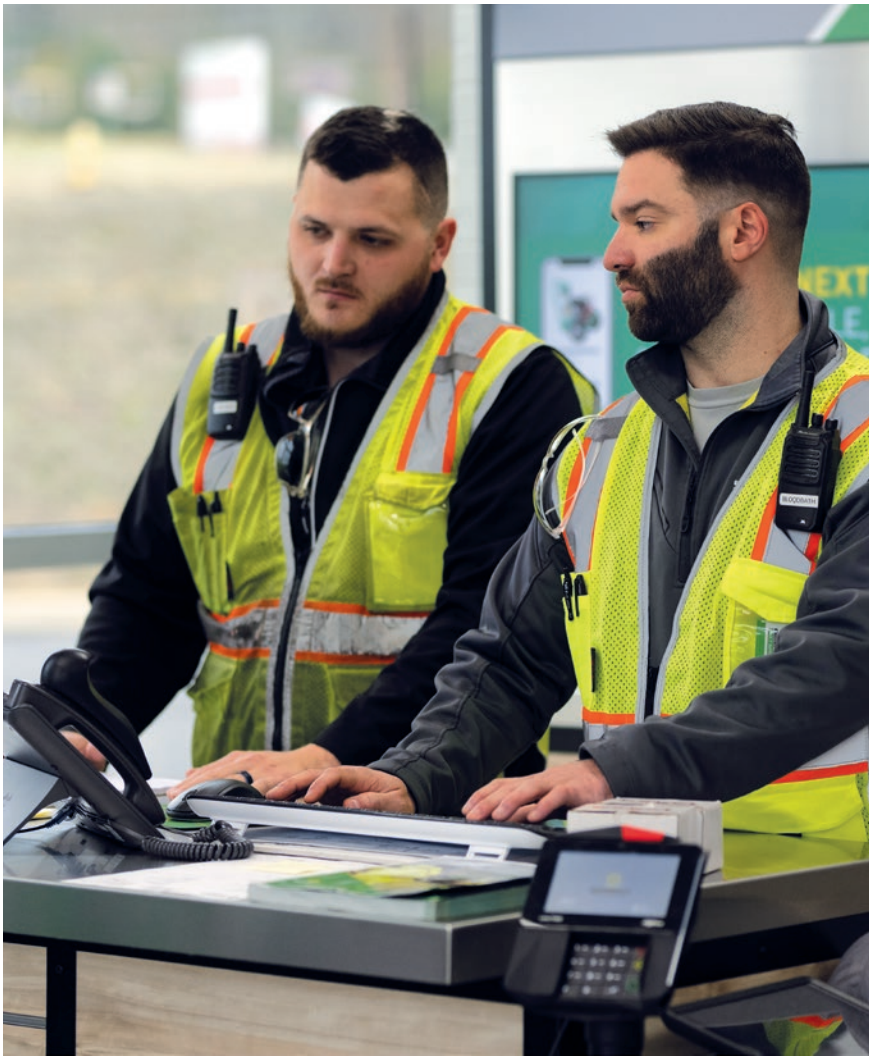
Our markets continue to grow and evolve as we expand our footprint and the services we provide and contribute to and benefit from structural progression.

We continue to see a shift from ownership to rental, with rental increasingly essential for customer success where the larger, experienced rental companies are able to respond to a wide range of customer needs. As such, we are taking market share in what are larger and more diversified markets. Our markets are far less cyclical than in the past because construction, while still an important part of our business, is much less so, relative to the other markets we serve. That means that our markets are more resilient than ever before, making the Group more resilient too. Our growth used to be a factor of fleet size. The bigger our fleet size, the more revenue we could generate. Now, as we and the industry have matured into business service providers, pricing progression will become fundamental to our operations.

We believe the market changes we have seen during Sunbelt 3.0 are now permanent. Together with our plan, these changes have created the foundations for our next chapter and the growth expected during our new strategic plan, Sunbelt 4.0.

The breadth and resilience of our markets

We serve increasingly broad and diverse end markets. Our markets continue to expand, in terms of geography, range of equipment provided and the applications for which our equipment is used. The graphic on page 13 shows the diversity of end markets that use our equipment. This is often the same equipment, just used for a different purpose. A significant proportion of our fleet was developed originally for the construction industry but is now used in applications varying from Formula 1 racetracks to home decor. Our customers are equally diverse from major global companies to DIYers. For any of these markets, there is a huge range of equipment used.



Construction remains a core part of our end markets but accounts for less than 50% of total activity, and we see an increasing level of crossover between our General Tool and Specialty businesses on any typical construction site. Increasingly we are seeing bigger, longer construction projects, often over several years. We now refer internally to projects worth over $400m as mega projects and these are an important part of our project portfolio. Mega projects last typically for around three years and we expect to see more of these coming online in the future.

Our non-construction markets are increasingly large and resilient and amongst other sectors include:

- Maintenance, repair and operations is a highly stable end market characterised by recurring work needed, regardless of what may be happening in the wider economy.
- Our entertainment and special events market is a large and stable end market with long-term growth prospects.
- Emergency response and restoration is a key market for us and we are designated an essential service in the US, Canada and the UK in times of need, supporting government and the private sector in response to both day-to-day emergencies as well as major events, including hurricanes, tornadoes and other disasters. Natural disasters generate spikes in demand but day-to-day emergencies generate steady demand.
- State and local government is our most stable end market with expenditure typically determined in advance and sheltered from macroeconomic shifts.

Across these non-construction end-markets, there are ongoing opportunities for further rental penetration.

CONSTRUCTION

- Airports
- Highways and bridges
- Office buildings
- Data centres
- Schools and universities
- Shopping centres
- Residential
- Remodelling
- Manufacturing plants
- Green energy

Examples of major non-construction markets

MAINTENANCE, REPAIR AND OPERATIONS

- Office complexes
- Apartment complexes
- Data centres
- Shopping centres
- Golf course maintenance
- Industrial
- Entertainment and conference venues

ENTERTAINMENT AND SPECIAL EVENTS

- National events
- Concerts
- Sporting events
- Film and television production
- Theme parks
- Festivals
- Farmers' markets
- Local 5K runs
- Cycle races

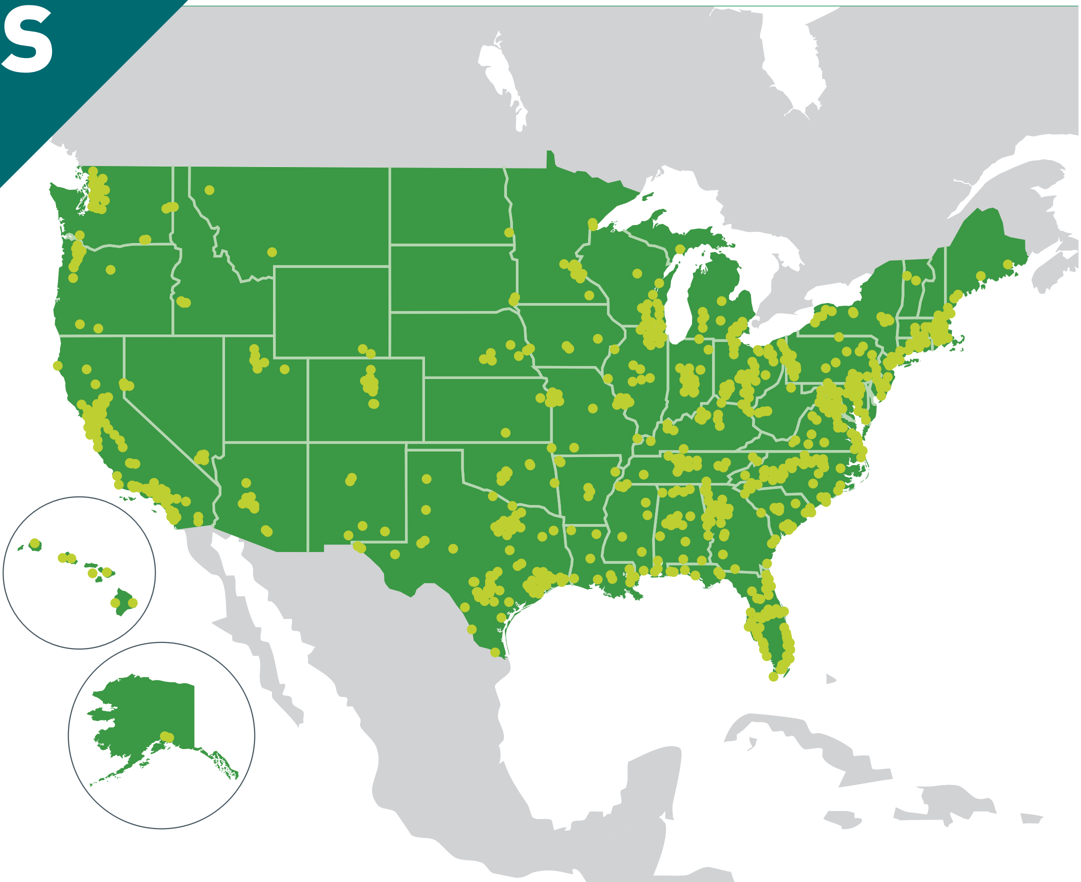
EMERGENCY RESPONSE AND RESTORATION

- Fire
- Hurricanes
- Flooding
- Tornadoes
- Winter storms
- Residential emergencies
- Health emergencies
- Alternative care facilities
- Points of distribution
- Healthcare testing facilities

STATE AND LOCAL GOVERNMENT

- Government
- Hospitals
- Parks and recreation departments
- Schools and universities
- Pavement/kerb repairs

THE US



Dodge Construction Starts continue to show strength and growth. We believe we are entering a period of moderate growth after three years of amplified non-residential and non-building growth. This positive outlook is underpinned by market dynamics such as deglobalisation and Federal support.

As we have noted before, the Infrastructure Investment and Jobs Act, the Chips and Science Act and the Inflation Reduction Act are all fuelling growth. These provide an underpin to demand in a market which is very active and we expect this to continue.

The non-residential and non-building components of the construction end market remain strong. Furthermore, the continuing evolvement of the mega project landscape will drive further construction as infrastructure is developed around the mega projects to support their operation and future workforce. For example, if a major manufacturing facility is built for electric vehicles or for power storage, this will create a significant number of new jobs and infrastructure will be required to service and support the people taking those new jobs and their families.

As such, we believe most mega projects will likely generate broader ecosystems, creating significant opportunities for growth.

Mega projects made up roughly 30% of recent years' construction starts values, more than double what they represented in the past. Projects of this scale and sophistication require suppliers with relatable scale, but also expertise, experience, breadth of product and services, and the financial strength to meet the needs of the customer. While the nature of the risks associated with mega projects (contractual and counterparty risk principally) are similar to the rest of our business, they are heightened due to the scale of the projects. We are active on many mega projects and continue to win more, including data centres, electric vehicle factories, battery plants, and semi-conductor factories. These make up approximately 10% of our fleet on rent today and this will increase as the increasing number of starts translate into put-in-place construction and hence, activity.

Chart 02 shows the last four construction cycles. These have followed one of two patterns. From 1975 to 1982 and from 1982 to 1991 the initial recovery was very aggressive but the overall cycle was relatively short. In contrast from 1991 to 2011, and 2011 to 2020, the cycle was characterised by a more gradual recovery over a longer period of time.

The forecasts for the current cycle are more similar to the last two cycles, and we believe that we are entering a period of more moderate growth following strong growth over the last three years as the market recovered following the COVID-19 pandemic, buoyed by the emergence of mega projects and underpinned by legislative Acts. While these forecasts are for growth through 2028, there could be bumps on the way due to inflation, the interest rate environment and other broader macro-economic conditions. However, our business model is well equipped to deal with this environment as we are able to reduce our capital expenditure and generate significant free cash flow. In the event of a slowing economy, the impact will be mitigated to a degree by the opportunity from the structural shift from ownership to rental and our ability to increase market share.

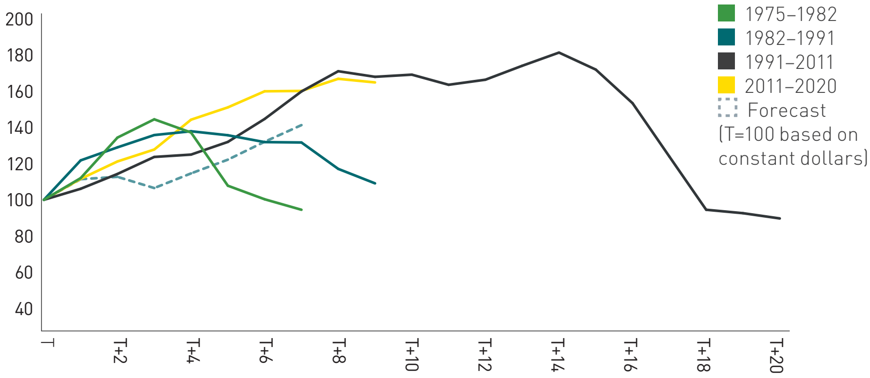
01 US market outlook

Industry rental revenue

2024	+10%
2025	+5%
2026	+4%

Source: S&P Global Market Intelligence (May 2024)

02 Construction activity by cycle



Source: Dodge Data & Analytics (May 2024)

Market share in the US

We continue to grow our market share in the US and even though we are the second largest equipment rental company, there remains plenty of room to grow as Chart 03 on page 16 shows. Our major competitors are United Rentals and Herc Rentals with 15% and 4% respectively. Home Depot and H&E have shares of c. 2%. Most of the remainder of the market is made up of small local independent rental shops, with five or fewer locations, comprising c. 50% of all rental locations in the US.

Much of our market share gain comes from these small independents when we set up new stores or acquire them, and hence our runway remains long with ample opportunity for bolt-on investments. In our industry size and expertise matters. Scale brings cost benefits and sophistication in areas like technology and other services, and this leads ultimately to further consolidation. The proportion of the market enjoyed by the larger players continues to increase and we have clearly been a major beneficiary of this trend.

This market share analysis is based on the latest definition of the rental market, which incorporates a broader range of equipment, much of which is used in non-construction across a wide range of end markets. These markets include the facility maintenance, repair and operation of the geographic markets we serve, characterised by square footage under roof. In the US there is more than 100bn square feet under roof with minimal rental penetration currently. Thus, despite the change, we believe the size of the rental market is still understated and hence our, and everyone else's, market share is overstated. This only serves to increase the opportunities for growth.

We are confident that as the market grows, our share will also increase. We continue to set ambitious targets with our long-term market share target of 20%. The speed at which we increase our market share is in part a function of how quickly we can get new locations up and running. However, as noted above, our market share growth also comes from continuing to broaden both our end markets and the range of equipment we have available to rent in each location.

The combination of our business model, which you can read more about on page 20, the continued attractiveness of our markets and the long-term trend to rental, provides the perfect environment for us to achieve our goals. In addition, our market share gains accelerate as we make the most of our scale advantages.

As we increase our market share and grow our Specialty businesses, they become a greater proportion of the business mix across the cycle and accounted for c. 30% of revenue in 2023/24. The acquisitions we make are often to expand into a new specialty area or to develop an existing one and then we supplement them with greenfield openings.

The trend to rental

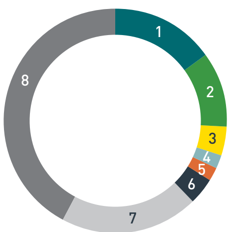
Rental penetration continues to deepen and those benefitting from this increased rental penetration are the larger, more experienced, more capable rental companies who can position themselves to be there as partners for this increasing customer base, delivering more complex solutions, and capitalising on this larger market.

Rental still only makes up around 55% to 60% of the US market compared to around 75% in the UK. However, this is a broad average with penetration levels ranging from low single-digit percentages for, say, floor scrubbers to 90%+ for large aerial equipment. We like specialty products because they are at the low end of this range, which provides greater scope for growth. We see the potential market penetration for rental equipment to be well over 60% in the US.

The drivers of this evolution include significant cost inflation in recent years associated with the replacement of equipment, technical changes to equipment requirements and health, safety and environmental issues which make rental more economical, easier and safer. Environmental regulations have driven further rental penetration through the reduction in fleet size by those customers who previously may have chosen to own some, if not all, of their larger equipment needs. Customers and smaller competitors with older fleets are faced with heavier replacement spend causing them to replace less and rent or, in the case of smaller competitors, reduce their fleet size. Furthermore, the difficulties of getting to grips with new technology and maintenance requirements have also caused more operators to decide to rent. Maintaining optimally serviced and therefore safe equipment can be a big outlay for a smaller operator. The diversity of our fleet helps us take advantage of this increasing trend to rental and we continue to expand the range of products we rent.

Our development and use of technology is also driving rental penetration. Our highly sophisticated proprietary customer management, inventory and delivery tracking systems all contribute to Availability, Reliability and Ease for our customers. Sustainability is also increasingly an important consideration. Renting from us can help customers with their own sustainability aspirations. They can use the most environmentally friendly equipment available, reduce their own direct and indirect carbon emissions during the operation and transportation of equipment and means that they are not responsible for the disposal of the equipment at the end of its life. We save customers money by teaching them to use the right product for the right job and using it in the most energy efficient manner possible.

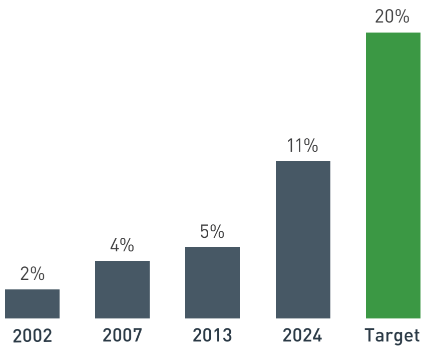
03 US market share



1 United Rentals 15%
2 Sunbelt 11%
3 Herc Rentals 4%
4 Home Depot 2%
5 H&E 2%
6 Top 6–10 4%
7 Top 11–100 20%
8 Others 42%

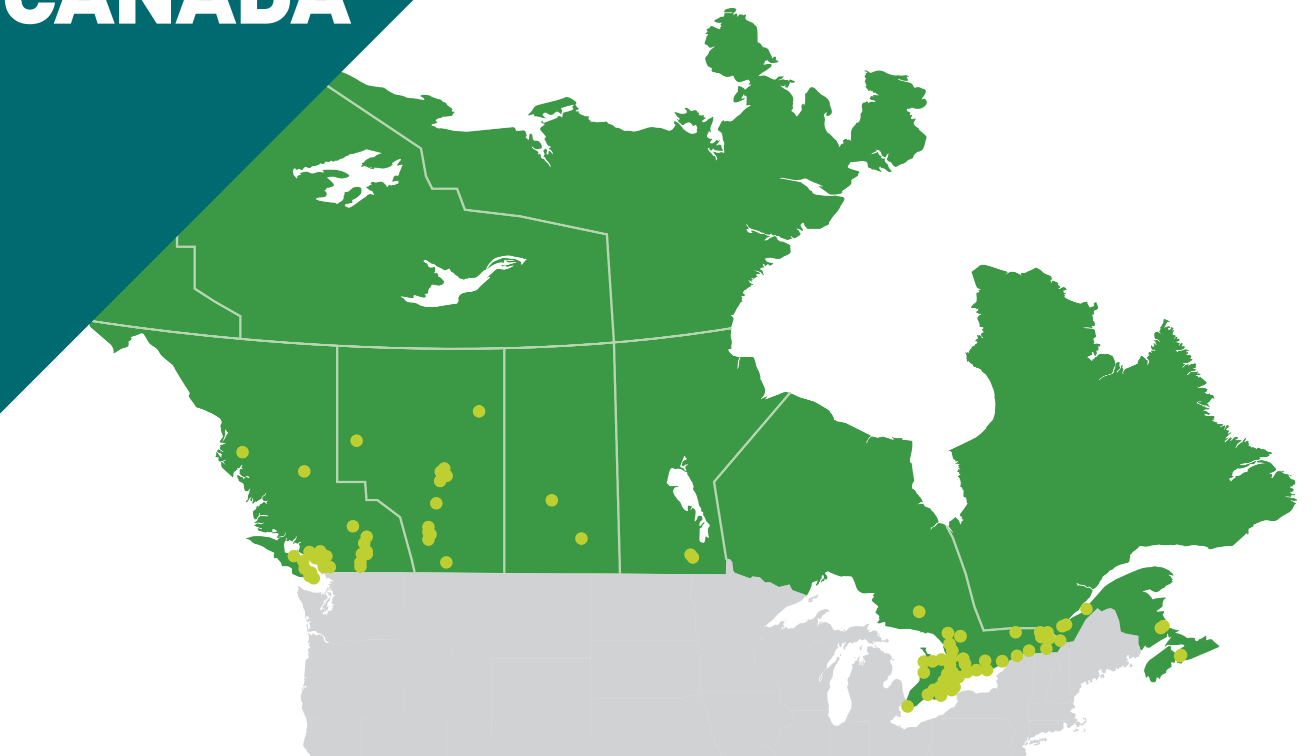
Source: Management estimate, based on latest S&P Global Market Intelligence market size estimates.

04 US market share development



Source: Management estimate, 2024 market share based on latest S&P Global Market Intelligence market size estimates.

CANADA



Canada remains a relatively new and growing market for us. The overall rental market is less than a tenth of the size of the US. But in the same way that the US has experienced structural growth as more and more types of equipment are rented for different applications, we expect similar trends in Canada.

Our share of the Canadian rental market is around 9%. There is plenty of scope to develop this in the same way as in the US and we are growing rapidly. We are seeing continued market growth in 2024 and S&P Global Market Intelligence predicts Canadian rental revenue to grow 7% in 2024, 7% in 2025 and 5% in 2026. We anticipate growing more rapidly as we take market share and broaden our offering.

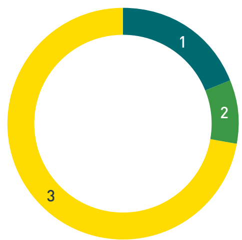
Our original Canadian business goes from strength to strength as it takes advantage of its increasing scale and breadth of product offering as we expand our Specialty businesses and look to build out our clusters and increase market density in that market. In contrast, our Film & TV business was impacted significantly by the writers' and actors' strikes in the North American film and television industry, which persisted for longer than we anticipated and were only resolved in December 2023. This also had some impact on the rest of the Canadian business given our success in cross-selling our more traditional rental product into the film and television space, which is one of our competitive advantages in the market.

We have grown to 135 locations across Canada. We have a significant presence in Ontario and are now present in eight provinces. The rental market has, historically, been construction focused, but we continue to develop new markets. We began by introducing General Tool businesses into the Canadian market but have subsequently added Specialty lines of business.

Contributing to growth and positioning for further success was the June acquisition of Loue Froid, a leading provider of Power and HVAC rental solutions with four locations across Canada, and a base in Montreal. As is often the case with new acquisitions, there are cross-selling opportunities inherent in this deal, and of course the expansion of our business in the Quebec market.

Over time we would expect our Canadian market share to be similar to that in the US.

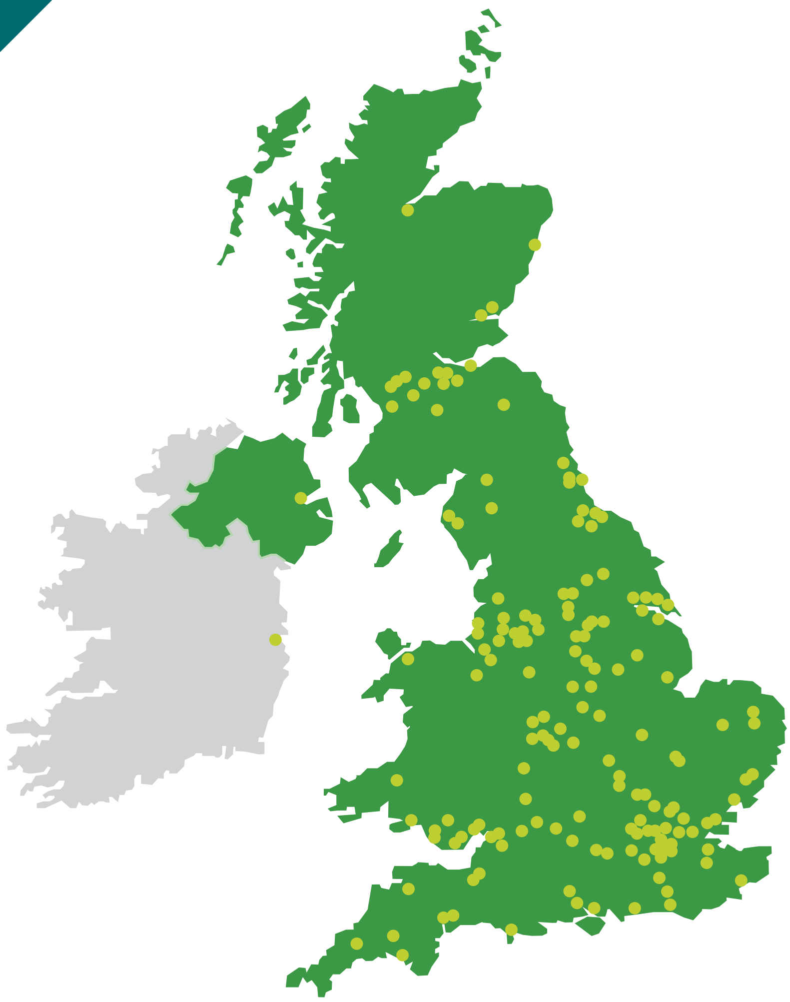
05 Canadian market share



1 United Rentals ... 19%
2 Sunbelt ... 9%
3 Others ... 72%

Source: Management estimate, excluding Film & TV, based on new S&P Global Market Intelligence market size estimates.

THE UK



Our UK business continues to progress despite local market challenges. We believe our ability to deliver complex solutions to our customers is unmatched in the UK market.

This is no small accomplishment, being brought about by our unique cross-selling capabilities across our unmatched product and services portfolio. As a result, we have seen market share gains, particularly in infrastructure and industrial projects, as well as increasing progress into areas such as facility maintenance.

A consistent area of focus to improve our UK business has been on advancing rental rates and the associated fees we charge to provide services to our customers. Although progress has been made, there is still work to be done. This is something the UK rental industry falls behind in and our position will be steadfast in making a demonstrable change in the face of the notable inflation our business and the industry has absorbed.

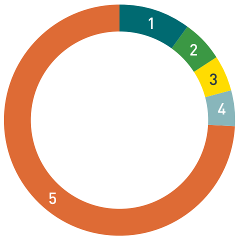
We continue to see significant opportunities in both construction and non-construction markets in the UK as in the US and Canada. We will continue to invest responsibly in the UK market as we seek to increase market share and enhance returns.

Market share in the UK

We are the largest equipment rental company in the UK. There are a greater number of major players in the UK market and, as the largest, we have a 10% market share.

Chart 06 on page 19 shows our key competitors and their share of the market. We believe we continue to be well-positioned in the market with our strong customer service, broad based fleet and a strong balance sheet. We have enhanced this market position through simplifying our go-to-market message and leveraging the cross-selling opportunities provided by our broad product offering and Specialty businesses.

06 UK market share



1 Sunbelt 10%
2 Speedy 6%
3 HSS 5%
4 VP 5%
5 Others 74%

Source: Management estimate based on latest S&P Global Market Intelligence market size estimates.

07 UK construction industry forecasts

£m	2022 Actual	2023 Actual	2024 Estimate	2025 Forecast	% of total
Residential	69,927	66,069	63,070	65,639	35%
		-6%	-5%	+4%	
Private commercial	45,787	48,628	47,839	48,200	26%
		+6%	-2%	+1%	
Public and infrastructure	66,324	70,895	70,631	71,537	39%
		+7%	- %	+1%	
Total	182,038	185,592	181,540	185,376	100%
		+2%	-2%	+2%	

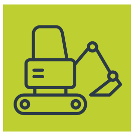
Source: Construction Products Association (Spring 2024).

CREATING SUSTAINABLE VALUE ACROSS THE ECONOMIC CYCLE

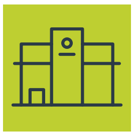
We create value through the short-term rental of equipment that is used for a wide variety of applications and the provision of services and solutions to a diverse customer base through a broad platform across the US, Canada and the UK. Our rental fleet ranges from small hand-held tools to the largest construction equipment.

What we do

We have a platform which enables our customers to rent what they want, when they want and where they want with ease.



BUY
We buy a broad range of equipment from leading manufacturers.



RENT
We rent it on a short-term basis to a broad range of customers.

SELL
We sell the older equipment in the second-hand market.

How we do it

Creating sustainable value across the economic cycle

Powering the platform ■ Managing through the cycle

Creating value

1

DIFFERENTIATING OUR FLEET AND SERVICE
- Broad fleet mix
- Evolution of Specialty businesses
- Broad range of customers and applications
- Scale to meet size and range of requirement

See more on page 24

2

ENSURING OPERATIONAL EXCELLENCE
- Culture of health and safety
- Focused, service-driven approach
- Long-term partnerships with leading equipment suppliers
- Industry-leading application of technology

See more on page 24

3

INVESTING IN OUR PEOPLE
- Highly skilled team
- Devolved structure
- Maintaining significant staff continuity
- Strong focus on recruitment, training and incentive plans

See more on page 25

4

MAXIMISING OUR RETURN ON INVESTMENT
- Effective fleet management
- Optimisation of utilisation rates and returns
- Flexibility in local pricing structures
- Focus on higher-return equipment

See more on page 24

How we share value with our stakeholders:

OUR PEOPLE
Investing in our people to provide opportunity for development and to ensure we take the very best care of our people.

See more on page 25

OUR CUSTOMERS
The provision of cost-effective rental solutions to a diverse customer base.

See more on page 22

OUR SUPPLIERS
Developing long-term relationships with suppliers.

See more on page 45

OUR COMMUNITIES
Enhancing the communities in which we operate, through employment, opportunity and community involvement.

See more on page 45

OUR INVESTORS
Generating sustainable returns for shareholders through the cycle.

See more on page 22

OUR ENVIRONMENT
Working to ensure we provide environmentally friendly solutions.

See more on page 56

WHAT WE DO IS SIMPLE. HOW WE DO IT IS NOT.

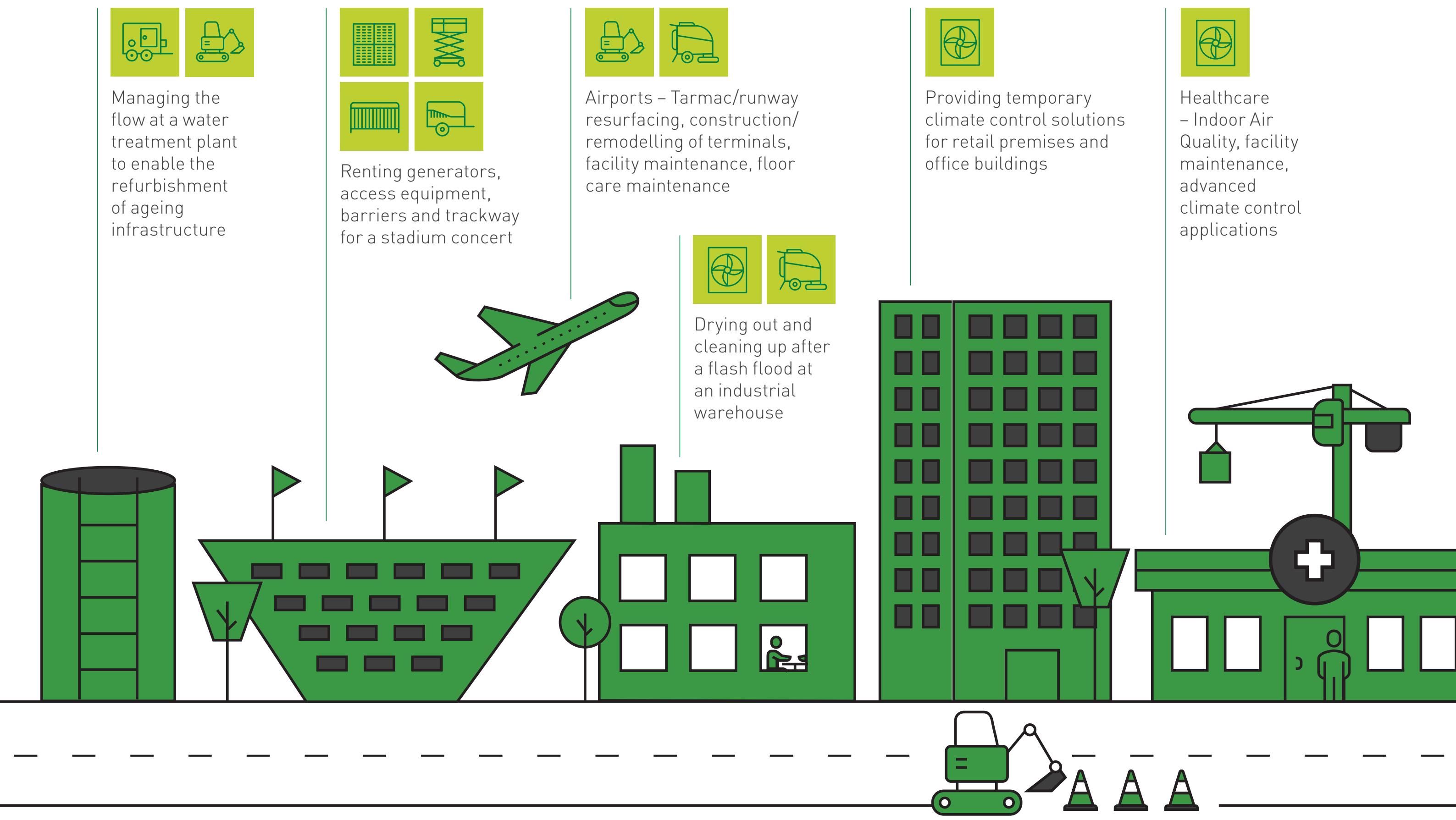
At its most basic, our model is simple – we purchase an asset, we rent it to customers through our platform and generate a revenue stream each year we own it (on average, seven years) and then we sell it in the second-hand market and receive a proportion of the original purchase price in disposal proceeds. Assuming we purchase an asset for $100, generate revenue of $60 each year (equivalent to 60% dollar utilisation) and receive 35% of the original purchase price as disposal proceeds, we generate a return of $455 on an initial outlay of $100 over a seven year useful life. We incur costs in providing this service, principally employee, maintenance, property and transportation costs and fleet depreciation. However, this simple overview encompasses a significant number of moving parts, activities and expertise that powers the platform to ensure Availability, Reliability and Ease for our customers. Our ability to excel in these areas enables us to provide a rewarding career for our team members, generate strong margins and deliver long-term, sustainable shareholder value, while managing the risks inherent in our business (refer to pages 36 to 41).

Managing the cycle

We describe ourselves as being a late cycle business in that our biggest end market, non-residential construction, is usually one of the last parts of the economy to be affected by a change in economic conditions. This means that we usually have a good degree of visibility on when we are likely to be affected, as the signs will have been visible in other parts of the economy for some time. When we expect a slow-down in construction markets, we are able to plan accordingly, react in a timely manner and lower levels of capital expenditure. This then ensures we are better positioned and potentially stronger than our competitors to take advantage of market changes once we are out the other side. See content on our strategy on page 26.

DIVERSE MARKETS AND APPLICATIONS

Our range of construction, industrial and general equipment is applicable to broad and diverse end markets, with individual products having many different applications. As such, our equipment serves the needs of customers from construction to zoos and from data centres to community events. c. 60% of our revenue comes from non-construction markets.



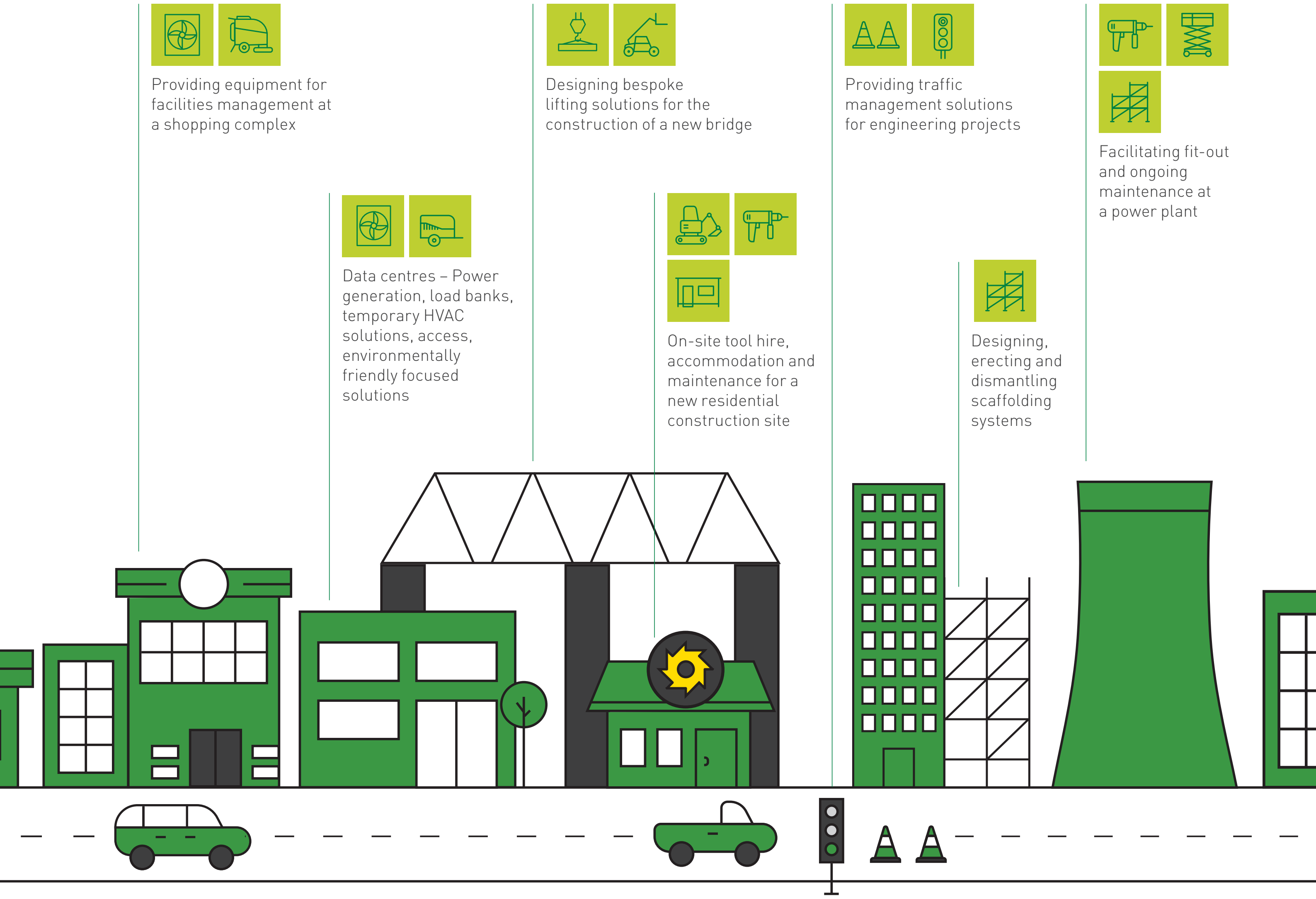
ANYTOWN

AnyTown started as AnyTown USA, a graphical representation of our markets and the equipment put to work in serving them. At the Group's Powerhouse event in Atlanta in April 2024, where we launched our Sunbelt 4.0 strategy, we built a 3D version of AnyTown through which people could walk and interact, to demonstrate the breadth of end markets and the wide range of applications of different types of equipment.

Our AnyTown comprised a number of commercial zones and provided an opportunity for our team members, customers, suppliers and investors to experience the nature of our end markets today and see how equipment is deployed in different scenarios.

Our range of General Tool and Specialty equipment is applicable to broad and diverse end markets, with individual products having many different applications. As such, our equipment serves the needs of customers from construction to zoos, and from data centres to community events large and small.

Today, more than 50% of our revenue comes from non-construction markets, but it is the same equipment which services both our construction and non-construction end markets. For example, our Power and HVAC Specialty business may provide power to a construction site, or ensure the uninterrupted power supply to a major entertainment event, or may provide temporary power in an emergency response situation, to name just three applications.



Differentiating our fleet and service

The differentiation in our fleet and service means that we provide equipment to many different sectors. Construction continues to be our largest market but now represents less than 50% of our business in the US as we have deliberately reduced our reliance in this area through broadening our product offering and customer base.

We continue to develop our existing specialty areas, such as Power and HVAC, Climate Control, Scaffold Services, Flooring Solutions, Pump Solutions and Trench Safety, and seek to add to our Specialty lines of business. In total, our speciality lines of business represent c. 30% of our US revenue. Residential construction is a small proportion of our business as it is not a heavy user of equipment. In the UK, Specialty areas represent c. 65% of our revenue.

Our customers range in size and scale from multinational businesses, through strong local contractors to individual DIYers. Our diversified customer base includes construction, industrial and homeowner customers, service, repair and facility management businesses, emergency response organisations, event organisers, as well as government entities such as municipalities and specialist contractors. The nature of the business is such that it consists of a high number of low-value transactions. In the year to April 2024, Sunbelt US dealt with over 800,000 customers, who generated average rental revenue of $10,200. However this average reflects a broad and diverse customer base, which includes our smallest customers who transact with a single line of business, compared to our largest who transact across all of our services. We believe that we are well positioned to service our customers whatever their needs.

The individual components of our General Tool fleet are similar to our peers. However, this is complemented by our Specialty businesses offering a broad range of differentiated equipment. It is the breadth and depth of our fleet across our General Tool and Specialty businesses that differentiates us from our peers and provides the potential for higher returns. The size, age and mix of our rental fleet is driven by the needs of our customers, market conditions and overall demand. The equipment we provide to each customer is diverse and we are often involved in supplying various types of equipment over an extended period at each distinct stage of a project's development. Our equipment is also used in a wide range of other applications including industrial, events, repair and maintenance and facilities management.

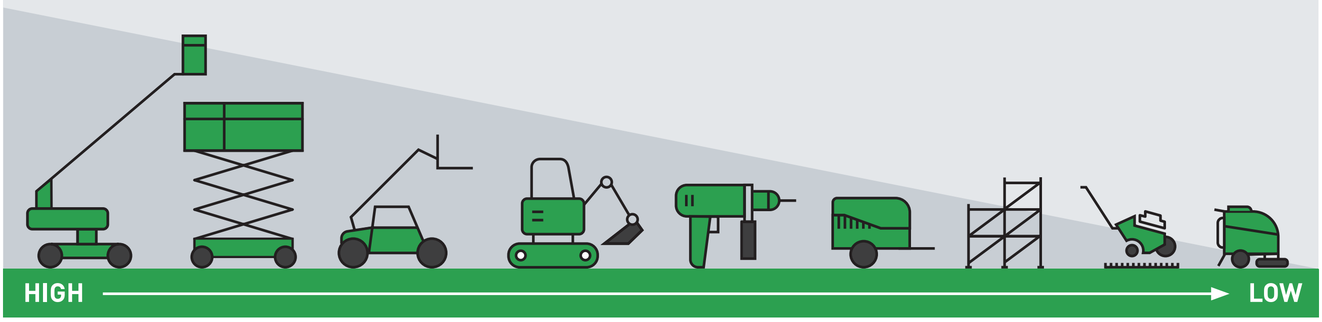
Ensuring operational excellence

Our operating model is key to the way we deliver operational excellence:

- In the US we achieve scale through a 'clustered market' approach of grouping large and small General Tool and Specialty rental locations in each market. We seek to build fleet density around these clusters. This approach allows us to provide a comprehensive product offering and convenient service to our customers wherever their job sites may be within these markets. When combined with our purchasing power, this creates a virtuous circle of scale. You can find out more on our cluster/market density strategy on page 29.
- In Canada, we are focused on expanding our presence and lines of business, achieving scale through a clustered market approach similar to the US. The businesses we acquired have strong positions in construction equipment, mobile elevating work platforms and general tools. We are expanding the range of products available to customers in all areas, including building up our specialty service offering.
- In the UK, our strategy is focused on having a store structure that allows us to offer a full range of General Tool and Specialty equipment on a nationwide basis. We are migrating to a regional operating centre model with a few, larger locations which are able to address all the needs of our customers in their respective markets, combined with smaller, local locations, not dissimilar to a cluster approach. This approach reflects the nature of the customer base (more national accounts) and the smaller geography of the UK.
- Across our rental fleet, we generally carry equipment from one or two suppliers in each product range and limit the number of model types of each product. We believe that having a standardised fleet results in lower costs. This is because we obtain greater discounts by purchasing in bulk and reduce maintenance costs. We are also able to share spare parts between stores which helps minimise the risk of over-stocking. Furthermore, we can

08 **Business mix – US**

09 **Rental penetration – the product range**



easily transfer fleet between locations which helps us achieve strong levels of fleet on rent, one of our key performance indicators ('KPIs').

- We purchase equipment from well-known manufacturers with strong reputations for product quality and reliability and maintain close relationships with them to ensure certainty of supply and good after-purchase service and support. We work with suppliers to provide early visibility of our equipment needs which enables them to plan their production schedules and ensures we receive the fleet when we need it.
- We are also focused on sustainability within our procurement strategy, working with our major equipment suppliers in developing and piloting new technologies. This focus is also expanding our supplier base, as we identify new technologies which respond to customer needs or which provide solutions to sustainability challenges.
- We aim to offer a full-service solution for our customers in all scenarios. Our Specialty product range includes equipment types such as pumps, power generation, heating, cooling, scaffolding, traffic management, temporary flooring, structures and fencing, trench shoring and lifting services, which involve providing service expertise as well as equipment.
- We look to build rental penetration through expanding the breadth and depth of equipment we rent. As well as our Specialty businesses, we are increasingly focused on developing the rental penetration of the smaller end of our product range. Chart 09 shows how the largest equipment in our fleet has high levels of rental penetration while the smaller, but often still costly to own, equipment has not traditionally been a large part of the rental mix.
- We invest heavily in technology, including the mobile applications required to deliver efficient customer service. Customers can track the equipment they have on rent, place new orders, request pickup or service or extend their contract, either from their desk or via a mobile app. Our sales reps have access to the same information, along with details of the location of our fleet and all other information required to serve the customer. Our order fulfilment system utilises automated workflows connected to and powering our point of sale and logistics systems to enable our sales reps to say 'yes' with confidence. Vehicle telematics help drive best in class driver performance and safety. Technology enables our business, and provides power to the platform and a significant advantage over our competitors. During Sunbelt 3.0 we developed a more advanced and integrated technology ecosystem across Sales, Logistics, Service, Connected and Frontline which will be implemented over the coming months enabling enhanced order capture, improved customer experience, operational efficiencies and market share gains.
- Our large and experienced sales force is encouraged to build and reinforce customer relationships and to concentrate on generating strong, whole-life returns from our rental fleet. Our sales force works closely with our customers to ensure we meet their needs. Through the application of technology, it is equipped with real-time access to fleet availability and pricing information enabling it to respond rapidly to the needs of a customer while optimising returns.
- We guarantee our service standards and promise our customers we will make it happen. We believe that our focus on customer service and the guarantees we offer help distinguish our businesses from competitors and assist us in delivering superior financial returns. Our responsiveness to customer needs is critical in a business where c. 60% of orders are placed for delivery within 24 hours. We have long-standing relationships with many of our customers. Our customer retention is high due to the scale and quality of our fleet, our speed of response and our customer service.
- Our local management teams are experienced and incentivised to produce excellent customer service, high quality standards and strong financial returns. We believe that the autonomy given to management teams to take decisions locally ensures that, despite our size, we retain the feel of a small, local business for our employees and our customers.

Investing in our people

Our people enable us to provide the exceptional customer service that keeps our customers coming back. Our exceptional staff and focus on service give us a huge competitive advantage in what we do. On pages 64 to 67 we discuss the importance of our team members and corporate culture in more detail. We aim to recruit good people and then invest in them throughout their careers.

RUNWAY FOR SUCCESS – SUNBELT 4.0

As we enter 2024/25, we move from the very successful Sunbelt 3.0 to its next iteration, Sunbelt 4.0, our next level of ambition with purpose. Sunbelt 3.0, launched in April 2021, created the platform from which we feel confident to make the very most of the continuing structural progression in our business and the rental industry. You can see our performance against Sunbelt 3.0 on page 10. The continuing shift from ownership to rental and the increasingly essential nature of rental for customer success, mean the industry in which we excel continues to expand rapidly, providing the springboard for our next chapter of growth. Our size, experience and expertise mean that we will continue to get disproportionately larger in this growing and highly diversified market. Our history of strategic planning and execution has built a highly successful and robust business. Sunbelt 4.0 is designed to deliver further growth, resilience and performance.

Sunbelt 4.0: April 2024

Positioned to execute and realise the benefits of ongoing structural change present within the rental industry

Strategic growth plan designed to deliver a period of strong performance through growth in volume, pricing, margin and return on investment

Ever-strengthening financial position through earnings growth, strong free cash flow, and low leverage, providing significant operational and capital allocation optionality for the benefit of all stakeholders

Over the course of decades, we have been both influencing and realising the structural change agents in our industry, the first being that ongoing shift from ownership to rental. Secondly, we can now say categorically that everything has changed in the eyes of our customers. Rental, and therefore Sunbelt, is essential to their success. Our business is now mainstream. Rental is the first option for our customers, rather than being the 'top-up' provision of the past. That is the platform for growth we saw coming together through our previous strategic plan. It is the industry-built foundation for our new plan, Sunbelt 4.0.

Traditionally ours was a highly cyclical business and we managed the cycles that impacted us to accommodate the changing nature of our business. We are significantly less cyclical now. Construction accounts for less than 50% of our total business, rather than being the majority. We are far more resilient to market changes than ever before. We have a much larger addressable market given the diversification we have built throughout the business, because rental is now core in a multitude of areas.

Sunbelt 4.0 actionable components

1 CUSTOMER

Elevate our obsession with customer service and their success throughout the organisation to a level unparalleled in the broader service sector

2 GROWTH

Grow General Tool and Specialty through the ongoing structural progression in our business and industry and advance our clusters to deepen our presence and increase our total addressable markets

3 PERFORMANCE

Operate with more efficiency through scale, process, and technology to unlock margin progression

4 SUSTAINABILITY

Advance our position as a thriving, growing enterprise to deliver long-term sustainable value for our people, customers, communities and investors

5 INVESTMENT

Disciplined capital allocation driving profitable growth, strong cash generation and enhanced shareholder value

FOUNDATIONAL ELEMENTS

PEOPLE | PLATFORM | INNOVATION

The change in the role and importance of rental means that industry pricing is also evolving, and rental rate discipline and progression has been seen across the industry. It used to be that the bigger our fleet was, the more money we made. There was little variation in pricing available. We now see ourselves more as a business services company and envisage having pricing progression as our norm. We and the industry have demonstrated this over the last year as, despite lower levels of physical utilisation and used equipment prices, rental rates have continued to progress. This marks a huge change for us and the industry and is part of our growth algorithm which did not exist in the past. When we have the scale we have in these market conditions, we expect to see increased margin performance, particularly when we combine these market conditions with confidence and excellence in execution.

Our strategy has evolved and will continue to evolve to meet this new level of opportunity. In our next phase of growth, we will be guided by five actionable components, powered by three strong foundational elements. We have called these components, Customer, Growth, Performance, Sustainability and Investment. These are the backbone of the Sunbelt 4.0 runway for success – the core components of the next level of our ambition with purpose.

Our Sunbelt 4.0 strategic priorities

STRATEGIC PRIORITY	KEY INITIATIVES	RELEVANT KPIs	RELATED RISKS
1 Customer	– Elevate our customer culture from centric to obsession – Grow the percentage of revenue from customers which rent from General Tool and three or more Specialty lines of business – Increase value of existing customers and add new credit customers	– Return on investment – Fleet on rent – Dollar utilisation	– Economic conditions – Competition – People and culture
2 Growth	– Increase market density through investment in General Tool and Specialty businesses – Access latent capacity through existing location growth – Add greenfield stores to establish and deepen market presence, progressing our market clusters – Make rate progression a sustained contributor to growth	– Return on investment – Fleet on rent – Dollar utilisation – Adjusted EPS	– Economic conditions – Competition – People and culture
3 Performance	– Leverage SG&A with increased scale – Increase maturity of existing store portfolio, in particular those added during Project 2021 and Sunbelt 3.0 – Deliver against operational excellence initiatives and embed industry-leading technology platform developed during Sunbelt 3.0	– Return on investment – Fleet on rent – Dollar utilisation – EBITDA margins – Adjusted EPS	– Economic conditions – Competition – People and culture – Cyber security
4 Sustainability	– Continue prioritisation of health and safety – Target Scope 1 and 2 Net Zero by 2050 target, supported by a tangible pathway – Unlock the sustainability potential in our people strategies – Advance an integrated community investment strategy enabled by technology	– Safety – Carbon intensity – Staff turnover	– Health and safety – Environmental – People and culture – Laws and regulations
5 Investment	– New target leverage range of 1.0 to 2.0 times net debt to EBITDA – Dynamic capital allocation policy, prioritising organic growth investment in existing locations and greenfields – Returns to shareholders through progressive dividend policy and share buybacks – Free cash flow from operations will fund 100% of ambitious Sunbelt 4.0 organic growth plans, leaving significant flexibility and optionality to allocate capital in accordance with our long-term priorities	– Adjusted EPS – Return on investment – Net debt and leverage	– Economic conditions – Competition

1. CUSTOMER

The first of our actionable components is to elevate our obsession with customer service and their success throughout the organisation to a level unparalleled in the broader business sector.

Customers have always been the priority at Sunbelt but putting them front and centre in our new strategic plan elevates that further. As our business has changed, so too have our customers. They now rely on us to get their job done, safely, efficiently, without any hassle and often in the most sustainable way possible.

Cross-selling the power of Sunbelt is an important part of the customer experience and a great source of our competitive advantage. We continue to grow our customer base, having added over 108,000 new credit customers in the US during Sunbelt 3.0. Meanwhile, those customers who rent from multiple lines of business also grew over the same period. In addition, the revenue generated by individual customers is also growing. Our focus on ensuring those customers enjoy the very best customer service and experience will enable us to capitalise on these factors in building the business further.

OUR SPECIALTY BUSINESSES

Our Specialty businesses focus on products with comparatively low rental penetration in predominantly non-construction markets. They are hugely important to our business and remain core to our Sunbelt 4.0 strategy. Specialty products and services are often a natural add-on to our General Tool products and services. We are always looking for new rental opportunities and to expand the number of our Specialty lines of businesses which in North America include:

- Power and HVAC;
- Climate Control;
- Scaffold Services;
- Flooring Solutions;
- Pump Solutions;
- Trench Safety;
- Industrial Tool;
- Film & TV;
- Temporary Structures;
- Ground Protection;
- Temporary Fencing; and
- Temporary Walls.

Our Specialty businesses are true specialisms with in-house experts in each business line with in-depth product and application knowledge, who enable us to provide the very best level of service to our customers. Cross-referrals between General Tool and Specialty are becoming more and more commonplace.

2. GROWTH

Our second actionable component is to grow our General Tool and Specialty businesses through the ongoing structural progression of our business and industry.

We are evolving our cluster approach as we look to increase our fleet density. We believe that there is a clear opportunity to increase the fleet density in our markets through accessing the latent capacity in our existing locations, particularly those added through Sunbelt 3.0 and supplementing those through further greenfield locations. In this way, we aim to ensure that rental penetration increases in ever broadening markets as our market density grows. We aim to add 300 to 400 greenfield locations during Sunbelt 4.0.

To illustrate our opportunity, the fleet density map, Chart 10 on page 29, shows fleet density (original equipment cost ('OEC') per capita) by state. Highlighting three markets, each of which we believe has opportunity for further growth:

1 **Florida:** $69 of OEC per capita with 99 locations and being the third largest US rental market.

2 **Ontario:** $39 of OEC per capita with 73 locations and being the largest Canadian rental market.

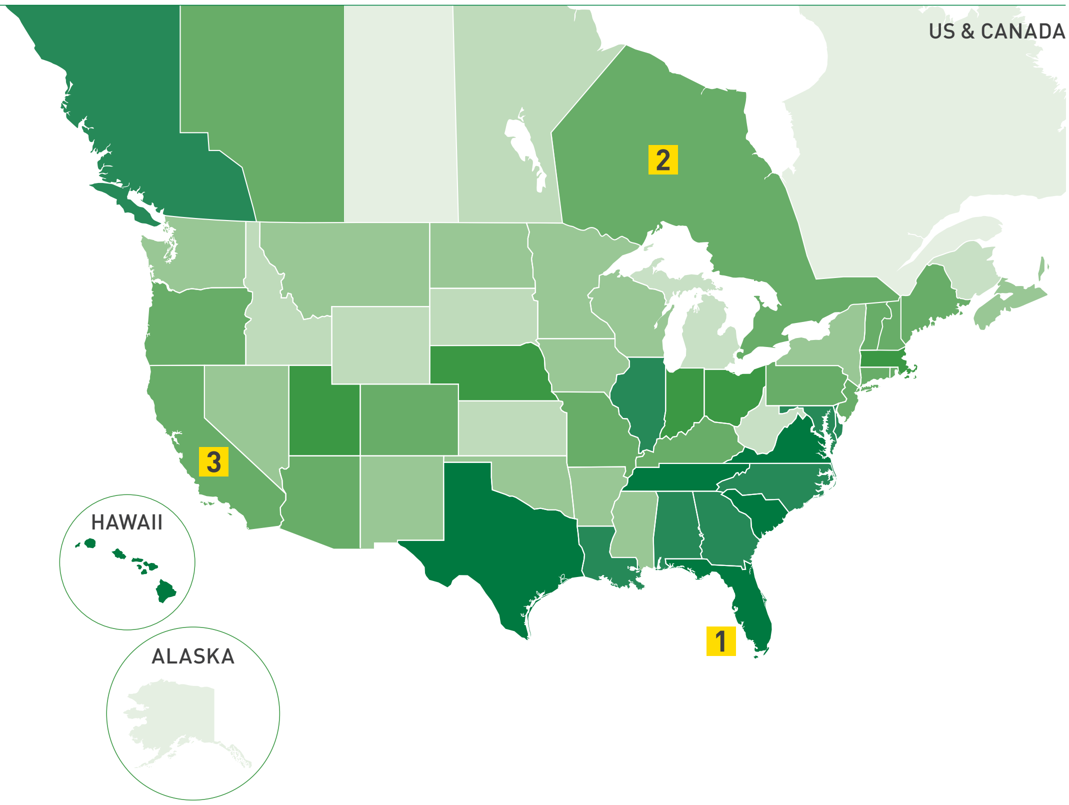
3 **California:** $34 of OEC per capita with 126 locations and being the largest US rental market.

We would need a fleet size of $26bn to achieve the same level of fleet density throughout the US and Canada that we have in Florida.

10 Fleet density

$ OEC per capita

- 0–10
- 10–20
- 20–30
- 30–40
- 40–50
- 50–60
- >60



Source: ARA Rentalytics, US and Canada census.

CONTINUING TO ADVANCE OUR CLUSTER APPROACH

Our cluster approach has been a very important aspect of our strategy and success at building the business to where we have the scale we have today. We are now amplifying this cluster approach, focusing also on increasing our market density where we have clusters. Our greenfield sites are chosen to enhance our existing business and we believe that this approach continues to provide significant continuing opportunity for growth. We focus on building clusters of stores because, as they mature, they access a broader range of markets unrelated to construction leading to better margins and return on investment.

The size and composition of a cluster depends on the market size based on Designated Market Areas. We have defined clusters such that a top 25 market cluster in the US has more than 15 stores, a top 26–50 market cluster more than 10 stores and a top 51–100 market more than four stores. We also include the smaller 101–210 markets within our cluster analysis although our focus is predominantly on the top 100 markets in the US. Nevertheless, we have found that the smaller markets, while performing less well than others overall, often prove more resilient when times are less good. Our definition of a cluster in these markets is two or more stores. With the advanced technology we have in place, we can analyse local market data accurately. This allows us to find similarities between certain US and Canadian centres, and model our growth plans accordingly.

The more customers get to know and trust us, the faster we are able to grow.

We focus on ensuring our clusters meet the multiple needs of local customers even if that means some stores may appear to perform less well than others. The interaction of the stores in a cluster is what gives us real competitive advantage. We find that having a blend of locations is highly desirable and we like to mix up the large equipment locations with smaller General Tool stores. The addition of Specialty stores serves to differentiate us from competitors in the area. This enables us to broaden and diversify our customer base and our end markets, as we extend our reach within a market. The value is in the mix of products and services we are able to provide in a concentrated environment.

	US				Canada		
Rental markets	Top 25	26–50	51–100	101–210	Top 5	6–10	11–55
Rental market %	57%	19%	16%	8%	48%	19%	33%
Cluster definition	>15	>10	>4	>1	>10	>7	>1
Clustered	21	12	25	26	3	2	8
Sunbelt 4.0 target	22 markets	15–17 markets	30–33 markets	39–48 markets	4–5 markets	3–5 markets	13–15 markets

3. PERFORMANCE

Our third actionable component is performance, unlocking the capacity to operate more efficiently through process, technology and scale, resulting in margin progression with growing revenues.

We see three areas of opportunity where we can drive performance:

1. firstly, we will leverage our central and field sales and support services, using the investments made during Sunbelt 3.0 as a platform for future growth. We believe that our central and field support functions have now reached the scale to drive Sunbelt 4.0 growth. The investments made over Sunbelt 3.0 provide the foundation to tackle the next chapter of growth without the same levels of incremental cost, contributing to margin improvement;
2. secondly, we will extract the full potential from our existing footprint and leverage our scale. We have added c. 400 locations in North America during Sunbelt 3.0 which have ample room for revenue growth and margin progression. Capital investment targeted in these locations presents a significant opportunity; and
3. finally, we aim to achieve further performance advantage through market-based operational excellence programmes and harnessing the power of digitally enabled solutions.

During Sunbelt 3.0, we launched and benefitted from dynamic pricing, order capture and eCommerce tools, but have been investing in a wide range of industry-leading technologies which will take our technology platform to the next level. Asset telematics, logistics, field service and customer-focused tools will provide further opportunities.

4. SUSTAINABILITY

Our fourth actionable component is sustainability, and this underpins everything we do. We will advance our position as a thriving, growing enterprise to deliver long-term sustainable value for our people, customers, communities and investors.

We intend to lead sustainability in our industry and have set an updated target of a 50% reduction in Scope 1 and 2 greenhouse gas intensity by 2034 (using the base year as 2024), on our journey to being Net Zero by 2050. We have four areas of focus within our sustainability actionable component; operations, customers, our people and communities, and we report on these in more detail in our Responsible business report on page 56.

Operations

- Committing to Scope 1 & 2 Net Zero by 2050 supported by a tangible pathway
- Reducing environmental impact and advancing sustainability through the value chain

Customers

- Driving the benefits of rental amplified by our scale
- Partnering and innovating to bring new products to the rental market

Our people

- Health and safety remaining our key priority
- Focus on attracting, developing and retaining top talent
- Fostering inclusion and belonging

Communities

- 1% of post-tax profit to community investment by 2028/29
- Advancing an integrated community investment strategy
- Scaling strategic sustainability and community partnerships

5. INVESTMENT

Our fifth and final actionable component is investment, by which we mean disciplined capital allocation to drive profitable growth, strong cash generation and enhanced shareholder value.

We will continue to allocate capital within our clearly defined framework:

- organic growth investment in existing locations and greenfield sites;
- bolt-on acquisitions; and
- returns to shareholders – a progressive dividend policy and share buybacks to maintain our leverage within our target range.

Maintaining financial and operational flexibility enables us to flex our business and operational models through the economic cycle. This enables us to react quickly to both opportunities in the market and adverse changes. Having a strong balance sheet is fundamental to our success at all stages in the cycle.

We have been consistent in our commitment to both low leverage and a well invested fleet, and we benefit from the options this strategy has provided. The length and gradual nature of the last cycle enabled us to establish a smooth, well distributed fleet age. Traditionally, rental companies have only generated cash in a downturn when they reduce capital expenditure and age their fleet. In the upturn, they consume cash as they replace their fleets and then seek to grow. We have changed this dynamic through the cycle with our scale and strong margins. During Sunbelt 4.0, strong free cash flow will fund 100% of our organic growth plans, leaving significant capacity for bolt-ons and returns to shareholders.

Our capital allocation will be underpinned by a revised target leverage range of 1.0 to 2.0 times net debt to EBITDA (excluding IFRS 16).

FOUNDATIONAL ELEMENTS

Underpinning our five actionable components are our foundational elements, which we believe are essential to the delivery of our strategy. These are our people, our platform and innovation. Our foundational elements are present in everything we do and core to the culture of our organisation, enabling us to deliver on our customer promise of Availability, Reliability and Ease. We believe that these foundational elements drive the success of our business, and as such, underpin our strategic plan.

PEOPLE | **PLATFORM** | **INNOVATION**

ACTIONABLE COMPONENT

2

GROWTH

Grow our General Tool and Specialty businesses through the ongoing structural progression in our business and industry and advance our clusters to deepen our presence and increase our total addressable markets.

KEY OBJECTIVES:

- Increasing our market density through investment in our General Tool and Specialty businesses
- Accessing latent capacity through existing location growth
- Greenfield expansion; progressing our market clusters
- Positioned to make rate progression a sustained contributor to growth

MEASURING OUR PERFORMANCE

At Group level, we measure the performance of the business using a number of key performance indicators ('KPIs'). These help to ensure that we are delivering against our strategic priorities as set out on page 26. Several of these KPIs (adjusted EPS, return on investment, leverage and carbon intensity) influence the remuneration of our executive team (see page 109).

Certain KPIs are more appropriately measured for each of our operating businesses, whereas other KPIs are best measured for the Group as a whole.

Key:

Key performance indicator linkages

1 Customer

2 Growth

3 Performance

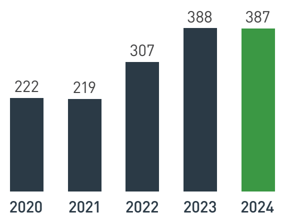
4 Sustainability

5 Investment

R Linked to remuneration

Adjusted EPS (¢)

2 3 5 R



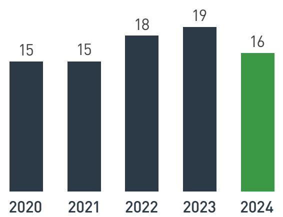
Calculation
Adjusted Group profit after taxation divided by the weighted average number of shares in issue (excluding shares held by the Company and the ESOT).

Target
As a cyclical business, adjusted EPS varies through the cycle.

2024 performance
Adjusted EPS was 386.5¢ per share in 2023/24.

Return on investment ('RoI') (%)

1 2 3 5 R



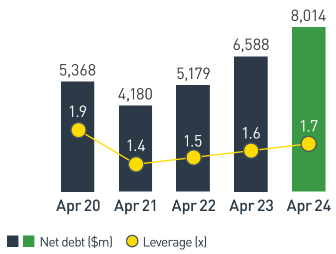
Calculation
Last 12-month ('LTM') adjusted operating profit divided by the LTM average of the sum of net tangible and intangible fixed assets, plus net working capital but excluding net debt and tax. RoI is calculated excluding the impact of IFRS 16.

Target
Averaged across the economic cycle we look to deliver RoI well ahead of our cost of capital, as discussed in our strategic review.

2024 performance
Our RoI was 16% for the year ended 30 April 2024. The decrease in RoI compared with the prior year is predominantly due to the impact of a lower utilisation of a larger fleet.

Net debt and leverage at constant exchange rates

5 R



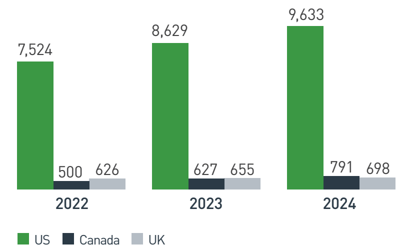
Calculation
Net debt is total debt less cash balances, as reported, and leverage is net debt divided by EBITDA, calculated at constant exchange rates (balance sheet rate). Both net debt and leverage exclude the impact of IFRS 16.

Target
We seek to maintain a conservative balance sheet structure with a target for net debt to EBITDA of 1.0 to 2.0 times (excluding IFRS 16).

2024 performance
Excluding lease liabilities arising under IFRS 16, net debt at 30 April 2024 was $8,014m and leverage was 1.7 times.

Fleet on rent (m/Cm/£m)

1 2 3



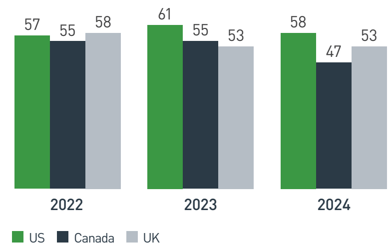
Calculation
Fleet on rent is measured as the daily average of the original cost of our itemised equipment on rent.

Target
To achieve growth rates in excess of the growth in our markets and that of our competitors.

2024 performance
In the US, fleet on rent increased 12% (rental revenue up 11%), in Canada, fleet on rent increased by 26% (rental revenue up 10%), while in the UK it increased by 7% (rental revenue up 6%). The US market increased by 13%, the Canadian market by 5% and the UK market by 3%.

Dollar utilisation (%)

1 2 3



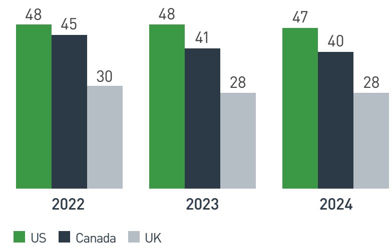
Calculation
Dollar utilisation is rental revenue divided by average fleet at original (or 'first') cost measured over a 12-month period.

Target
Improve dollar utilisation to drive improving returns in the business.

2024 performance
Dollar utilisation was 58% in the US, 47% in Canada and 53% in the UK. The decrease in US dollar utilisation is due to principally lower physical utilisation while Canadian dollar utilisation reflects both lower physical utilisation and the drag of the Film & TV business.

EBITDA margins (%)

3



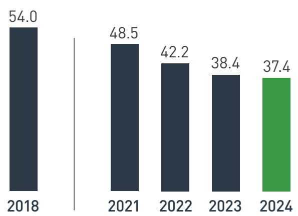
Calculation
EBITDA as a percentage of total revenue.

Target
To improve or maintain margins with EBITDA margins of 40-50% in the US, 40-45% in Canada and 35-40% in the UK.

2024 performance
EBITDA margins in 2023/24 were 47% in the US, 40% in Canada and 28% in the UK.

Carbon intensity (tCO_2e/$m)

4 R



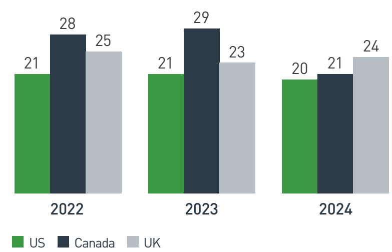
Calculation
Carbon intensity is calculated as emissions per $m of revenue ($tCO_2e$/$m), calculated at constant exchange rates.

Target
To reduce our carbon intensity by 35% by 2030 with reference to 2018 as a base year, with a shorter-term target of 15% by 2024.

2024 performance
Our carbon emission intensity ratio was 37.4 (2023: 38.4).

Staff turnover (%)

4



Calculation
Staff turnover is calculated as the number of leavers in a year (excluding redundancies) divided by the average headcount during the year.

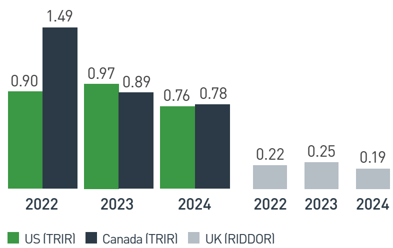
Target
Our aim is to keep employee turnover below historical levels to enable us to build on the skill base we have established and maintain and enhance the culture of the business.

2024 performance
Employee turnover in the US was 20%, in Canada 21% and in the UK 24%.

Employee turnover and the actions we are taking to reduce it are discussed on page 66.

Safety

4



Calculation
In North America, reportable incidents are reported in accordance with the OSHA (Occupational, Safety and Health Administration) framework as a Total Recordable Incident Rate ('TRIR'). In the UK, the RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) reportable rate is the number of major injuries or over seven-day injuries per 100,000 hours worked.

Target
Continued reduction in accident rates.

2024 performance
The TRIR was 0.76 in the US and 0.78 in Canada. The RIDDOR reportable rate was 0.19 in the UK.

More detail is included in our Responsible business report on page 60.

MANAGING OUR RISK

The Group recognises the importance of identifying and managing financial and non-financial risks faced by the business. In response to this, it has developed a rigorous risk management framework designed to identify and assess the likelihood and consequences of risks and to manage the actions necessary to mitigate their impact, including those related to climate-related matters. Our risk identification processes seek to identify risks from both a top-down strategic perspective and a bottom-up business perspective. The Board has overall responsibility for risk management, setting of risk appetite and implementation of the risk management policy. This is designed to enable our employees to take advantage of attractive opportunities, yet to do so within the risk appetite set by the Board.

The Group Risk Register is the core of the Group's risk management process. It contains an overall assessment of the risks faced by the Group together with the controls established to reduce those risks to an acceptable level and is maintained by the Group Risk Committee. The Group Risk Register is based on detailed risk registers maintained by Sunbelt in North America and the UK, which are reviewed and monitored through local risk committees. The operation and effectiveness of the local risk committees, which meet two to four times a year, continues to be enhanced.

The Group Risk Committee meets as required, but at least twice a year, with the objective of encouraging best risk management practice across the Group and a culture of regulatory compliance and ethical behaviour. The Committee is chaired by our chief financial officer and also includes:

- the Group's general counsel;
- the Group's head of internal audit and risk officer;
- the Sunbelt North America chief financial officer;
- the Sunbelt UK finance director; and
- the Group's company secretary.

The Group Risk Committee reports annually through the Audit Committee to the Board and, as part of this process, produces a Group Risk Register. The Board assesses on a regular basis whether the appropriate risks have been identified, including any emerging risks which may impact the Group, and that adequate assurance is obtained over those risks.

In addition, consideration is given to ensure that risks have been assessed appropriately in relation to risk rating. Our risk appetite is reflected in our rating of risks and ensures the appropriate focus is placed on the correct risks. The Board takes a view of the prospects of the business through the cycle and, given the inherent cyclicality in the business, tends to operate with a low risk appetite. Further detail on our risk management framework and priorities during the year is provided on pages 37 to 41.

The Group Risk Committee priorities this year included:

- assessment of the Group Risk Register, including identification and prioritisation of business risks;
- health and safety, together with continuous improvement through training and awareness;
- driver safety, training and compliance;
- focus on the continued development of our technology environment, including cyber security;
- assessment of the environmental and social impact of the Group, including emerging risks such as climate change;
- monitoring of compliance with laws and regulations; and
- performance standards audits.

Our priorities for next year focus on the principal areas of risk to the Group and are similar. In particular:

- continue our safety initiatives, Engage for Life: Amplified, focused on serious injury and fatality ('SIF') protocols and driver programmes;
- focus on the development of our technology environment in accordance with the Group's strategic plans, including a continued focus on cyber security; and
- focus on our sustainability initiatives, delivering against our environmental and social priorities.

Risk management framework

Group Risk Committee
- Reviews key and emerging risks on a regular basis with support from the businesses' risk committees which meet two to four times a year.
- Receives in-depth presentations from the businesses' risk committees on key matters.

Audit Committee
- Receives presentation from Group Risk Committee on the Group Risk Register on an annual basis.
- Assesses effectiveness of risk management process.

Board
- Overall responsibility for risk management framework and the definition of risk appetite.
- Undertakes Board monitoring of significant risks throughout the year.

1 Risk identification
- Assessed both on a top-down and bottom-up basis.
- Risks considered most material to the business.
- Consideration of emerging risks.

2 Assessment of likelihood and impact
- Financial, operational, environmental and regulatory impacts considered.

3 Risk appetite determined
- Risk appetite assessed for individual risks in accordance with our overall Group risk appetite.

4 Mitigating controls implemented
- Mitigating controls identified, implemented and monitored to ensure risk is reduced to an acceptable level.

Group Risk Register
Group Risk Register summarises work of Group Risk Committee, changes in risks identified and details by significant risk material controls and monitoring activities completed.

Risk appetite determined
Risk appetite determined with reference to the Group's risk categories:

STRATEGIC | OPERATIONAL | FINANCIAL

PRINCIPAL RISKS

The Board has completed a robust assessment of the Group's emerging and principal risks. Set out below are the principal business risks identified that could impact the Group's business model, future performance, solvency or liquidity and information on how we mitigate them.

Our risk profile evolves as we move through the economic cycle and commentary on how risks have changed is included below. The Committee has considered whether climate-related matters represent a principal risk for the Group. The Group believes that climate-related matters are addressed principally through our environmental risk and our commitment to reduce carbon intensity. On balance, the Committee believes that climate change and emerging technologies will increase the demand for rental and continue the shift from ownership to rental, rather than presenting a risk to our business model.

Key:

Link to strategic priority:

1 Customer
2 Growth
3 Performance
4 Sustainability
5 Investment

Change in risk in 2023/24:

↑ Increase in risk
→ Constant risk
↓ Decrease in risk

Economic conditions

→ 1 2 3 5

Potential impact

In the longer-term, there is a link between levels of economic activity and demand for our services. The most significant end market which affects our business is construction. The construction industry is cyclical and typically lags the general economic cycle by between 12 and 24 months.

The economic uncertainties resulting from the impact of pandemics is considered as part of this risk.

Mitigation

- Prudent management through the different phases of the cycle.
- Flexibility in the business model.
- Capital structure and debt facilities arranged in recognition of the cyclical nature of our market and able to withstand market shocks.

Change

Our business continues to be well positioned to benefit from supportive end markets. However, while market forecasts are predicting continued growth both in terms of starts and the rental market, supported by the emergence of 'mega projects', there remains some uncertainty in end market conditions due to the level of interest rates. At all times, we remain cognisant of market dynamics and uncertainties to ensure that we take actions to ensure the Group is positioned to take advantage of opportunities.

Competition

→ 1 2 3 5

Potential impact

The already competitive market could become even more competitive and we could suffer increased competition from large national competitors or smaller regional or local companies resulting in reduced market share and lower revenue.

This could negatively affect rental rates and physical utilisation. Continuing industry consolidation could also have a similar effect.

Mitigation

- Create commercial advantage by providing the highest level of service, consistently and at a price which offers value.
- Differentiation of service.
- Enhance the barriers to entry to newcomers provided by our platform: industry-leading technology, experienced personnel and a broad network and equipment fleet.
- Regularly estimate and monitor our market share and track the performance of our competitors.

Change

Our markets continue to be competitive but the big continue to get bigger. We have an 11% market share in the US, a 9% market share in Canada and a 10% market share in the UK.

Cyber security

→ 3

Potential impact

A cyber attack or serious uncured failure in our systems could result in us being unable to deliver service to our customers and/or the loss of data. In particular, we are heavily dependent on technology for the smooth running of our business given the large number of both units of equipment we rent and our customers. As a result, we could suffer reputational loss, revenue loss and financial penalties.

This is the most significant factor in our business continuity planning.

Mitigation

- Stringent policies surrounding security, user access, change control and the ability to download and install software.
- Testing of cyber security including red team exercises, system penetration testing and internal phishing and other training exercises undertaken.
- Use of antivirus and malware software, firewalls, email scanning and internet monitoring as an integral part of our security plan.
- Use of firewalls and encryption to protect systems and any connections to third parties.
- Use of multi-factor authentication.
- Continued focus on development of IT strategy taking advantage of cloud technology available.
- Separate near-live back-up data centres which are designed to be able to provide the necessary services in the event of a failure at a primary site.

Change

The Group remains vigilant with regards to cyber security, with a significant and ongoing investment in resource and tooling to maintain and where appropriate, enhance our posture. Nevertheless, cyber security remains a continually evolving area and a priority for the Group.

In relation to business continuity, our plans have been subject to continued review and update during the year and our disaster recovery plans are tested regularly.

Health and safety

→ 4

Potential impact

A failure to comply with laws and regulations governing health and safety and ensure the highest standards of health and safety across the Group could result in accidents which may result in injury to or fatality of an individual, claims against the Group and/or damage to our reputation.

Mitigation

- Maintain appropriate health and safety policies and procedures regarding the need to comply with laws and regulations and to reasonably guard our employees against the risk of injury.
- Induction and training programmes reinforce health and safety policies.
- Programmes to support our customers exercising their responsibility to their own workforces when using our equipment.
- Maintain appropriate insurance coverage. Further details are provided on page 50.

Change

Health and safety remains a key focus area for the Group and an area of continuous improvement in order to consider what actions can be implemented to further reduce the risks within our business.

In terms of reportable incidents, the TRIR was 0.76 (2023: 0.97) in the US and 0.78 (2023: 0.89) in Canada. The RIDDOR reportable rate was 0.19 (2023: 0.25) in the UK. Further details are provided in our Responsible business report.

People and culture

→ 1 2 3 4

Potential impact

Retaining and attracting good people is key to delivering superior performance and customer service and maintaining and enhancing our culture.

Excessive staff turnover is likely to impact on our ability to maintain the appropriate quality of service to our customers and would ultimately impact our financial performance adversely.

At a leadership level, succession planning is required to ensure the Group can continue to inspire the right culture, leadership and behaviours and meet its strategy objectives. Furthermore, it is important that our remuneration policies reflect the Group's North American focus and enable us to retain and enhance our strong leadership team.

Mitigation

- Provide well-structured and competitive reward and benefit packages that ensure our ability to attract and retain the employees we need.
- Ensure that our staff have the right working environment and equipment to enable them to do the best job possible and maximise their satisfaction at work.
- Invest in training and career development opportunities for our people to support them in their careers.
- Ensure succession plans are in place and reviewed regularly which meet the ongoing needs of the Group.

Change

Recruiting, retention and training continue to be key priorities for the business.

Our compensation and incentive programmes have continued to evolve to reflect market conditions, the economic environment and the results of our employee engagement surveys.

Diversity, equity and inclusion programmes are established across the business to enhance our efforts to attract and retain the best people.

Environmental

4

Potential impact

As part of Sunbelt 4.0, the Group has made a long-term commitment to reduce its Scope 1 and 2 carbon intensity by 50% by 2034, compared to a baseline of 2024, on a journey to Net Zero by 2050. Failure to achieve these goals could adversely impact the Group and its stakeholders.

In terms of the Group's assessment of the broader environmental impacts of our activities, we also consider the upstream and downstream impacts of our operations and note that a significant part of our Scope 3 emissions arises from our rental fleet, which today is reliant on diesel engines. Over time, 'greener' alternatives will become available as technology advances. If we do not remain at the forefront of technological advances, and invest in the latest equipment, our rental fleet could become obsolete.

In addition, we need to comply with the numerous laws governing environmental protection matters. These laws regulate such issues as wastewater, storm water, solid and hazardous wastes and materials, and air quality. Breaches potentially create hazards to our employees, damage to our reputation and expose the Group to, amongst other things, the cost of investigating and remediating contamination and also fines and penalties for non-compliance.

Mitigation

- Policies and procedures in place at all our stores regarding the need to adhere to local laws and regulations.
- Procurement policies reflect the need for the latest available emissions management and fuel efficiency tools in our fleet.
- Collaboration with key suppliers to develop and pilot new technologies.
- Lower carbon vehicle transition plan.
- Real estate and facility standards to reduce emissions from our operations.
- Monitoring and reporting of carbon emissions.

Change

The work of the Health, Safety and Environmental departments, and the Sustainability and operational audit teams, continue to assess environmental compliance.

Our 2022/23 Scope 1 and 2 carbon emissions have been validated by the Carbon Trust and we will obtain assurance over our 2023/24 Scope 1 and 2 data prior to the publication of the Group's 2023/24 Sustainability Report.

In 2023/24 our Scope 1 and 2 carbon emission intensity ratios reduced to 37.4 (2023: 38.4). Further detail is provided on page 62.

We quantified our Scope 3 emissions for the first time during the year, the largest components of which are category 11 (use of sold products) and category 13 (downstream leased assets). These categories are complex to measure and reliant on significant assumptions and estimation techniques. Further detail is provided on page 62.

Laws and regulations

4

Potential impact

Breaches of laws or regulations governing the Group's activities could result in criminal prosecution, substantial claims and loss of reputation.

Mitigation

- Maintaining a legal function to oversee management of these risks and to achieve compliance with relevant legislation.
- Group-wide modern slavery, business ethics and ethical sourcing policies and whistle-blowing arrangements.
- Evolving policies and practices to take account of changes in legal obligations.
- Training and induction programmes ensure our staff receive appropriate training and briefing on the relevant policies.

Change

We monitor regulatory and legislative changes to ensure our policies and practices reflect them and we comply with relevant legislation.

Our whistle-blowing arrangements are well established, and the company secretary reports matters arising to the Audit Committee and the Board during the course of the year. Further details as to the Group's whistle-blowing arrangements are provided on page 69.

During the year 4,929 people in the US, 513 people in Canada and 944 people in the UK underwent induction training. In addition, training programmes were undertaken in safety and business ethics.

EMERGING RISKS

In addition to the principal risks identified above, the Board considers what emerging risks may also impact the Group. In identifying emerging risks, the Board has considered both third-party risk analysis as well as internal views of emerging trends which may impact the business. As a result of this analysis, the Board specifically considered supply chain constraints, incremental climate-related matters (including future laws and regulations which may arise) and emerging technologies (including battery-led technologies and autonomous machines).

In relation to our supply chain, we work with industry-leading rental equipment manufacturers and have achieved significant competitive advantages, including cost savings, through our scale and working relationships. Across the Group, our top five suppliers now account for c. 50% of our rental capital expenditure and, in most cases, we are larger than our suppliers. There is a risk that our key suppliers are unable to supply the equipment required to meet our replacement and growth requirements in a timely manner. The Board believes that the Group has sufficient alternative sources of supply and inherent flexibility in its business model and an $18bn rental fleet, if a supplier is unable to deliver equipment as scheduled. However, it acknowledges that transitioning to a new principal supplier could cause short-term disruption to our procurement.

In relation to climate-related matters, the Board believes these are addressed principally through our environmental risk and our commitment to reduce our carbon intensity, but notes that this is a developing area and as such continues to monitor the ways in which climate change may affect the Group in the future, particularly in relation to the emergence of future laws and regulations which may impact the Group. On balance, the Board believes that the impact from climate change and emerging technologies will increase the demand for rental and continue the shift from ownership to rental, rather than presenting a risk to our business model.

Assessment of prospects and viability

The prospects of the Group are inherently linked to the environment in which we operate. While our principal market is construction, which is cyclical in nature, it represents less than 50% of our business. The balance is non-construction related activity, including, inter alia, industrial, events, maintenance and repair, emergency response and facilities management which, by their nature, are typically less cyclical.

Our markets in the US and Canada are undergoing structural change. Customers are increasingly choosing to rent equipment rather than own it and the fragmented markets are consolidating. The Group is well positioned to take advantage of these structural changes. The UK market is more mature and competitive than the US and Canada but Sunbelt UK is the largest rental company in that market and, with the Group's strong financial position, is well positioned to optimise market conditions.

Period of assessment

The Board discusses regularly the factors affecting the Group's prospects and the risks it faces in optimising the opportunity presented in its markets. The principal risks, which the Board concluded could affect the business are set out on the preceding pages. The Group's risks are ongoing in nature and therefore could crystallise at any time, rather than being linked to a specific timeframe. While the Board has no reason to believe the Group will not be viable over a longer period, the period over which the Board considers it possible to form a reasonable expectation as to the Group's longer-term viability, is the three-year period to 30 April 2027. This also aligns with the duration of the business plan prepared annually and reviewed by the Board. We believe this provides a reasonable degree of confidence over this longer-term outlook.

Assessment of viability

The Group prepares an annual budget and three-year business plan. This plan considers the Group's cash flows and is used to review its funding arrangements and available liquidity based on expected market conditions, capital expenditure plans, used equipment values and other factors that might affect liquidity. It also considers the ability of the Group to raise finance and deploy capital.

The nature of the Group's business is such that its cash flows are countercyclical. In times of improving markets, the Group invests in its rental fleet, both to replace existing fleet and grow the overall size of the fleet, which results in improving earnings but lower cash flow generation from operations in times of rapid growth. However, as the cycle matures and the rate of growth slows, the Group generates strong cash flow from operations. In more benign or declining markets, the Group invests less in its rental fleet and, as a result, generates significant cash flow from operations.

Recognising the impact of the economic cycle and the risk of an economic downturn on the business and its financing requirements, we undertake scenario planning based on the timing, severity and duration of any downturn and subsequent recovery. This scenario planning considers the impact of the cycle on revenue, margins, capital expenditure, cash flows, overall debt levels and leverage. In a scenario where revenue growth is lower than expected due to lower activity levels, the Group would reduce its growth capital expenditure and therefore expect to generate higher free cashflow. In a scenario where revenue declined, the Group would reduce its capital expenditure further, with no growth capital expenditure incurred and lower replacement capital expenditure requirements arising, while still disposing of the equipment which was at the end of its useful life, therefore ensuring the Group's fleet size was appropriate to market activity and continuing to generate disposal proceeds. In this scenario, the Group would expect to generate significant free cashflow. Furthermore, in a lower-growth environment, or in a declining market, the Group would reduce its cost base accordingly. As such, in either scenario, total levels of debt and the Group's leverage ratio would be expected to decrease over time.

The Group maintains a net debt to EBITDA leverage target range of 1.0 to 2.0 times (pre IFRS 16) and long debt maturities to mitigate financing risk. Our senior secured credit facility matures during the viability assessment period and we believe the Group's financial profile and capital structure will enable the Group to refinance it and continue to access debt markets as required.

Based on this analysis, and the Board's regular monitoring and review of risk management and internal control systems, we do not believe there are any reasonably foreseeable events that could not be mitigated through the Group's ability to flex its capital expenditure plans and cost base, which would result in the Group not being able to meet its liabilities as they fall due. The nature of the business' other principal risks is such that, while they could affect the Group's ability to achieve its objectives, they are unlikely to prevent the Group from meeting its liabilities as they fall due.

Viability statement

Based on the foregoing, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 30 April 2027.

ACTIONABLE COMPONENT

3

PERFORMANCE

Operate with greater efficiency through scale, process and technology to unlock margin progression.

KEY OBJECTIVES:

- Leveraging SG&A with increased scale
- Increasing maturity of Project 2021 and Sunbelt 3.0 greenfields and bolt-ons
- Operational excellence and adoption of our next-generation technology platform

STAKEHOLDER ENGAGEMENT

Engaging actively with our stakeholders is critical to the success of the Group and the Group engages regularly with stakeholders on a variety of topics relevant to the business.

A high degree of delegation of the engagement with stakeholders to the management teams within the Group exists in order to ensure the smooth operation of the Group on a day-to-day basis. As noted within our Corporate governance report, the role of the Board is to provide a framework under which the Group operates but under which the Group's businesses have freedom and decision-making authority to pursue business opportunities, underpinned by the culture of the Group. The directors believe that this is an important factor in the operation of the Group and the Group's overall success.

Authority for the operational management of the Group's businesses is therefore delegated to the chief executive, or further delegated by him to the senior management teams within the Group. This ensures effective day-to-day operation of the Group while maintaining effective governance.

At a board level, Board members are encouraged to engage with our stakeholders directly, for example through meeting with individual employees during site visits or through investor meetings, such as those to obtain remuneration policy feedback or through attendance at the Group's annual general meeting. In addition, the Board receives feedback from management as to stakeholder views. This occurs in a number of ways including through board reports, investor feedback reports from our brokers and employee survey reports. An example of board level engagement has been illustrated in the case study on the right-hand side of this page, focusing on the Board's engagement with our people and other stakeholders at the recent Powerhouse event.

In relation to the Group's overall engagement with stakeholders, the Group has identified the following groups as being fundamental to the success of the Group:

OUR PEOPLE

Definition
– Existing and prospective employees, including apprentices.

Why relevant?
Our employees want to work for a company which values them, provides ongoing development, treats them fairly and remunerates them appropriately. Investing in our people ensures we maintain our culture by having the right people and enables us to deliver on our strategic goals.

Nature of engagement
– Employee engagement apps
– Regular 'toolbox talks' and 'town hall' meetings
– Employee surveys
– National conferences, leadership team meetings and other employee events
– Regular communication on safety, with dedicated safety weeks
– Training programmes
– Apprentice programmes
– Employee relief programme
– Employee resource groups

Further details are provided on pages 64 to 67.

Our response to engagement
– Employee reward and benefit structure which recognises the contribution our employees make to the success of the business
– Employee policies which ensure our people are treated fairly
– Ensuring safety remains a cornerstone of our culture
– Continued focus on diversity, equity and inclusion across the Group, with DEI taskforces in place in North America and the UK and employee resource groups to support our endeavours

Relevant KPIs
– Employee survey scores
– Safety metrics
– Employee retention metrics

OUR CUSTOMERS

Definition
– National and other managed accounts
– Small and mid-sized enterprises
– Individuals

Why relevant?
– Our customers want to have confidence in the 'Availability, Reliability and Ease' of our offering as a reliable alternative to ownership.

Nature of engagement
– Account managers for major customers
– Customer feedback mechanism
– Store level staff with local customer relationships
– Customer centric technology to facilitate customer engagement
– Customer-focused websites

Our response to engagement
– Continued investment in fleet, including greener rental options where we are working with customers and suppliers to develop new technologies
– Investment in new market offerings to broaden our rental offering
– Continued investment in customer focused technology solutions, including launch of new customer eCommerce websites and apps
– Relevant KPIs
– Customer satisfaction scores
– Level of repeat business
– Customer spend
– Debtor days/days to credit

Board level engagement

POWERHOUSE – LAUNCH OF SUNBELT 4.0

STAKEHOLDERS MOST IMPACTED:
– Employees
– Customers
– Suppliers
– Investors

OUR SUPPLIERS

Definition
- Major equipment suppliers
- Other equipment suppliers
- Service providers

Why relevant?
Partnering with our suppliers in a collaborative manner ensures that we have access to equipment when we need it and enables us to deliver new innovation to the market.

Nature of engagement
- Dedicated account managers for major suppliers
- Central procurement teams manage supplier relationships
- Collaboration to develop and pilot new technologies, including making targeted investments where appropriate to support the development of greener technology

Our response to engagement
- Regular meetings with key suppliers to assist in management of production cycles
- Policies in place in relation to working with our suppliers fairly
- Clear procurement terms agreed

Relevant KPIs
- Payment practices statistics

OUR COMMUNITIES

Definition
- Local communities to our operations
- Families of employees

Why relevant?
We want to make a positive contribution to the communities in which we operate. Establishing the right relationships with our communities also helps us to attract the best talent into our business. Supporting the families of our staff is just the right thing to do.

Nature of engagement
- Nationwide programmes in addition to local community initiatives entered into by individual depots
- Responding to community needs for emergency relief
- Charity partnerships which support our communities

Further details are provided on page 68.

Our response to engagement
- Community building activities
- Disaster response when required
- Financial support at time of crisis
- Provision of rental equipment

Relevant KPIs
- Charitable donations
- Employee time contributed to community initiatives

OUR INVESTORS

Definition
- Shareholders (institutional)
- Shareholders (private)
- Financial lending institutions

Why relevant?
Our investors want to understand how we are managing the business to generate sustainable returns through the cycle and to promote the long-term success of the Group.

Nature of engagement
- Investor conferences
- One-to-one meetings
- Site visits
- Capital markets events
- Annual Report and other communications
- Results presentations and bond holder calls
- Reporting to financial lending institutions
- Annual General Meeting
- Ashtead Group website including investor relations section

Further details are provided on pages 87 and 88.

Our response to engagement
- Communication of business model and strategic plan
- Application of stated capital allocation priorities
- Maintain compliance with stated financial objectives (e.g. leverage range, etc.)
- Manage business through the cycle

Relevant KPIs
- Returns to shareholders

Consideration:
After detailed consideration by the Board throughout 2023/24, the Group's new strategy, Sunbelt 4.0, was launched in Atlanta, Georgia in April 2024 through a combined internal and Capital Markets event which brought together c. 5,000 of our Sunbelt team from the US, Canada and the UK, c. 300 of our customers and suppliers and c. 160 investors and analysts.

In assessing the proposed strategy during the course of 2023/24, the Board undertook a strategy planning session at the Group's US support office in Fort Mill, South Carolina, in October 2023. Here, the Board met with c. 100 of our senior leaders to receive a detailed update on the performance of the business and details of the strategic planning being undertaken.

Sunbelt 4.0 elevates the Group's strategy to the next level, providing opportunities for continued profitable growth and furthering our return on investment, but also prioritising the customer experience and ensuring the long-term sustainable value generation for our people, customers, communities and investors.

The Group's Board attended the event in Atlanta, which comprised general sessions, the Group's AnyTown exhibit experience detailed earlier in this report, an investor reception and an opportunity to engage directly with customers, suppliers and, importantly, our team members. In particular, the AnyTown exhibit showcased our breadth of capabilities and end markets, and enabled Board members to engage with subject matter experts across our business who are those which operate in the field on a daily basis directly with our customers and suppliers.

SECTION 172 STATEMENT

Statement by the Directors in performance of their statutory duty in accordance with s172(1) of the Companies Act 2006.

The Board of directors of Ashtead Group plc considers that it has, both individually and collectively, acted in good faith in a way which would most likely promote the success of the Company for the benefit of the members as a whole, and in doing so have had regard (amongst other matters) to factors (a) to (f) as set out in s172(1) of the Companies Act 2006 for the decisions taken during the year ended 30 April 2024. In making this statement, the directors have considered the following matters:

- **the likely consequences of any decision in the long-term:** the Board monitored progress against the Group's strategy, Sunbelt 3.0, and reviewed the Group's next strategic growth plan, Sunbelt 4.0, as disclosed on pages 26 to 31, during the year and concluded that the strategy in place will support the long-term success of the Company. Shorter-term expectations in supporting that strategy are approved by the Board as part of the annual budgeting process, against which the performance of the Group is then monitored. Decisions taken during the year are made in the context of the Group's strategy in order to ensure that they are consistent with that strategy, take account of the Group's principal risks as described on pages 36 to 41 and are in line with the Group's capital allocation policy, which is designed to support long-term value generation for all stakeholders as detailed on page 31 and is reflected in the Board's assessment of viability as described on page 41;
- **the interests of the Company's employees:** our people are critical to the success of our business and a core component of our business model. We endeavour to recruit the best people, train them well and look after them so that they provide the best possible service for our customers and remain with us for the long-term. The Board has ultimate responsibility for ensuring the Group's decisions consider the interests of our employees. Further details and examples of our activities with employees are provided on page 44 of the Strategic report and pages 64 to 67 of the Responsible business report;
- **the need to foster the Company's business relationships with suppliers, customers and others:** managing the Company's relationships with suppliers and customers is critical in ensuring the Company delivers on its strategy. We dedicate account teams to our national customers to ensure that we maintain an ongoing dialogue while local customers are managed at a store level to enable us to respond at all levels of the organisation appropriately. The Board receives regular updates on our relationships with suppliers and customers, and has ultimate responsibility for approving investments made. Further details and examples of our activities with suppliers and customers are provided on pages 44 and 45 of the Strategic report;
- **the impact of the Company's operations on the community and the environment:** the Group seeks to have a positive impact on the communities in which it operates and minimise the environmental impact of our operations. Examples of our community initiatives and the environmental steps we take are provided in further detail on page 68 of the Responsible business report and pages 70 to 77 of the Task Force on Climate-related Financial Disclosures;
- **the desirability of the Company maintaining a reputation for high standards of business conduct:** the Group regularly reviews and updates, where appropriate, its business conduct and ethics policies and ensures that these are communicated to employees, are readily available to employees, customers and suppliers and that appropriate training is undertaken by relevant employees on a regular basis to reinforce the Group's policies. The Group business ethics and conduct policy is formally reviewed and approved by the Board on an annual basis and available on the Group's website, while employee specific policies are provided in employee handbooks available to team members. Further details are provided on page 69 of the Responsible business report and on page 86 of the corporate governance report; and
- **the need to act fairly as between members of the Company:** the Company always seeks to ensure that its communications are transparent and its actions are in accordance with the Group's stated strategic aims to promote the long-term success of the Company. On pages 87 and 88 within the Corporate governance report we detail how we engage with our shareholders, including both institutional investors and private investors.

FINANCIAL REVIEW

	Revenue		EBITDA		Profit[1]	
	2024	2023	**2024**	2023	**2024**	2023
Canada in C$m	**896.8**	827.1	**362.9**	337.0	**137.8**	167.4
UK in £m	**706.0**	684.8	**199.0**	192.2	**57.9**	65.0
US	**9,306.7**	8,222.4	**4,405.5**	3,955.3	**2,632.9**	2,464.7
Canada in $m	**664.4**	622.1	**268.9**	253.5	**102.1**	125.9
UK in $m	**887.6**	822.8	**250.1**	231.0	**72.8**	78.1
Group central costs	**–**	–	**(31.9)**	(28.0)	**(32.9)**	(29.0)
	10,858.7	9,667.3	**4,892.6**	4,411.8	**2,774.9**	2,639.7
Net financing costs					**(544.5)**	(366.2)
Adjusted profit before tax					**2,230.4**	2,273.5
Amortisation					**(120.9)**	(117.7)
Profit before taxation					**2,109.5**	2,155.8
Taxation charge					**(511.1)**	(538.1)
Profit attributable to equity holders of the Company					**1,598.4**	1,617.7
Margins						
US			**47.3%**	48.1%	**28.3%**	30.0%
Canada			**40.5%**	40.7%	**15.4%**	20.2%
UK			**28.2%**	28.1%	**8.2%**	9.5%
Group			**45.1%**	45.6%	**25.6%**	27.3%

1 Segment result presented is adjusted operating profit.

Throughout the Financial review, we use a number of alternative financial performance measures ('APMs') which the directors have adopted in order to provide additional useful information on the underlying trends, performance and position of the Group. Further details are provided in the Glossary of terms on page 181.

Our financial performance

Group revenue increased 12% to $10,859m (2023: $9,667m) during the year. This revenue growth resulted in EBITDA increasing 11% to $4,893m (2023: $4,412m), adjusted operating profit increasing 5% to $2,775m (2023: $2,640m) and adjusted profit before tax was $2,230m (2023: $2,273m). The higher increase in the depreciation charge relative to revenue growth reflects lower utilisation of a larger fleet, resulting in the lower rate of operating profit growth while increased financing costs due to increased average debt levels and the higher interest rate environment resulted in adjusted profit before tax slightly lower than last year.

In the US, rental only revenue of $6,558m (2023: $5,879m) was 12% higher than the prior year, representing continued market outperformance and demonstrating the benefits of our strategy of growing our Specialty businesses and broadening our end markets. Organic growth (same-store and greenfields) was 8%, while bolt-ons since 1 May 2022 contributed 4% of rental only revenue growth. In the year, our General Tool business grew 11%, while our Specialty businesses grew 14%. The fourth quarter saw growth in our Specialty businesses return to levels similar to those seen in the first half. Rental only revenue growth has been driven by both volume and rate improvement. Rental revenue increased 11% to $8,321m (2023: $7,503m). US total revenue, including new and used equipment, merchandise and consumable sales, increased 13% to $9,307m (2023: $8,222m). This reflects a higher level of used equipment sales, as we took advantage of improved fleet deliveries and strong second-hand markets to catch up on delayed disposals and bring forward some disposals scheduled for early 2024/25.

Canada's rental only revenue increased 10% to C$605m (2023: C$548m). Markets relating to the major part of the Canadian business are growing in a similar manner to the US with strong volume growth and rate improvement. However, the Writers Guild of America and Screen Actors Guild strikes, which were settled in December, had a significant impact on the performance of the Specialty Film & TV business and some impact on the rest of the Canadian business, which rents into that space. Parts of the US and UK businesses have been affected similarly. Following the settlement, activity levels recovered progressively in the fourth quarter. Rental revenue increased 10% to C$765m (2023: C$696m), while total revenue was C$897m (2023: C$827m).

The UK business generated rental only revenue of £466m, up 9% on the prior year (2023: £429m). Bolt-ons since 1 May 2022 contributed 2% of this growth. Rental only revenue growth has been driven by both rate and volume improvement. Rental revenue increased 6% to £590m (2023: £559m), while total revenue increased 3% to £706m (2023: £685m). This lower rate of total revenue growth reflects a higher level of ancillary and sales revenue associated with the work for the Department of Health last year, which did not repeat this year.

We have invested in the infrastructure of the business during Sunbelt 3.0, to support the growth of the business now and into the future. This has been combined with inflationary pressures across most cost lines, particularly in relation to labour. During the second half of the year, in recognition of the lower US revenue growth, we increased our focus on the cost base. US rental revenue drop through to EBITDA of 40% in the fourth quarter was after an additional receivables provision following a customer filing for Chapter 11 bankruptcy protection post year-end, due to a contract dispute. This resulted in drop through of 49% for the year. Excluding this provision, drop through was 57% for the quarter and 52% for the full year. As a result, the EBITDA margin was 47.3% (2023: 48.1%) and segment profit increased 7% to $2,633m (2023: $2,465m) at a margin of 28.3% (2023: 30.0%).

Our Canadian business continues to develop and enhance its performance as it invests to expand its network and broaden its markets. Despite the drag from the strike-affected Film & TV business, Canada generated an EBITDA margin of 40.5% (2023: 40.7%) and a segment profit of C$138m (2023: C$167m) at a margin of 15.4% (2023: 20.2%).

In the UK, the focus remains on delivering operational efficiency and long-term, sustainable returns in the business. While we continue to improve rental rates, this remains an area of focus. The UK generated an EBITDA margin of 28.2% (2023: 28.1%) and a segment profit of £58m (2023: £65m) at a margin of 8.2% (2023: 9.5%).

Overall, Group adjusted operating profit increased to $2,775m (2023: $2,640m), up 5% at constant exchange rates. After increased financing costs of $545m (2023: $366m), reflecting higher average debt levels and the higher interest rate environment, Group adjusted profit before tax was $2,230m (2023: $2,273m).

Statutory profit before tax was $2,110m (2023: $2,156m). This is after amortisation of $121m (2023: $118m).

Taxation

Tax charge for the year

The adjusted tax charge for the year was $541m (2023: $568m), representing an effective rate of 24% (2023: 25%) of adjusted pre-tax profit of $2,230m (2023: $2,273m). The cash tax charge was 14%.

Included within the total tax charge is a tax credit of $30m (2023: $30m) which relates to the amortisation of intangibles.

Tax strategy and governance

The Group believes it has a corporate responsibility to act with integrity in all tax matters. It is the Group's policy to comply with all relevant tax laws, regulations and obligations including claiming available tax incentives and reliefs in the countries in which it operates. The Group's appetite for tax risk is considered to be cautious and this policy has remained unchanged for a number of years. This approach to taxation is reviewed and approved by the Board on a periodic basis.

While the Board retains ultimate responsibility for the tax affairs of the Group, we have a dedicated internal tax function which takes day-to-day responsibility for the Group's tax affairs. In addition, we seek regular professional advice to ensure that we remain in compliance with changes in tax legislation, disclosure requirements and best practice.

Tax risks are monitored on an ongoing basis and tax matters are reported to the Audit Committee as part of our routine reporting on a quarterly basis.

The Group is committed to having a transparent and constructive working relationship with all tax authorities, including seeking to obtain agreement from tax authorities prior to undertaking material transactions where there is a degree of uncertainty surrounding the appropriate tax treatment.

Legislative changes

We continue to monitor developments in the OECD's work on Base Erosion and Profit Shifting ('BEPS') to ensure continued compliance in an ever-changing environment. In December 2021, the OECD published a framework for the Pillar Two model rules which introduced a global minimum corporation tax rate of 15% for groups with global revenues of over €750m. We do not expect that the 15% global minimum tax rate will affect materially the amount of tax the Group pays, as corporation tax rates in the jurisdictions in which the Group operates exceed 15%. We continue to follow the guidance issued and other developments closely.

Following its state aid investigation, in April 2019 the European Commission announced its decision that the Group Financing Exemption in the UK controlled foreign company ('CFC') legislation constitutes state aid in some circumstances. In common with the UK Government and other UK-based international companies, the Group does not agree with the decision and has therefore lodged a formal appeal with the General Court of the European Union. In common with other UK taxpayers, the Group's appeal has been stayed while the appeals put forward by the UK Government and ITV plc proceed.

On 8 June 2022 the General Court of the European Union dismissed the appeals put forward by the UK Government and ITV plc. However, there remains a high degree of uncertainty in the final outcome given the UK Government and ITV plc have both appealed against the decision to the EU Court of Justice. The EU Court of Justice held a hearing on the case in January 2024 and the Advocate-General's opinion was published in April 2024, proposing that the EU Court of Justice set aside the judgement of the General Court and annul the decision made by the European Commission that the Group Financing Exemption in the UK CFC legislation constituted state aid. The Group will continue to monitor proceedings closely.

Despite the UK Government appealing the European Commission's decision, His Majesty's Revenue & Customs ('HMRC') was required to make an assessment of the tax liability which would arise if the decision is not successfully appealed and collect that amount from taxpayers. HMRC issued a charging notice stating that the tax liability it believes to be due on this basis is £36m, including interest payable. The Group has appealed the charging notice and has settled the amount assessed on it, including interest, in line with HMRC requirements. On successful appeal in whole or in part, all or part of the amount paid in accordance with the charging notice would be returned to the Group. If either the decision reached by the General Court of the European Union or the charging notice issued by HMRC are not ultimately appealed successfully, we have estimated the Group's maximum potential liability to be £36m as at 30 April 2024 ($45m at April 2024 exchange rates), including any interest payable. Based on the current status of proceedings, we have concluded that no provision is required in relation to this matter.

The £36m ($45m at April 2024 exchange rates) paid has been recognised separately as a non-current asset on the balance sheet.

Total tax contribution

For the year ended 30 April 2024, total taxes paid by the Group were $1,616m, comprising taxes borne by the Group of $551m and taxes collected on behalf of tax authorities of $1,065m.

Taxes borne by the Group by type of tax

As a profitable group, a significant portion of the taxes borne by the Group relate to taxes paid on profits. The $246m net tax paid on profits (as shown in the consolidated cash flow statement for the year ended 30 April 2024) is lower than the $291m current tax charge for the year (as shown in Note 7 to the consolidated financial statements). This is partly because payments made during the year are generally based on estimates of the full-year tax liability in each jurisdiction, which can differ to the tax charge for the year calculated once the Group's results are known, but also as a result of credits receivable under the Inflation Reduction Act in relation to investment in green technology.

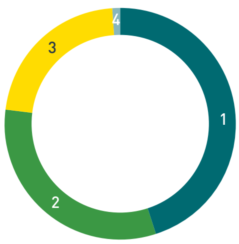
Given the Group's large number of employees, significant employer social security contribution payments are made during the year. Product taxes include taxes incurred on the purchase and ongoing ownership of the Group's rental fleet and other operational expenditure. The Group also paid property taxes and business rates in relation to the extensive network of stores from which it operates.

Taxes collected of $1,065m comprise $562m of net sales taxes on the products and services we provide to customers and $503m in relation to taxes and social security contributions withheld on behalf of our employees.

Taxes by jurisdiction

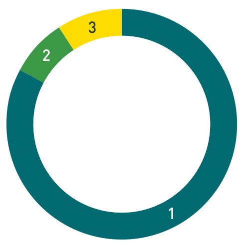
The Group's operations are based in the locations and jurisdictions necessary to best serve our customers and the Group pays tax in accordance with relevant tax laws and regulations in those jurisdictions. As with the split of the Group's revenue, the majority of taxes borne and collected have been paid in the US.

Taxes borne by the Group by type of tax



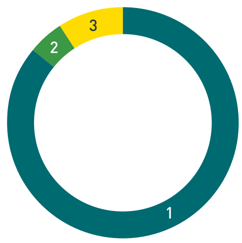
Type of tax		
1 Profit	$246m	45%
2 People	$177m	32%
3 Product	$119m	22%
4 Property	$9m	1%
	$551m	100%

Taxes collected on behalf of tax authorities by jurisdiction



1 US	83%
2 Canada	8%
3 UK	9%

Taxes borne by the Group by jurisdiction



1 US	86%
2 Canada	5%
3 UK	9%

Earnings per share

Adjusted earnings per share were 386.5¢ (2023: 388.5¢) while basic earnings per share were 365.8¢ (2023: 368.4¢). Details of these calculations are included in Note 8 to the financial statements.

Return on investment

The Group return on investment was 16% (2023: 19%). In the US, return on investment (excluding goodwill and intangible assets) was 23% (2023: 27%), while in Canada it was 11% (2023: 18%). The reduction in US return on investment reflects principally the impact of lower utilisation of a larger fleet. Canada's lower return on investment reflects the drag from the recent performance of our Film & TV business combined with lower utilisation of a larger fleet. In the UK, return on investment (excluding goodwill and intangible assets) was 7% (2023: 9%). The decrease reflects the lower utilisation of a slightly larger fleet and increased non-rental depreciation. Return on investment excludes the impact of IFRS 16.

01 Taxes borne by the Group by jurisdiction

$m	Revenue	Tax collected		Tax borne	
US	86%	888	83%	474	86%
Canada	6%	80	8%	26	5%
UK	8%	97	9%	51	9%
	100%	1,065	100%	551	100%

Balance sheet

Property, plant and equipment

Capital expenditure in the year totalled $4,311m (2023: $3,772m) with $3,624m invested in the rental fleet (2023: $3,262m). Expenditure on rental equipment was 84% of total capital expenditure with the balance relating to the delivery vehicle fleet, property improvements and IT equipment. Capital expenditure by division is shown in Table 02 below.

In a strong US rental market, $1,235m of rental equipment capital expenditure was spent on growth while $1,935m was invested in replacement of existing fleet. The growth proportion is estimated based on the assumption that replacement capital expenditure in any period is equal to the original cost of equipment sold. In a period of inflation, this understates replacement capital expenditure and overstates growth capital expenditure. Life cycle inflation is c. 20%.

The average age of the Group's serialised rental equipment, which constitutes the substantial majority of our fleet, at 30 April 2024 was 45 months (2023: 50 months) on an original cost basis. The US fleet had an average age of 44 months (2023: 49 months), the Canadian fleet had an average age of 52 months (2023: 55 months) and the UK fleet had an average age of 50 months (2023: 52 months).

Dollar utilisation was 58% in the US (2023: 61%), 47% for Canada (2023: 55%) and 53% for the UK (2023: 53%). The decrease in US dollar utilisation is due to principally lower physical utilisation while Canadian dollar utilisation reflects both lower physical utilisation and the drag of the Film & TV business.

Trade receivables

Receivable days at 30 April 2024 were 50 days (2023: 48 days). The bad debt charge for the last 12 months ended 30 April 2024 as a percentage of total turnover was 0.8% (2023: 0.5%). Trade receivables at 30 April 2024 of $1,528m (2023: $1,385m) are stated net of allowances for bad debts and credit notes of $141m (2023: $107m), with the provision representing 8% (2023: 7%) of gross receivables.

Trade and other payables

Group payable days were 60 days at 30 April 2024 (2023: 43 days) with capital expenditure related payables totalling $512m (2023: $606m). Payment periods for purchases other than rental equipment vary between seven and 60 days and for rental equipment between 30 and 120 days.

Provisions

Provisions of $118m (2023: $108m) relate predominantly to the provision for uninsured risk. The Group's business exposes it to the risk of claims for personal injury, death or property damage resulting from the use of the equipment it rents and from injuries caused in motor vehicle accidents in which its vehicles are involved. The Group carries insurance covering a wide range of potential claims at levels it believes are sufficient to cover existing and future claims.

Our US liability insurance programmes provide that we can recover our liability related to each and every valid claim in excess of an agreed excess amount of $2m in relation to workers' compensation, $5m in relation to general liability and $3m in relation to motor vehicle claims. In the UK our self-insured excess per claim is much lower than in the US and is typically £50,000 per claim. Our liability insurance coverage is limited to a maximum of £175m.

Pensions

The Group operates a number of pension plans for the benefit of employees, for which the overall charge included in the financial statements was $48m (2023: $40m). Amongst these, the Group has one defined benefit pension plan which was closed to new members in 2001, closed to future benefit accrual in October 2020 and in respect of which the Group completed a buy-in with the purchase of a bulk annuity policy in March 2024. All our ongoing pension plans are defined contribution plans.

The Group's defined benefit pension plan, measured in accordance with the accounting standard IAS 19, Employee Benefits, was $0.4m in deficit at 30 April 2024 (2023: surplus of $18m). The investment return on plan assets was

02 Capital expenditure

	2024			2023
	Replacement	**Growth**	**Total**	Total
Canada in C$m	**160.5**	**157.1**	**317.6**	254.2
UK in £m	**129.8**	**44.1**	**173.9**	161.0
US	**1,935.2**	**1,234.9**	**3,170.1**	2,877.5
Canada in $m	**118.9**	**116.4**	**235.3**	191.2
UK in $m	**163.2**	**55.4**	**218.6**	193.4
Total rental equipment	**2,217.3**	**1,406.7**	**3,624.0**	3,262.1
Delivery vehicles, property improvements & IT equipment			**686.7**	510.0
Total additions			**4,310.7**	3,772.1

03 Fleet and utilisation

	Rental fleet at original cost			LTM rental revenue	LTM dollar utilisation
	30 April 2024	30 April 2023	LTM average		
Canada in C$m	**1,751**	1,438	1,631	765	47%
UK in £m	**1,130**	1,081	1,122	590	53%
US	**15,057**	13,407	14,453	8,321	58%
Canada in $m	**1,274**	1,061	1,209	567	47%
UK in $m	**1,414**	1,358	1,411	742	53%
	17,745	15,826	17,073	9,630	

$25m lower than the expected return while a net actuarial gain of $2m arose, predominantly due to the increase in the discount rate assumption. Overall, there was a net remeasurement loss on the defined benefit pension plan of $23m which was recognised in the statement of comprehensive income for the year.

The most recent triennial actuarial valuation was carried out as at 30 April 2022 by a qualified independent actuary and showed a funding surplus of £11m ($14m at April 2024 exchange rate).

Contingent liabilities

The Group is subject to periodic legal claims in the ordinary course of its business, none of which is expected to have a material impact on the Group's financial position. As discussed earlier, if the findings of the European Commission's investigations into the Group Financing Exemption in the UK controlled foreign company legislation are upheld, we have estimated the Group's potential liability to be £36m ($45m at April 2024 exchange rate). Based on the current status of the investigation, we have concluded that no provision is required in relation to this amount.

Cash flow

Cash inflow from operations before the net investment in the rental fleet was $4,541m (2023: $4,074m). The conversion ratio for the period was 93% (2023: 92%).

Total payments for capital expenditure (rental equipment and other PPE) during the year were $4,445m (2023: $3,530m). Disposal proceeds received totalled $879m (2023: $615m), giving net payments for capital expenditure of $3,566m in the period (2023: $2,915m). Financing costs paid totalled $513m (2023: $340m) while tax payments were $246m (2023: $287m). Financing costs paid typically differ from the charge in the income statement due to the timing of interest payments in the year and non-cash interest charges.

Accordingly, the Group generated free cash flow of $216m (2023: $531m) and, after acquisition and investment related expenditure, net of disposal proceeds, of $889m (2023: $1,126m), a cash outflow of $672m (2023: $594m), before returns to shareholders. Acquisition expenditure related to 26 bolt-on acquisitions completed during the year as we continue to both expand our footprint and diversify our end markets. Further details are provided in Note 27 to the financial statements.

Capital structure and allocation

The Group's capital structure is kept under regular review. Our operations are financed by a combination of debt and equity. We seek to minimise the cost of capital while recognising the constraints of the debt and equity markets. At 30 April 2024 our average cost of capital was approximately 10%.

The Group remains disciplined in its approach to allocation of capital with the overriding objective being to enhance shareholder value.

Our capital allocation framework remains unchanged and prioritises:

- organic fleet growth;
  - same-stores;
  - greenfields;
- bolt-on acquisitions; and
- a progressive dividend with consideration to both profitability and cash generation that is sustainable through the cycle.

Additionally, we consider further returns to shareholders. In this regard, we assess continuously our medium-term plans which take account of investment in the business, growth prospects, cash generation, net debt and leverage. Therefore, the amount allocated to buybacks is simply driven by that which is available after organic growth, bolt-on M&A and dividends, whilst allowing us to operate within our revised 1.0 to 2.0 times target range for net debt to EBITDA pre IFRS 16.

We spent $78m (£62m) under the buyback programme which concluded in April 2024.

04 Cash flow

	Year to 30 April	
	2024 $m	2023 $m
EBITDA	**4,892.6**	4,411.8
Cash inflow from operations before changes in rental equipment	**4,541.0**	4,073.6
Cash conversion ratio*	**92.8%**	92.3%
Replacement rental capital expenditure	**(2,121.0)**	(1,380.8)
Payments for non-rental capital expenditure	**(685.6)**	(510.0)
Rental equipment disposal proceeds	**831.7**	573.6
Other property, plant and equipment disposal proceeds	**47.5**	41.4
Tax paid	**(245.8)**	(287.3)
Financing costs	**(513.1)**	(340.2)
Cash inflow before growth capex	**1,854.7**	2,170.3
Growth rental capital expenditure	**(1,638.2)**	(1,638.8)
Free cash flow	**216.5**	531.5
Business acquisitions	**(875.6)**	(1,083.2)
Business disposals	**1.9**	–
Financial asset investments	**(15.0)**	(42.4)
Total cash absorbed	**(672.2)**	(594.1)
Dividends	**(436.1)**	(357.8)
Purchase of own shares by the ESOT	**(29.9)**	(12.5)
Purchase of own shares by the Company	**(78.4)**	(264.4)
Increase in net debt due to cash flow	**(1,216.6)**	(1,228.8)

* Cash inflow from operations before changes in rental equipment as a percentage of EBITDA.

Dividends

The Company has a progressive dividend policy, which considers both profitability and cash generation, and results in a dividend that is sustainable across the cycle. Our intention has always been to increase the dividend as profits increase and be able to maintain it when profits decline. In accordance with this policy, the Board is recommending a final dividend of 89.25¢ per share (2023: 85.0¢) making 105.0¢ for the year (2023: 100.0¢), an increase of 5%. If approved at the forthcoming Annual General Meeting, the final dividend will be paid on 10 September 2024 to shareholders on the register on 9 August 2024.

In determining the level of dividend in any year, the Board considers a number of factors that influence the proposed dividend as detailed above. Ashtead Group plc, the parent company of the Group, is a non-trading investment holding company which derives its distributable reserves from dividends paid by subsidiary companies which are planned on a regular basis to maintain a suitable level of distributable reserves at the parent company.

The Group intends to rebalance the split between its interim and final dividend to align with normal market practices, and pay a greater proportion of the Group's dividend as part of the interim dividend, commencing with the interim dividend for 2024/25.

Net debt

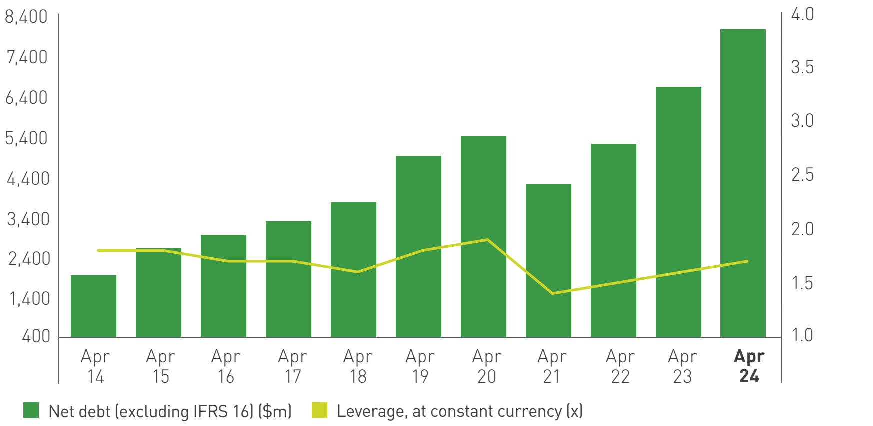
Chart 05 shows how net debt (excluding IFRS 16) and leverage (excluding IFRS 16), measured at constant April 2024 exchange rates, has changed over the cycle. Since 2010, we have stepped up our capital expenditure as rental markets improved. Net debt has increased in absolute terms over the period due to acquisitions, dividends and share buybacks with free cash flow being more than sufficient to fund the increased capital expenditure. Since 2013 we have been operating within our net debt to EBITDA target leverage range of 1.5 to 2.0 times (excluding IFRS 16). As part of the launch of Sunbelt 4.0, we have revised this target leverage range to 1.0 to 2.0 times (excluding IFRS 16). Furthermore, our overall balance sheet strength continues to improve with the second-hand value of our fleet exceeding our total debt by $5.3bn.

In greater detail, closing net debt (including IFRS 16) at 30 April 2024 is set out in Table 06 on page 53.

Net debt at 30 April 2024 was $10,655m with the increase since 30 April 2023 reflecting the cash outflow set out above and additional lease commitments as we continue our greenfield and bolt-on expansion. The Group's EBITDA for the year ended 30 April 2024 was $4,893m. Excluding the impact of IFRS 16, the ratio of net debt to EBITDA was 1.7 times (2023: 1.6 times) on a constant currency and a reported basis as at 30 April 2024. Including the impact of IFRS 16, the ratio of net debt to EBITDA was 2.2 times (2023: 2.0 times) as at 30 April 2024.

Our debt package is well structured for our business across the economic cycle. We retain substantial headroom on facilities which are committed for the long-term, with an average of six years remaining at 30 April 2024. The weighted average interest cost of these facilities (including non-cash amortisation of deferred debt raising costs) is 5%.

05 Net debt and leverage



Debt facilities

The Group's principal debt facilities are discussed below.

First priority senior secured credit facility

At 30 April 2024, $4.5bn was committed by our senior lenders under the asset-based senior secured revolving credit facility ('ABL facility') until August 2026. The amount utilised was $1,941m (including letters of credit totalling $93m). The ABL facility is secured by a first priority interest in substantially all of the Group's assets. Pricing for the $4.5bn revolving credit facility is based on average availability according to a grid, varying from the applicable interest rate plus 125bp to 150bp. The applicable interest rate is based on SOFR for US dollar loans, CDOR for Canadian dollar loans and SONIA for sterling loans. Subsequent to 30 April 2024, the Group amended its ABL agreement to replace CDOR with CORRA in line with the replacement of CDOR in the market. At 30 April 2024, the borrowing rate was the applicable interest rate plus 150bp.

The only financial performance covenant under the asset-based first priority senior bank facility is a fixed charge ratio (comprising LTM EBITDA before exceptional items less LTM net capital expenditure paid in cash over the sum of scheduled debt repayments plus cash interest, cash tax payments and dividends paid in the last 12 months) which must be equal to or greater than 1.0 times.

This covenant does not, however, apply when availability (the difference between the borrowing base and facility utilisation) exceeds $450m. At 30 April 2024, the fixed charge ratio exceeded the covenant requirement. At 30 April 2024 availability under the bank facility was $2,771m ($2,573m at 30 April 2023), with an additional $6,740m of suppressed availability meaning that the covenant was not measured at 30 April 2024 and is unlikely to be measured in forthcoming quarters.

Senior notes

At 30 April 2024 the Group, through its wholly owned subsidiary Ashtead Capital, Inc., had nine series of senior notes outstanding. The $550m 1.500% notes are due on 12 August 2026, the $600m 4.375% notes are due on 15 August 2027, the $600m 4.000% notes are due on 1 May 2028, the $600m 4.250% notes are due on 1 November 2029, the $750m 2.450% notes are due on 12 August 2031, the $750m 5.500% notes are due on 11 August 2032, the $750m 5.550% notes are due on 30 May 2033, the $750m 5.950% senior notes mature on 15 October 2033 and the $850m 5.800% senior notes mature on 15 April 2034.

Minimum contracted debt commitments

Table 07 below summarises the maturity of the Group's borrowings at 30 April 2024 by year of expiry.

Except for the Group's $93m of standby letters of credit issued at 30 April 2024 under the first priority senior debt facility relating to the Group's insurance programmes and $11m of performance bonds granted by Sunbelt, we have no material commitments that we could be obligated to pay in the future which are not included in the Group's consolidated balance sheet.

Current trading and outlook

Our end markets in North America remain robust with healthy demand, supported in the US by the increasing number of mega projects and recent legislative acts. We are in a position of strength, with the operational flexibility and financial capacity to capitalise on the opportunities arising from these market conditions and ongoing structural changes. Through the actionable components of our new strategic growth plan, Sunbelt 4.0, we will drive long-term sustainable growth and returns for all stakeholders and the Board looks to the future with confidence.

06 Net debt

	2024 $m	2023 $m
First priority senior secured bank debt	**1,848.0**	2,038.4
1.500% senior notes, due 2026	**547.8**	546.8
4.375% senior notes, due 2027	**596.6**	595.6
4.000% senior notes, due 2028	**596.0**	595.1
4.250% senior notes, due 2029	**595.3**	594.6
2.450% senior notes, due 2031	**744.6**	743.9
5.500% senior notes, due 2032	**738.8**	737.8
5.550% senior notes, due 2033	**743.4**	742.9
5.950% senior notes, due 2033	**744.1**	–
5.800% senior notes, due 2034	**840.5**	–
Total external borrowings	**7,995.1**	6,595.1
Lease liabilities	**2,680.6**	2,394.3
Total gross debt	**10,675.7**	8,989.4
Cash and cash equivalents	**(20.8)**	(29.9)
Total net debt	**10,654.9**	8,959.5

07 Minimum contracted debt commitments

	2025 $m	2026 $m	2027 $m	2028 $m	2029 $m	Thereafter $m	Total $m
Bank and other debt	–	–	1,848.0	–	–	–	1,848.0
1.500% senior notes	–	–	550.0	–	–	–	550.0
4.375% senior notes	–	–	–	600.0	–	–	600.0
4.000% senior notes	–	–	–	–	600.0	–	600.0
4.250% senior notes	–	–	–	–	–	600.0	600.0
2.450% senior notes	–	–	–	–	–	750.0	750.0
5.500% senior notes	–	–	–	–	–	750.0	750.0
5.550% senior notes	–	–	–	–	–	750.0	750.0
5.950% senior notes	–	–	–	–	–	750.0	750.0
5.800% senior notes	–	–	–	–	–	850.0	850.0
	–	–	2,398.0	600.0	600.0	4,450.0	8,048.0
Deferred costs of raising finance	–	–	(1.6)	(3.4)	(4.0)	(29.9)	(38.9)
Discount on issue of debt	–	–	(0.7)	–	–	(13.3)	(14.0)
Cash at bank and in hand	(20.8)	–	–	–	–	–	(20.8)
Net borrowings	(20.8)	–	2,395.7	596.6	596.0	4,406.8	7,974.3

ACTIONABLE COMPONENT

4

SUSTAINABILITY

Advance our position as a thriving, growing enterprise to deliver long-term sustainable value for our people, customers, communities and investors.

KEY OBJECTIVES:

- Net Zero by 2050
- 50% reduction in Scope 1 and 2 GHG intensity by 2034 (compared to a baseline of 2024)
- Ongoing commitment to a highly engaged workforce

SUSTAINABILITY THROUGH THE POWER OF RENTAL

Sustainability is at the heart of everything we do. At Ashtead, we have always prioritised our people and their safety, while providing our customers with a reliable alternative to ownership, supporting the communities we serve across our store network, limiting the environmental impact of our operations and ensuring a strong governance framework. We are committed to delivering long-term sustainable success of the Group for the benefit of all our stakeholders. After the progress delivered through Sunbelt 3.0, our new strategic plan, Sunbelt 4.0, increases the focus on sustainability across the Group.

Sustainability under Sunbelt 4.0 is about advancing our customer centric approach, while also strengthening our operational focus targeted to Sunbelt's key impacts and opportunities. The best way to engage our people on the value of sustainability is by connecting it to the organisational principle of customer obsession. During 4.0, we will strengthen our sustainability focus across four core areas:

- **our operations:** when it comes to our direct operational impacts, we will continue to focus on opportunities to reduce our direct carbon footprint (Scope 1 and 2) and our management of waste and water;
- **our customers:** rental is inherently a sustainable business model, but through providing the linkage between customers and original equipment manufacturers ('OEMs'), we can drive sustainable practices through the value chain. Specifically, by leveraging our platform, expert teams and unmatched partnerships with OEMs, we will help to accelerate the transition to lower-carbon solutions;
- **our people:** health and safety remains our key priority, but our people strategy under Sunbelt 4.0 is centred around attracting, developing and retaining our team members while enhancing our inclusive culture. Our employee resource groups have progressed, fostering our inclusion and belonging activities across our operations; and
- **our communities:** we strive to drive greater impact by investing more in our community and finding new ways to connect with our customers on shared values. In addition to existing signature charitable partnerships, we have announced our new partnership with the Leukaemia & Lymphoma Society.

This Responsible business report works alongside the Group's more detailed disclosures within the Sustainability report, to provide information for stakeholders on our activities on sustainability. We expect this year's Sustainability report to be published in Autumn 2024.

Material topics

As part of our risk management process, we assess regularly the most material matters to the Group, including those related to sustainability, and assess their potential impact on our business and the generation of long-term value.

In 2020, with support from external consultants, we undertook a comprehensive materiality assessment to gain a deeper understanding of our sustainability impacts, risks, and opportunities across the short, medium, and long-term. The materiality assessment included:

- stakeholder engagement: collaborative workshops and interviews were conducted with key internal stakeholders to gather their perspectives on sustainability matters;
- benchmarking: industry trends and peer practices were analysed to identify relevant sustainability frameworks, standards, and emerging market issues; and
- strategic evaluation: review of our sustainability strategy, targets, future plans, programmes, and capabilities.

OUR COMMITMENT TO THE UNGC AND SDGs

In evidencing our commitment to both the principles of the United Nations Global Compact ('UNGC') and the 17 Sustainable Development Goals ('SDGs'), the Group is a signatory to the UNGC. Our commitment requires us to uphold the UNGCs Ten Principles on human rights, labour, environment and anti-corruption, and incorporate those into the core of our strategy, company culture, and daily operations.

The Group's activities also help advance the United Nations SDGs. To date we have identified eight goals to which we believe we can make the most contribution through our focus on recruitment and training, diversity, equity and inclusion, the development of our products and management of our operations. Further details are provided in our Sustainability report.

We have refreshed this assessment, and prioritised material topics based on their potential impact on our business operations and importance to our stakeholders. It is important to note that although some topics have been deemed to have a 'low' impact on our business, we recognise the importance to our stakeholders and overall duty to doing the right thing. For example, while our business model inherently minimises waste and water use, we acknowledge the significance to our stakeholders and our local communities in reducing waste and water consumption and have a number of initiatives in place.

We have segmented our material topics into our four key sustainability areas: our operations; our customers; our people; and our communities.

We review these material topics on an annual basis, taking into account any new emerging risks, and they are considered and approved by the Board together with our annual report. In addition, we will look to expand this process by undertaking a double materiality assessment for the Group. This will help us to articulate better not only how our business impacts society and the environment, but also the financial risks and opportunities that arise as a result.

How we monitor our work

A robust approach to corporate governance is the foundation for delivering our strategy and ensuring our growth is both responsible and sustainable. The tone from the top, risk management and transparency are all elements that are essential to our business performance and its sustainability. We understand that identifying metrics in measuring our performance is important and have a number that we monitor, including health and safety incident rates, employee engagement, staff turnover and carbon intensity. We report on these in this report.

The Group's Board of directors is responsible for monitoring the progress we make against our strategic sustainability objectives and the targets we have set. The Board is assisted in this function by the Group Risk Committee which is chaired by our chief financial officer. For further information on the Group Risk Committee, its members and priorities in current and forthcoming years, please see pages 36 to 41.

Current material topics

Topics		Business impact		
		Low	Medium	High
Health and safety	Operations, Customers, Our people			✓
Climate action	Operations, Customers			✓
Waste and water	Operations	✓		
Sustainable value chains	Operations, Customers			✓
Talent attraction and retention	Our people			✓
Talent development	Our people			✓
Diversity, equity and inclusion	Our people		✓	
Community engagement	Communities		✓	
Charitable giving	Communities	✓		
Veteran engagement	Communities, Our people		✓	
Corporate behaviour	Operations, Our people			✓

Key: **Linkage to sustainability strategy core areas:**

- Operations
- Our people
- Customers
- Communities

Health and safety

Our success is built on a culture that places health and safety at its core. We are committed to improving continually our safety performance, both in how we operate and the equipment and services we provide for customers. This year we achieved our safest year yet in terms of Total Recordable Incident Rate ('TRIR'). We believe that being known for excellence in health and safety provides us with a significant competitive advantage.

Health and safety is fundamental to our operations and a primary business goal. It is a line of responsibility that begins with management and extends to all stores across the Group. The Group acknowledges its responsibility to provide and maintain a suitable, safe and healthy working environment, safe systems and safe methods of work to employees, contractors and customers.

The Group is committed to the following basic principles across all of our operations:

- strict adherence to occupational health and safety ('OHS') legislation: the Group's Health, Safety and Environmental specialists, and our operational audit teams, continually assess the Group's regulatory compliance with relevant occupational health and safety OHS legislation and best-in-class practices;
- continuous identification and assessment of occupational risks and adoption of measures to control and mitigate them;
- establishment of quantitative and qualitative targets and close monitoring of TRIR, as well as other leading and lagging indicators relevant to the Group's operations;
- continuous provision of information and training to personnel, business partners and customers to ensure competency, equipment quality and safe working practices; and
- the maintenance and update of suitable emergency preparedness plans.

We target safety improvement through health and safety programmes and encouraging employees to always keep their own safety, and that of their team mates, in mind. Our safety training for employees, managers and leaders reinforces the importance of a safety-first mindset and we pay particular attention to near misses as a way of continuing to understand and focus on safety risks. All incidents and near misses are investigated and responded to swiftly.

Safety initiatives

We seek to engage our team members in their safety and well-being every day. We encourage staff to take responsibility for their own safety and have core safety processes across all our stores. These include:

- our team members are trained regularly on the safe use of relevant equipment for their role;
- the near miss programme, which provides insights into our exposures across our business;
- weekly safety training videos on key topics to improve engagement relative to long safety presentations;
- the pre-task planning programme (Take 10 Programme), which requires everyone to take at least 10 seconds to think through the job they are about to do using a pre-task planning checklist. Examples of tasks where this is applied are loading/unloading, wash bay work, checking equipment in, and technicians repairing or conducting routine maintenance on the equipment;
- the Safety Committee engagement programme, which ensures stores hold safety meetings and engage in topics such as near miss reporting, being more observant in looking for exposures, corrective action closure, etc. Weekly safety communications and briefings

ENGAGE FOR LIFE

Our Engage for Life programme forms the backbone of our health and safety work and is built on three pillars: culture, community and commitment. We are building a culture that eliminates serious injuries or fatalities ('SIFs'), aligns best practices, and ensures we all have the right skills to complete work safely. An important component of Engage for Life is that we demonstrate our dedication to the well-being of our team members, their families and communities, while supporting and encouraging team members' safety development. This is an area where we will always strive to do more, and we are committed to embedding the whole ethos of Engage for Life ever deeper within our culture.

At the heart of our Engage for Life Programme lies a new initiative: the Principles for Life. Launched alongside our latest growth strategy, Sunbelt 4.0, these principles target six critical areas where we can have the greatest impact in reducing health and safety incidence. Each principle offers practical guidance for reducing incidents in high-risk areas. This programme will be important for continual reduction in our TRIR.

are also issued to all team members, further encouraging continual dialogue in relation to safety matters at all levels of the organisation, via email and through our employee engagement app;
- Regional Safety Managers present in our business, who engage on a daily basis with team members. Their role includes truck inspections, facility assessments, training and listening to feedback from our people;
- introduction of critical control checks as a foundational element of our safety protocols. These checks involve the systematic identification and verification of critical controls essential for preventing incidents and minimising hazards;
- enhancing safety through investment in innovative Personal Protective Equipment and driver safety technology; and
- a dedicated Safety Data and Analytics Team focused on providing critical information in near real time leveraging industry-leading safety management technology.

Our senior leadership teams have weekly safety meetings to provide focus towards developing solutions that can be replicated across the Group. In addition, we hold annual safety weeks designed to increase awareness of the importance of safety across the business. Safety Week serves as a platform for promoting collaboration and knowledge sharing among employees, stakeholders, and industry partners, reinforcing our collective commitment to prioritising safety as a core organisational value.

Driver safety programmes

We deliver to customers across all 50 states in the US, eight provinces in Canada and across the UK. Covering this distance means safety on the road for our drivers and other road users is paramount. While we have one of the safest fleets in the equipment rental industry, we continue to focus on safety through our commercial vehicle training programme and defensive driving courses so we can target ways in which we can further reduce our incident rate.

We make use of technology in our driver safety programme, known as RITA, such as onboard telematics to help us prevent unsafe behaviours on the road and dash cameras enabling real-time feedback on behaviours which could lead to vehicle incidents (e.g., lane departures, critical distance or in-cab behaviours). To date, over 90% of our vehicle fleet in North America is equipped with telematics and c. 90% are equipped with cameras with ambitions for our entire fleet to be technology enabled. RITA also enables recognition of positive actions, can assist with exoneration in the event of an incident and can assist with customer safety. It can be used to coach drivers to become more aware of their habits through a system of vehicle alerts.
We have found that the improvements cameras have enabled, have changed perceptions of their use, and our drivers now embrace them, rather than being wary of feeling monitored. Onboard technologies can also provide incremental benefits through reduced fuel use, enhanced engine and vehicle maintenance, and route optimisation.

HELMETS VS HARD HATS

This year, we took significant strides in fortifying our commitment to workplace safety by implementing upgraded head protection measures across our North American operations. We invested $2m upgrading from hard hats to helmets across our North America business. Equipped with secure straps, helmets provide added reassurance by ensuring stability in the event of a fall, while also offering crucial side impact protection to safeguard against potential hazards. In tandem with the adoption of helmets, the business also expanded its head protection standards by introducing bump caps in key operational areas such as shops, service areas, and yards. Bump caps provide essential protection from overhead hazards, particularly in environments where team members are working near equipment and machinery. Designed to absorb and deflect impact, bump caps offer an additional layer of protection against potential head injuries, enhancing further the safety of our workforce.

How we monitor performance

This year, we had our safest year yet in terms of Total Recordable Incident Rate ('TRIR'). We monitor and analyse health and safety incidents and 'near misses', investigating and analysing root causes to help identify recurrent issues and risks, and implement preventative controls. The importance of health and safety is reflected in the fact that the number of reportable accidents is one of our group-wide KPIs (see page 35).

We continue to develop and improve our incident management system which enables us to manage incidents while allowing us to investigate, analyse root causes and track corrective/preventative actions. The tracking and reporting of 'near misses' is an area we are continually improving as the lessons learnt are as instructive or often more so than from actual incidents.

Reportable incidents are measured differently in North America and the UK due to different regulatory frameworks. In the US and Canada, reportable accidents are reported in accordance with OSHA (Occupational Safety and Health Administration), referenced as a Total Recordable Incident Rate ('TRIR') whereas in the UK, reportable accidents are reported in accordance with RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations). Under the different definitions, more incidents are generally identified in North America as being reportable than in the UK.

To compare performance between our main operating countries we measure incidents using RIDDOR, as shown in Table 01. All safety and health reporting is made through our online reporting system.

We remain committed to reducing these rates as much as possible and continue to see progress across the businesses.

In addition to monitoring reportable incidents, we have developed a set of performance predictors. These are a set of six leading indicators that monitor each month's activities supporting our safety culture and performance. The leading indicators are mostly centred on engagement and include topics such as safety meeting attendance, safety committee participation and defensive driving programmes. These are recorded in our online safety reporting system.

Working on safety with our customers and suppliers

Being a responsible business means sharing and promoting our safety culture with our customers and suppliers whenever possible. We have the highest safety expectations for all our equipment suppliers. Our near miss reporting programme mentioned above is an important tool we use to feed back and collaborate with suppliers and OEMs based on what we find. For example, if we identify any heightened risk in a particular asset, we work with the OEMs to fix and repair or to innovate their equipment. Being in the middle between customers and suppliers means we can influence and innovate both ways. For our customers, we have dedicated equipment trainers and we offer customised training programmes to meet their needs. We work with customers' safety teams to develop customised training courses, sometimes for a specific jobsite and participate in training days for major customers, demonstrating safe use of equipment and running training seminars. This is in addition to the routine safety briefings that accompany equipment rental. We offer dedicated full-time safety trainers for our customers in 163 markets across North America and have 35 training centres in the UK.

In the UK we are increasing the number of sustainability-related health and safety customer courses for example domestic and commercial electric vehicle charging installation and site environmental awareness training courses. This reflects the strong link between health and safety and advances in green technology and regulation. We see this as an area of added value and a way to enhance safety with those we work with and across our sector more widely.

Our customer training covers a broad range of topics including:

Operator training

- Mobile elevating work platforms, boom lifts and scissor lifts
- Forklifts, warehouse and telehandler rough terrain
- Earth moving equipment, loaders, excavators, backhoes
- Fall protection
  - Authorised User
  - Competent Person

Train the trainer

- Mobile elevating work platforms
- Forklifts
- Earth moving equipment
- Fall protection

Scaffolding

- Scaffolding (Supported & Suspended)
  - Competent person
  - User Awareness
- Trench Safety
  - Confined Space Awareness
  - Competent Person Excavation
  - Evacuation Awareness
- Customised courses available

01 Recordable accidents

		2024		2023	
		TRIR	**RIDDOR**	TRIR	RIDDOR
US	Recordable accidents	**212**	**68**	253	73
	Incident rate	**0.76**	**0.12**	0.97	0.15
Canada	Recordable accidents	**19**	**3**	18	5
	Incident rate	**0.78**	**0.06**	0.89	0.12
UK	Recordable accidents	**n/a**	**19**	n/a	23
	Incident rate	**n/a**	**0.19**	n/a	0.25

Climate action

Advancing sustainability through the power of rental

Protecting the environment is not just the right thing to do; we believe rental has a significant part to play in the transition to a low-carbon economy and as such sustainability is a key element of our business strategy. The environmental benefits of renting equipment rather than ownership accrue when many customers rent one piece of well-maintained and safe equipment only when they need it, as opposed to multiple customers purchasing that same piece of equipment, using it a few times, and then disposing of it.

Through our scale, processes and technology, we believe that we are better equipped to reduce the greenhouse gas ('GHG') impact of equipment ownership, operations and disposals than equipment operators. Our scale and market reach enable us to achieve a high utilisation rate for each piece of equipment, reducing the overall number of assets required to be manufactured. Our large inventory of rental assets means that our customers can use the right equipment for the right job. Furthermore, they can be given training to operate those machines in the most efficient way possible, minimising fuel consumption and carbon emissions during operation, and by positioning our assets where they are required, reducing transportation requirements. Furthermore, our rigorous maintenance programme ensures all equipment performs at optimal capacity, maximising efficiency, extending its useful life and minimising environmental impact.

Finally, our investment in technology including battery electric vehicles and telematics combined with our geographic reach, enable us to reduce transportation emissions by maximising load capacity and route optimisation.

Our commitments and progress

This year, as an important part of our new strategy, Sunbelt 4.0, we have made a commitment to be Net Zero within our operations (Scope 1 and 2 emissions) by 2050. We have a tangible pathway to enable us to reach this goal, with a 2034 shorter-term target of a 50% reduction in Scope 1 and 2 carbon intensity (from a baseline of 2024).

During Sunbelt 4.0, we will focus on expanding electric and hybrid solutions applicable to light, medium and heavy-duty fleet, leveraging clustered markets to optimise deliveries and reduce miles driven and increasingly using renewable diesel, renewable electricity and expanding our LED lighting programme.

We know that the pathway relies on innovation, advancements and refinements in technology, and infrastructure to come to fruition. As such our net zero road map is dynamic and designed to be adapted as both known and unknown factors develop, for example evolving projections around the pace, scale and cost of low-carbon technology and infrastructure, and volatility in the renewable energy credit (REC) markets and associated costs. The pathway is informed by the macro-outlook from a range of key sources including OEMs, fuel producers, governments, experts and thought leaders like the International Energy Agency (IEA), as well as our own proprietary insights. Further details on our commitments and progress including a more detailed road map will be provided in the Group's next Sustainability report, which we expect to publish in Autumn 2024.

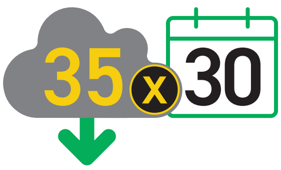
Scope 1 and 2 greenhouse gas emissions

The Group's direct energy consumption arises predominantly from the diesel and petrol used in our vehicle fleet, the gas consumption in our facilities and our purchased electricity.

Our Scope 1 (fuel combustion and operation of facilities) and Scope 2 (purchased electricity) GHG emissions are reported in Table 02 on page 62, together with details of the energy consumption used to calculate those emissions.

In order to calculate the GHG emissions and total energy consumption in mWh, we have used a 'market-based method' in accordance with the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), together with emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2023, the latest available emission factors from the US Environmental Protection Agency and the Environment and Climate Change Canada. In addition:

- in the US and Canada, due to the size of our operation and range of fuel and electricity providers, we collect data from the significant vendors and then use this to estimate emissions attributable to the balance. In addition, we are required to estimate electricity usage between the most recent meter reading and the year-end date. As such, for the year ended 30 April 2024, approximately 10% of the North American emissions balance was estimated; and
- in the UK, we collect data from all Scope 1 and 2 suppliers and hence, there is no estimation involved. However, we estimate an amount for invoices not yet received and as such, for the year ended 30 April 2024, 1% of the UK emission balance was estimated.



Sunbelt 3.0

By 2030, 35% reduction in Scope 1 and 2 carbon intensity, with a near-term target of 15% by 2024.

Sunbelt 4.0

Scope 1 and 2 Net Zero by 2050, with a near-term target to reduce carbon intensity by 50% by 2034 relative to 2024 baseline year.

Progress

31% reduction in Scope 1 and 2 carbon intensity from baseline year of 2018.

Progress made from:

- increase in renewable electricity procured in the US; and
- c. 60% of transportation fleet is now equipped with telematics, resulting in improved load capacity and route optimisation.

New target

Tangible pathway identified to deliver Net Zero by 2050, with flexibility embedded to allow for different pathways subject to available technology.

In the nearer term, we are targeting a 50% reduction in Scope 1 and 2 carbon intensity by 2034 (from a 2024 baseline).

In the current year, our total Scope 2 emissions resulting from our US operations have been reduced by the sourcing of electricity in certain locations from renewable sources which are REC backed (11% of our US consumption). We will continue to explore the options available to us to extend the sourcing of purchased electricity from renewable sources where market regulation allows. In the UK, we source all electricity from renewable sources which are REGO (renewal energy guarantees of origin) backed except for a small number of locations where energy is sourced by a third party.

Our level of GHG emissions vary with our activity levels which are in part reflected in our revenue levels. Accordingly, we have concluded that the most appropriate intensity ratio for Ashtead is on a revenue basis.

tCO_2e/$m	2024	2023
Carbon intensity ratio – emissions per $m of revenue	**37.4**	38.4
Carbon intensity ratio – emissions per $m of rental revenue	**42.2**	42.7

On a constant currency basis (using this year's exchange rates) our intensity ratio has reduced 2% from 38.3 to 37.4.

Going forward, we will measure carbon intensity based on rental revenue, rather than total revenue, as we believe that this better reflects progress made by the Group without the potential for volatility in the level of used equipment sales.

Over 80% of our Scope 1 and 2 carbon emissions come from our vehicle fleet. Tackling emissions from our vehicle fleet is therefore a key area of focus for us and we are doing this in two ways:

- using the vehicles we have in the most efficient way possible using onboard telematics; and
- shifting our vehicle fleet away from traditional fossil fuels to alternative fuel types. For example, we are working with our manufacturers to test a range of EVs for the business across our sales, service and delivery fleet.

Scope 3 value chain emissions

Understanding the carbon footprint of our entire value chain, both upstream with suppliers and downstream with customers, is key to unlocking energy efficiencies and working towards a low-carbon economy. In 2022/23, we completed our preliminary Scope 3 assessment and disclosed emissions across the 11 categories which we identified as relevant to the Group in our 2022/23 Sustainability report. In calculating our Scope 3 emissions, we have followed GHG Protocol guidance but highlight that where data sources are incomplete, we have sought to extrapolate our emissions based on the data available to us to reflect the Group's entire Scope 3 footprint.

The majority of our Scope 3 emissions arise through our customers' use of our equipment on their sites and projects (category 13), emissions from the use of sold rental equipment subsequent to our ownership (category 11), all of which are required to be accounted for in the year of disposal, and the embedded carbon in our supply chain (category 2). Consequently, they are based on broad assumptions across a huge number of assets which are inherently difficult to validate, including annual hours of use, average fuel consumption, average engine load factor and, for category 11, the total lifetime hours of use of assets subsequent to our ownership. Accordingly, our Scope 3 emissions will always be subject to an application of significant judgement and hence a high degree of estimation uncertainty.

We are working to refine our estimation approach, including through the use of ever greater amounts of machine telematics data as it becomes more readily available across our asset base. We are also engaging with external consultants to review our methodology and approach and have participated in an industry-wide initiative led by the European Rental Association to develop industry-specific guidance relating to the measurement of Scope 3 emissions. We therefore expect to publish updated Scope 3 emissions in the Group's 2024 Sustainability report in accordance with this industry guidance.

As we look to the future, we recognise that our Scope 3 emissions are likely to increase in the short- to medium-term as we continue to grow. Future reductions in our Scope 3 emissions will be dependent upon the development of technological solutions to allow for current equipment to be replaced by equipment with low- or zero-carbon emissions, the availability of renewable diesel, and the adoption of these options by customers. Nevertheless, during the period of Sunbelt 4.0, we will continue to engage with our rental equipment suppliers, understanding their commitments to reducing their own emissions, and investigate the possibility of establishing a Scope 3 intensity target for the Group.

02 Greenhouse gas emissions

		2024		2023	
		UK	Total	UK	Total
Scope 1	tCO_2e/year*	**31,000**	**371,404**	31,288	340,782
Scope 2	tCO_2e/year*	**748**	**34,544**	776	30,380
Total	tCO_2e/year*	**31,748**	**405,948**	32,064	371,161
Energy consumption used to calculate emissions	mWh	**145,344**	**1,646,300**	148,497	1,511,320

* tCO_2e/year defined as tonnes of CO_2 equivalent per year.

Waste and water

Waste

Reducing waste going to landfill, increasing recycling and reducing water use are all important to our sustainability efforts. We are strengthening our processes in these areas and establishing metrics and targets. Our business model necessarily promotes less waste overall going to landfill because we are renting the same piece of equipment to many customers and maintaining it to such an extent that it has a long product life.

To assess more accurately the volume of waste we generate and recycle, we work with our waste contractors across each of our locations and pursue programmes to reduce the volume of waste we produce. We work with suppliers to reduce the packaging included with products we procure and partner with them to develop takeback programmes for equipment packaging and protective materials. In addition, we are working proactively with our supply chain to increase the amount of recycling of our equipment that can be done to avoid even obsolete equipment going to landfill. In addition, we continue to develop our refurbishment programme in conjunction with our suppliers, where original equipment gets stripped down, new components are added, and it comes back into service. Several of our suppliers have dedicated facilities for our refurbishments. In the UK, we have been working closely with waste providers to collect all the rubber tracks and tyres that were awaiting disposal across our depots. As a result of this initiative all tracks and tyres are now recycled, recovered or reused.

Water

Our approach to water stewardship is to focus our efforts where water is scarce. We have used the World Resources Institute's Aqueduct tool to map where we are operating in areas of water stress or high-water stress. Across the Group, c. 30% of our stores are in areas of water stress or high-water stress, principally in California and the southwest and central states of the US. This provides a blueprint for where we are targeting water-saving initiatives by introducing technology to help reduce water use in these areas.

Water saving initiatives available to us include the use of closed loop wash systems where we reuse water many times over, as well as water recovery systems where we capture water run-off for use within wash-bays.

Sustainable value chains

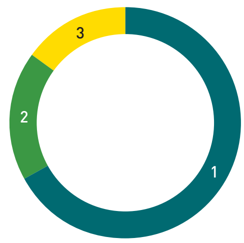
Every year we invest millions of dollars in new equipment and fleet which produces less carbon, less particulate matter and needs less maintenance and servicing. Our investment in innovation is a key driver in addressing Scope 3 emissions. We work closely with our suppliers and OEMs to develop the next generation of equipment. Being perfectly positioned between the OEM and the end consumer, we are ideally placed to bring about change, usually getting earlier access to sustainable products than others.

We work closely with manufacturers to help them design, develop, trial, and bring to market innovative, environmentally sustainable equipment, including electric versions of the most widely used pieces of rental equipment. At the same time, our desire to invest in new and low-carbon technology demonstrates there is demand for these products. Finally, by bringing new products to a wide audience of customers in the rental market, we help develop acceptance of new equipment and drive further demand.

Chart 03 shows the composition of our fleet today. While it will take time before a significantly greater proportion of our fleet moves away from diesel power, approximately 20% of our rental fleet is already powered by alternatives to traditional diesel power, including battery, electric and hybrid options. The large majority of our diesel-powered fleet also meets the most stringent North American and European emissions standards and we have one of the most modern fleets of rental equipment in the industry. We have focused on investing in next generation, low- and zero-emission technology including battery, electric, solar and hybrid options, and are committed to working closely with all our suppliers to help them develop the most environmentally sustainable equipment.

Consideration of maintenance and servicing requirements as well as what happens at the end of a product's useful life are a key part of this process, as we believe that true sustainability needs to consider a holistic, whole life-cycle approach. We replace our rental assets every seven to eight years and as we retire older equipment, the new equipment we buy delivers efficiency improvements. But we do not simply rely on these incremental improvements.

03 Group fleet composition



1 Fossil fuel........67%
2 Electric........18%
3 Other, including non-powered........15%

We have developed partnerships with suppliers to introduce alternative energy and fuel solutions for our customers. For example, HVO (hydrotreated vegetable oil) fuel can replace diesel with no changes required to the engine or operational infrastructure and is approved for road and non-road use. In the UK, we have received approval under the RFAS (Renewable fuel assurance scheme) as a recognised fuel supplier for HVO. By joining the RFAS, we are demonstrating our commitment to providing our customers with sustainably sourced renewable liquid fuels with credible GHG emission savings.

Energy management as a service is one of our important new offerings where we consult with customers on how best to manage their energy requirements. Last year we helped power a remote island with the most energy-efficient solution during their peak summer season, providing only the energy load needed at the time it was needed, eliminating wasted diesel and reducing carbon emissions. If customers are reluctant to try electric powered solutions, because of charging concerns, for example, we can offer them a hybrid charging solution, combining our battery energy storage system with diesel generation, resulting in 75% less emissions than diesel alone.

Talent attraction and retention

Our people are our priority. They give us an enormous competitive advantage, provide superior service to our customers, and exemplify our exceptional culture. Recruiting and retaining the best talent is critical for supporting our growth plans under Sunbelt 4.0.

Our people strategy is focused on accurate recruitment which means finding the right people for the right openings and accurately communicating to candidates what the job entails alongside the benefits of working for Sunbelt. Once through the door, our investments in safety and well-being, personal and professional growth, compensation and reward structure and inclusion are important retention enablers.

In the UK, a key component of our recruitment at a junior level is our formal apprenticeship programme. We took on 19 trainees into our UK apprenticeship programme this year and we plan to recruit more in the coming year. Our apprentice programmes take between one and three years to complete and usually include outside training and a formal NVQ qualification, in addition to on-the-job training. We have six apprentice streams – plant maintenance, customer service, driver, electro technical, mechanical engineering and civil engineering.

We are also committed to supporting veterans and aspire to be an employer of choice for people leaving the military. Approximately 9% of our workforce in North America are military veterans and this is a number we are aiming to grow. Our goal is for veterans to be able to find a fulfilling workplace at Sunbelt where they can enrich our culture and contribute to achieving our goals. The skills gained during active service match well with the skills we are looking for in positions across our business, from our skilled trades to leadership roles.

We have developed a robust programme for recruiting and retaining veteran employees and we actively recruit members of the armed forces through job fairs, strategic partnerships, and programmes such as the U.S. Chamber of Commerce's Hiring Our Heroes programme and our partner, the US Department of Defense, where we are an official Skillbridge provider. We were honoured to be recognised as a 2024 Military Friendly Employer for the fourth year in a row and to be awarded the highly coveted VETS Index Employer Award for our commitment to recruiting, hiring, retaining, developing and supporting veterans and the military-connected community.

Our commitment to employing military service leavers and veterans is the same in the UK as in the US and our businesses work together on veteran recruitment strategy, pooling our collective experience and resources. We have an official network of veteran ambassadors across North America and the UK to support existing veteran staff and help attract more team members.

Pay and benefits

Pay and benefits is one of the most significant factors in attracting and retaining the best people.

Our employees' pay and benefits are made up of competitive fixed pay and a range of benefits and incentive programmes to motivate employees and support our business' success. In North America we have adopted a Leading Wage approach to ensure all employees are paid an hourly rate more than the state and federal recommended rates and at a level which is competitive to the market. Sunbelt UK is an accredited Living Wage Employer. We recognise the strong link between financial well-being and employee engagement, including mental health and well-being. We closely monitor industry pay, and benchmark our salaries, to ensure a competitive package is offered to attract, retain and appropriately reward our employees.

In addition, we provide a comprehensive package of benefits ensuring they represent affordable and smart choices for employees. Each benefit offering has been designed to work with another, providing a financial safety net that serves those employees in need, as well as providing us all with a proper sense of security. In the US we offer robust and comprehensive medical coverage and have limited increases in member contribution rates despite the increasing costs of healthcare. By continuing to promote wellness, we intend to maintain a fair and balanced health plan that is considered one of the best in our industry. Our retirement plans are well received with an 85% enrolment rate in our US 401(k) plan, 96% enrolment rate in Canada and 93% of UK employees participating in the pension plan.

We recognise that mental health is another vital part of overall well-being, and as such we have an employee assistance helpline which offers free confidential support and advice to those in need. We also have other benefits to promote good health amongst our employees. In the UK we have a flexible holiday arrangement enabling employees to purchase additional holiday entitlement or sell unused or unwanted holiday back to the company, giving the employee more flexibility and choice in how they use their contractual benefits.

IMAGE: Master Chief Shane McKenzie, USN, Retired (Director, Veteran and Impact Programs)

VETERAN SPOTLIGHT

Shane McKenzie is a retired U.S. Navy SEAL Master Chief who serves as our Director of Veteran and Impact Programs. He spent almost 30 years in the SEAL teams, leading teams in combat zones around the globe, starting his military career as a SEAL Operator and finishing as a Command Master Chief. Under Shane's leadership, we have developed our Veterans programme around four key pillars: resources, recruitment, recognition and retention, and have won multiple best-in-class awards for our military recruitment.

"We had a vision to build a multi-national programme geared to support the unique challenges faced by our veteran teammates and their families. We now lead one that exceeds industry standards, is internationally recognised as best-in-class and that extends support within every country in which Sunbelt is located."

We offer paid parental leave group-wide and in the US, employees can use pre-tax money to contribute to health-related purchases and dependent care expenses – including the cost of childcare, babysitters and after school programmes.

Employee engagement and well-being

Getting ongoing feedback on how our staff are feeling and then making any changes necessary, is crucial to maintaining a happy and fulfilled workforce. We pride ourselves on having a strong culture, with a strong sense of purpose amongst our team members who take their responsibilities to assist customers and communities seriously. There is also a strong sense of pride in a job well done, such as when we are helping people get back to normal after a natural disaster. We conduct regular employee surveys in North America and the UK, which have received excellent levels of response. We have been delighted with the results so far, which show a high degree of employee engagement and satisfaction but highlight areas where we can improve.

In North America, our latest Express Yourself Survey received a 75% participation rate with an 88% engagement score. In the UK, participation in the latest survey was 86% with an 80% engagement rating. Responses to the surveys are overwhelmingly positive. We analyse the results and identify areas for improvement, developing action plans down to a local level and report to the Board on progress. Since the launch of the Express Yourself Survey, we have put in place a number of employee initiatives as a result of this feedback and enhanced our employee communication activities to allow better two-way engagement with our team members. We have seen an increase in employee engagement scores year-on-year highlighting the effectiveness of measures taken.

When our staff are on top form, they provide the best service to our customers. We promote employee well-being on a daily basis. We recognise the link between mental health and well-being, flexible working and managing work related stress. That is why we offer remote work opportunities where the role allows for it. In some roles, remote work opportunities may not be possible (for instance drivers and technicians), but flexibility is still possible through proactive shift management. We take action to minimise work related stress including supporting our team in recognising stress triggers and managing workloads. We are also there to help when employees find themselves in difficulties. We have mental health support initiatives across the Group and employees can get help quickly via an app or through our employee assistance programme as needed. For example, in the UK our 'Let's Talk Mental Health' programme included an initiative which saw volunteers completing a two-day professional Mental Health First Aider course (MHFA England) and becoming mental health ambassadors within the business.

In North America, the Sunbelt Rentals Employee Relief Fund was created to support employees who are facing financial hardships after a natural disaster or other life-changing events. The fund was established initially to help the victims of Hurricane Charley in 2004 and is now a part of our long-term strategy to assist team members through catastrophic financial hardship. Any employee is eligible to receive relief from this fund for the benefit of themselves or their immediate family members living in their household.

Workforce turnover

Our sector generally suffers from high turnover rates, especially in some of our skilled trades, such as drivers and mechanics. Our voluntary staff turnover is 15% in the US (total staff turnover is 20%), 15% in Canada (total staff turnover is 21%) and 19% in the UK (total staff turnover is 24%). Our analysis shows that around two-thirds of turnover happens within the first two years of an employee starting to work for us. As a result, we continue to focus on improving our recruitment process, which means finding the right employees for the right openings. We prioritise our employee onboarding to ensure new recruits get the support and guidance they need from the very beginning of their career with us. Beyond two years, employee turnover drops drastically.

Talent development

Developing our people is crucial to our success. The commitment and skills of our workforce contribute directly to how well we do. Whatever level an employee is at in the business, we aim to train them to improve their skills and give them opportunities for career development through clearly defined, but flexible career pathways. To keep the best talent in the business, we need to match our people's career ambitions by providing a clear route for progress and development. We offer a wide range of technical, sales, management and leadership training to all employees.

For our largest group of employees, skilled trades, we have two main approaches to develop talent: career pathing and career progression. Career pathing is about providing employees with a clear promotion pathway within the business. For example, for a driver or technician to become a store manager, we have a career pathway with associated training courses that provide the skills needed for the next step on that particular career pathway. With this option, a team member can see the skills they need to develop and demonstrate to progress in their career towards a management role.

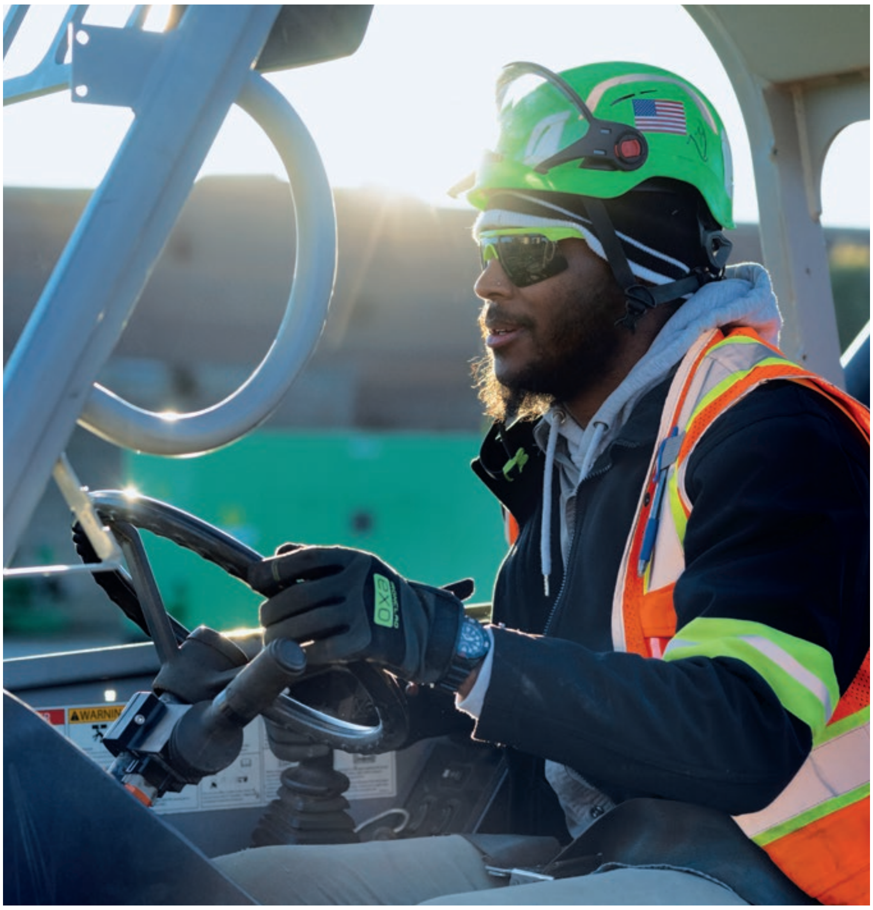
For those that want to progress within their specific job area, we offer career progression. For example, technicians can achieve four skill levels, with each level requiring progressively more in-depth and expert skill and knowledge. To pass from one level to the next, the team member has to pass an evaluation that shows their skills match the next step on the ladder.

For frontline leaders in our store network and other leaders in central operations, we offer a range of leadership or senior leadership training. These courses ensure our leaders are equipped with the skills to deliver on our business strategy. These include inclusive leadership, coaching, performance and financial management, training skills and customer experience.

Our career development and training initiatives include:

- technician apprenticeship and training programmes;
- paid apprenticeships for trade school students approaching graduation;
- sales training;
- Manager In Training programme;
- intern programmes both in stores and at the support office;
- a leadership curriculum for all store managers;
- an Executive Leadership Development programme;
- women in leadership development apprenticeship programme (UK); and
- coaching skills training for store managers to enable better coaching and mentoring of staff.

To assess the effectiveness of our people development programmes, we have implemented a robust performance management process. Our cyclical performance management process applies to all employees and provides a standardised framework to help team members with skill development and career growth. Regular feedback and evaluations enable team members to track their progress, identify areas for improvement, and receive recognition for their achievements. We understand that an employee's ambition and priorities can change over time for example to balance family life, caring responsibilities or health issues, and our career progression and career pathing pathway enable flexibility and tailoring to balance these needs. We make every reasonable effort to give disabled applicants and existing employees becoming disabled, opportunities for work, training and career development in keeping with their aptitudes and abilities.



Diversity, equity and inclusion

Creating a diverse work environment where everyone can thrive is crucial to our business and culture. We prioritise diversity, equity and inclusion and we are working hard to create a more diverse workplace. Providing equal opportunities for all is a priority for the Group. We do not discriminate based on a protected status, such as sex, colour, race, religion, native origin or age.

Despite working in a traditionally white male-dominated sector, we are striving to make our workforce more diverse and want our people to reflect the communities which we work in and recruit from. With this in mind, we continue to strengthen our approach to diversity, with the rollout of a diversity, equity and inclusion ('DE&I') playbook for all team members in North America, outlining our approach to diversity, what it means and our plans in this area. Training continues to be rolled out to all employees. Our focus on inclusion has been a key element of our sustainability journey. We have launched nine employee resource groups ('ERGs') between North America and the UK, and their mission is to help advance an inclusive culture that empowers individuals and provides equitable opportunity for team members and the communities we serve. We recognise that fostering diversity, equity and inclusion leads to a better work culture that supports employee mental health.

In the US we are required by law to monitor ethnicity in our workforce and we maintain a diverse workforce with c. 30% of the US workforce identifying themselves as being non-white. We also gather diversity data as part of the recruitment process in the UK and seek to monitor our diversity, although the information held is less complete than data in North America where information has been gathered over a longer period. We are committed to providing opportunities for people across our organisation regardless of gender, ethnicity or other characteristic.

Our goal is to respect our collective experiences and unique perspectives from across the Group.

Workforce by gender

We are focused on the gender composition of our workforce but recognise our workforce reflects the nature of our business, the industry in which we operate and the markets we serve, with just 13% of the Group's workforce being female. A significant proportion of our workforce are mechanics, technicians and drivers, virtually all of whom have been male historically. Therefore, while across our workforce we seek to promote an increasing presence of women in the business, and we have seen success in some areas of our business such as within professional functions, sales and customer service, we recognise that some roles will continue to attract fewer women.

Nevertheless, while our industry has traditionally had many more men than women, we do have women at all levels of the Group, from the Board to store level. While four members of our Board (44%) are female and we have women on our senior management teams and as store managers and sales executives, we realise we have work to do to increase the number of women throughout the business.

We continue to prioritise recruiting the best people for every role and are working to make it easier for more women to join and remain with the organisation. We believe that in doing so, we will move towards achieving a greater level of female representation across the Group at all levels starting from the grassroots of our organisation.

Ashtead pays men and women the same salary for the same role with the actual remuneration being based on skills, experience and performance.

However, as a result of our mix of employees and the roles they undertake, the average pay of men and women differs across the business. Summarised in Table 05 is the amount by which average pay for men exceeds that for women.

04 Workforce by gender

Number of employees	Male	Female	Female %
Board directors	**5**	**4**	**44%**
Senior management	**23**	**7**	**23%**
All staff	**22,711**	**3,254**	**13%**
By region			
US	**17,093**	**2,158**	**11%**
Canada	**1,974**	**332**	**14%**
UK	**3,644**	**764**	**17%**

Data presented as at 30 April 2024.

05 Pay gap

	Pay gap
Sunbelt US	**4%**
Sunbelt Canada	**7%**
Sunbelt UK	**2%**

Diversity, equity and inclusion

North American ERGs

Community engagement

With approximately 1,500 stores, we have a strong presence in a lot of local communities. We strive to have a positive impact in these communities through job creation, charity support, volunteering and responding to emergencies. Working with local and national charities is important to us, but the value we can bring to communities is broader than just supporting charitable causes. When we open new stores, we bring opportunities through recruitment, economic activity and a new avenue for local support into these communities. Both through the service we provide and the goods and services we procure, we help entrepreneurs and small businesses grow and, together with our customers, we help build thriving communities.

Our stores are active in their local communities supporting causes relevant to their people. As an example, in Florida, employees, vendors, and customers have generously donated over 261,000 school items including backpacks, notebooks, folders and calculators.

We have always had a volunteering allowance for staff, but under the Sunbelt 4.0 strategy, we are seeking to enhance the employee uptake of volunteering opportunities and improve coordination of volunteering activities so as to have the greatest impact on our communities. We will do this through a new programme for team members to give back to the charities of their choice, elevated by company matching. We are also introducing a 'Dollars for Doers' programme where team members can earn dollars for the organisations that they volunteer with.

Supporting communities in times of need

In the event of natural disasters or other emergency situations, we are often called in as a first responder. We provide equipment and power to restore services and support clean-up operations, with the aim of getting communities up and running again as fast as possible. In North America, we have an emergency response team ('ERT') which activates in response to weather-related disasters, such as hurricanes and tornadoes, fires, floods and snowstorms, or other everyday emergency situations where communities need rapid support. Every emergency situation is different and members of the ERT are experts in their field and are able to respond with the right quantity and type of resources for the situation at hand. Involvement in the ERT by our employees is voluntary and all are ready to deploy at a moment's notice in the event of an emergency.

Charitable giving

As part of our Sunbelt 4.0 strategy, we have set an ambition to amplify our community investment and have set a target of 1% of profit after tax going to community investment by 2028/29.

This community investment will be made in a number of ways. Firstly, we will continue to work closely with our designated signature charitable partners: the Gary Sinise Foundation, Habitat for Humanity and our new partner, the Leukaemia & Lymphoma Society. These partnerships reflect causes which align with causes which are important to us and provide opportunities for long-term relationships where we can make a difference. For example, we are in the ninth year of our partnership with the Gary Sinise Foundation, which works to honour America's defenders, military veterans, first responders, their families and those in need. The Foundation does this by creating unique programmes designed to entertain, educate, inspire, strengthen and build communities. We support the Foundation's R.I.S.E. (Restoring Independence, Supporting Empowerment) programme, which builds 100% mortgage-free, specially adapted smart homes for severely wounded heroes and their families. We also support the Foundation's First Responders Outreach programme, which provides critical funding for America's firefighters, police departments and emergency medical teams, and Snowball Express, a programme serving the children and surviving spouses of fallen military heroes. Our partnership includes the Foundation's Avalon Network, a cognitive health and mental wellness network that provides transformative care to veterans and first responders experiencing post-traumatic stress, traumatic brain injuries and substance abuse issues. This year we contributed over $2m to the Foundation through monetary and in-kind donations.

We also continue to work with other designated charitable partners. In the US, we work with the American Red Cross and its affiliates such as the Second Harvest Food Bank for which we have a food drive every November in the US. In addition to financial donations made to the American Red Cross, we also often send equipment and support to disaster-affected areas within the US. In the UK, we also work regularly with a number of charities.

Employee resource group activities

Our employee resource groups seek to give back to our communities through charitable activities. For example, our WISE ERG works with Girls Inc., a charitable organisation which seeks to promote the rights of girls and provide mentorship, safe spaces and programming to help girls' success, while our BOLD ERG works with the Red Cross.

Veteran engagement

A big part of our community impact comes from supporting veterans and the military-connected community. The mission of the Veterans programme is to implement innovative and valuable solutions to improve the short-term and long-term well-being of teammates and their families. Creating a community through which colleagues can connect over their shared experiences is one of the cornerstones of Sunbelt Rentals' veteran retention efforts.

In addition to our partnership with the Gary Sinise Foundation, our SERVE employee resource group works with specific charitable organisations. This year, we have extended our partnership with Wreaths Across America and Wreaths Across Canada to reinforce further our commitment to our veteran community. In the UK, we work with Walking with the Wounded, who support armed forces veterans in many ways, including finding sustainable employment.

Corporate behaviour

We have the same governance processes for sustainability as for any other aspect of the business. How these function and how we have performed is disclosed within the Corporate Governance Report on page 86.

Business ethics

Our commitment to the highest ethical standards means that the Group Risk Committee works to ensure these are communicated and upheld throughout the business. We believe in the rights of individuals and take our responsibilities to all our employees seriously and those who may be affected by our activities. During the year we updated the Group's modern slavery and human trafficking policy, business ethics and conduct policy and ethical sourcing policy, all of which are available on the Group's website. These policies form part of our way of doing business and are embedded in our operations. They are also communicated directly to employees through dedicated communication and training programmes.

Senior employees across the Group receive regular business ethics training to ensure they are aware of their obligations and responsibilities with regard to competing fairly, the UK Bribery Act and money laundering and, in the US, the Foreign Corrupt Practices Act. This takes place every two years in North America with 2024/25 being a year of training, while in the UK, it is undertaken annually. Completion of training is monitored and reported to the Group's Risk Committee. Anti-corruption and bribery policies are maintained and reviewed on a regular basis with relevant guidance incorporated into our employee handbooks and available on our intranet pages.

Building a responsible business means considering environmental impact, human rights, and modern slavery across the entire value chain. Our commitment to these values extends to how we engage with suppliers. For more details on our approach, including our due diligence process, please refer to the Governance section on page 80.

Human rights and modern slavery

At Ashtead we believe in the rights of individuals and take our responsibilities seriously to all our employees and those who may be affected by our activities. Our human rights policy is guided by the principles contained within the United Nations Universal Declaration of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. We have group-wide policies in place, all of which protect our employees as they go about their work which relate to our business and our suppliers. These policies form part of our way of doing business and are embedded in our operations. Our ethical sourcing policy addresses matters such as child and forced labour, freedom of association, working conditions, pay and hours, discrimination and harsh or inhumane treatment.

Modern slavery is an abuse of human rights and we have a separate human rights policy that commits the Group to ensuring there is no modern slavery or known breaches of human rights in our business or our supply chain. The policy applies to all employees across the group and our subcontractors, and we expect similar commitments from our suppliers. Any suspicion that our policy is being breached or at risk of being breached can be reported through our anonymous whistle-blowing lines in North America and the UK.

In relation to our supply chain, while the Group sources goods and services from a wide range of suppliers, the Group predominantly works with a small number of major equipment suppliers, of which the majority are based in North America and Europe. The Group's main suppliers relate to its rental equipment and have strong reputations for product quality and reliability. Outside of the Group's expenditure on equipment, its key expenditure relates to its workforce and goods and services procured locally to its stores.

In the UK, we have entered into a partnership with the Slave-Free Alliance to help us keep up-to-date with the constantly evolving risks associated with modern slavery and to help the Group strengthen further actions taken in relation to modern slavery risks.

Whistle-blowing

Our confidential, third-party operated whistle-blowing service is available to all employees and third parties to raise any concerns that they may have about alleged unethical or illegal behaviour, or potential breaches of our ethical policies.

All whistle-blowing matters are investigated and outcomes are reported to the Board together with any action taken. Our approach is one of non-retaliation and we confirm that no employee will suffer any detriment from raising genuine concerns about ethical conduct.

Public affairs

The Group's policy is to prohibit donations of a political nature and hence no political donations have been made during the year (2023: none). In addition, the Group does not participate in political lobbying activities, either directly or through intermediaries.

During the Group's normal activities and its participation in the rental industry, the Group is a member of trade associations that do in some cases conduct lobbying campaigns with standardisation or regulatory authorities. The most significant of these trade associations are the American Rental Association ('ARA') in North America and the European Rental Association ('ERA') in the UK. Our total membership fees paid to the ARA, ERA and other trade associations in 2023/24 was $154,907, including a non tax-exempt portion of $15,276.

Cyber security

As the world continues to move online, accelerated due to the pandemic and increasingly connected technologies, at least in the short- to medium-term, awareness, monitoring and adaptability to cyber security issues is ever more crucial for us. We are prioritising the monitoring of any potential cyber security vulnerabilities and working to ensure business continuity under all potential scenarios. This year we held our fifth annual cyber security month. While securing hardware is an important facet of information security, protecting the data on our assets is critical to our success. We have encrypted email for all team members and our Information Security SharePoint site is also available for all team members. For more on cyber security, see page 39.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

The Task Force on Climate-related Financial Disclosures ('TCFD') provides a disclosure framework for companies to explain how they are responding to the risks and opportunities arising from climate change. UK Listing Rules require premium listed companies to make disclosures consistent with the recommendations of the TCFD and, where they have not complied, provide an explanation including details of the steps being taken to ensure future compliance. Responding to the risks and opportunities arising from climate change is an integral part of our business and is embedded throughout the Group and discussed throughout this Annual Report. We set out below our climate-related financial disclosures consistent with the TCFD recommendations across all four pillars and 11 recommendations, including guidance provided in the TCFD Annexes and the requirements of Listing Rule 9.8.6R, except in the following area:

- **metrics and targets:** the Group's disclosures are not fully consistent with the recommended disclosures relating to metrics and targets.

  Scope 3 emissions are a material component of the Group's carbon footprint, with the most significant components arising from category 2 (capital goods), category 11 (use of sold products) and category 13 (downstream leased assets). In 2023/24, we completed our preliminary Scope 3 assessment and disclosed emissions across the 11 categories which we identified as relevant to the Group in our 2023 Sustainability report. However as commented on page 62, our quantification of Scope 3 emissions for 2023/24 is ongoing and hence we have not disclosed Scope 3 emissions for 2023/24 as required by recommended disclosure (b).

  We expect to publish updated Scope 3 emissions in the Group's 2024 Sustainability report, taking into account industry specific guidance, with our objective being to disclose Scope 3 data with our Annual Report in future years.

These disclosures also address the requirements set out under the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

Developments in the current year

We continue to evolve the Group's sustainability disclosures through the Group's Annual Report and Accounts and the supplementary disclosures provided in our Sustainability report to provide increased insight into our material sustainability topics, including in relation to the potential impact of climate change on the Group. Developments in the current year include:

- **disclosure of Scope 3 emissions:** in January 2024, we disclosed the Group's Scope 3 emissions for the first time, and we will update these disclosures for 2023/24 in the Group's 2024 Sustainability report. In completing this work, we undertook an assessment of our Scope 3 footprint and identified 11 Scope 3 categories which are relevant to the Group's operations and which we have therefore estimated; and
- **scenario analysis:** previously, the Group has provided qualitative scenario analysis with narrative discussion of key risks and opportunities, and how these may be relevant to the Group in different scenarios. In the current year, we have sought to develop our analysis further by expanding our disclosure to include some quantitative analysis in relation to specific scenarios. The scenarios we have considered are impact of extreme heat on our store productivity; impact of the transition of technology to low-carbon alternatives; impact of increased cost of energy on transportation and logistics; and impact of increase in demand for rental as a result of changing customer behaviours arising from climate conscious behaviours. The scenarios selected for disclosure are illustrative only and are not intended to be fully exhaustive in terms of the ways in which climate change may impact the Group.

Governance

The Group's Board of directors is responsible for setting the Group's strategy, taking into account all relevant risks and opportunities, including those related to climate matters. The Group's rigorous risk management framework is designed to identify and assess the likelihood and consequences of risks and to manage the actions necessary to mitigate their impact, including those related to climate-related matters, and is detailed on pages 40 and 41.

The Group launched its latest strategic growth plan, Sunbelt 4.0, in April 2024 which enhanced our focus on climate-related considerations as part of the 'Sustainability' actionable component, including a commitment to reduce our Scope 1 and 2 carbon intensity by 50% by 2034 (from a baseline of 2024) on a journey to Net Zero by 2050. Further details as to how climate-related considerations are incorporated into the strategy are on page 30 and in our Responsible business report on page 61. The Board receives updates at each Board meeting as to the Group's progress against our strategic goals, with a formal strategic review undertaken on an annual basis. In addition, sustainability metrics have been embedded in the Group's remuneration arrangements, initially through the Strategic Plan Award, and moving forward, it is intended to include them as part of the annual Long-Term Incentive Plan award criteria. This is overseen by the Remuneration Committee, as detailed on page 100.

The Board of directors is assisted in monitoring the success of our sustainability initiatives through the work of the Group Risk Committee, which monitors the progress we make against our strategic sustainability objectives and the targets we have set. The Group Risk Committee is chaired by our chief financial officer and reports formally to the Audit Committee on an annual basis.

One of the principal risks and opportunities faced by the business relates to environmental matters, including those contributing to climate change. On a day-to-day basis, the Group's response to climate-related risks and opportunities is led by Brendan Horgan, the Group's chief executive, who has over 25 years' experience in the rental industry through which he has developed an in-depth knowledge and understanding of current and emerging technologies as they apply to our business, including their environmental impact. Activities include overseeing the Group's work with suppliers and customers on developing and bringing more environmentally friendly equipment options to market as discussed in more detail on page 63, directing the business in relation to reducing emissions through direct operations and approving associated capital expenditure plans.

Our actions across each of these areas are embedded within our operational activities across the business, supported by the Group's SVP of Sustainability and dedicated specialists in North America and the UK. The Group's sustainability working group, which includes representation from the Group's core sustainability team as well as from across the business, monitors progress of our sustainability-related initiatives and performance against the targets we have set for ourselves. This includes developing a clear and dynamic strategy to support the Group's transition to a low-carbon economy.

These primary roles and responsibilities for the assessment and management of climate-related risks can be summarised as follows:

	Frequency of review	Roles and responsibilities	Areas of focus in 2023/24
The Board	Regularly, as required, formally on a bi-annual basis.	– Oversight of risks and opportunities and how these are reflected in the Group's strategy – Assessment of the Group's risks related to climate and actions taken to mitigate – Approval of the Group's budget, including fleet and other capital expenditure plans necessary to progress sustainability priorities	– Review of Group strategy and progress against actionable components of Sunbelt 3.0 and launch of Sunbelt 4.0, including our Net Zero commitment – Review of the Group's key performance indicators and progress against the sustainability targets established by the Group – Review and approval of TCFD and other sustainability-related disclosures – Approval of the Group's budget
Remuneration Committee	As required.	– Assessment of remuneration policies and targets to ensure that they appropriately incorporate sustainability elements	– Review of performance against existing sustainability-related targets – Assessment of future sustainability-related targets for remuneration plans
Nomination Committee	As required.	– Ensuring the Board composition reflects the skills and experience required, including those related to climate-related matters	– Continued consideration of board composition
Audit Committee	Formal annual review of Group risk register with periodic detailed reviews of specific risks. Formally reports to the Board after each Board meeting.	– Oversight of the Group's corporate financial reporting, including sustainability-related disclosures – Oversees risk management processing, including oversight of the work of the Group Risk Committee – Oversight of the Group's assurance framework, including in relation to sustainability metrics and reporting	– Review of TCFD and other sustainability-related disclosures – Consideration of the impact of climate-related matters in the Group's financial reporting
Risk Committee	Bi-annual review of key and emerging risks. Reports annually through the Audit Committee to the Board.	– Responsible for oversight of the Group's approach to risk management, including review of the identification and management of significant risks, including those related to climate matters – Local Risk Committees in North America and the UK include sustainability experts and report on local sustainability issues to the Group Risk Committee	– Consideration of the impact of climate-related matters on the Group's risk landscape

Management teams involved day-to-day in managing climate-related matters include:

- **sustainability working group:** development and implementation of company-wide net zero strategies and initiatives including oversight over data gathering and reporting process. Areas of work include detailed modelling to support the Group's carbon reduction plans;
- **environmental specialists:** supporting broader management teams in the development of strategies to deliver the Group's sustainability priorities, and considering transition plans to support a low-carbon economy. In addition, supporting operational activities to respond to new and emerging legislation relating to carbon reduction;
- **fleet management:** engagement with our key fleet suppliers in the development and bringing to market of new technologies, as well as promoting new alternative technologies across the business;
- **customer engagement:** working with customers to deliver low- or zero-carbon solutions;
- **vehicle procurement:** developing vehicle procurement plans which reflect transition to low- or zero-carbon solutions, including the use of alternative fuels and battery or other power sources;
- **property and utilities:** assessment of property standards and implementation of energy improvement programmes (e.g. LED retrofit programme) and management of energy procurement; and
- **finance:** supporting the measurement and reporting of climate-related matters, including assessment of risks and opportunities and consideration of the impact on accounting matters.

Strategy

Climate-related risks and opportunities

The Group's rigorous risk management framework is designed to identify and assess the likelihood and consequences of risks and to manage the actions necessary to mitigate their impact, including those related to climate-related matters, and is detailed on pages 40 and 41. We do not consider the risk arising from climate change to represent a separate principal risk for the Group as it is intrinsically linked to the Group's other principal risks and the day-to-day management of the Group.

As part of the Group's risk management process, the Group reviews its material issues on an annual basis, including consideration of any emerging risks, further details of which are provided on page 41. The results of our material issues assessment are detailed on pages 56 and 57 within our Responsible business report. We have aligned climate-related matters including fleet electrification and GHG emission reporting, within 'the operations' area but importantly the Group believes climate-related matters represent significant opportunities as well as posing certain risks for the Group across all four key areas. The Group believes that its market position and financial strength brings it significant competitive advantage in responding to these risks and maximising the opportunities. Specifically, the Group has identified opportunities arising from the development of new products, solutions and services which support the transition to a lower-carbon economy, the shift in customer preference from ownership to rental and the overall benefits to the environment as a whole which arise from sharing assets over their life cycle, described in more detail on page 61 within the Responsible business report. The transition to a lower carbon economy also poses certain risks to the Group including an increase in capital expenditure for low- or zero-emission technologies and an increase in operating expense associated with transportation cost and staff cost as a result of rising energy prices and long-term heat stress, respectively.

The Group considers the range of climate-related risks and opportunities over the short, medium and long-term. In assessing these time horizons, the Group has defined the following time horizons:

- short-term – over the next three years: this timeframe coincides with our annual budgeting and planning time horizon. We would expect to see ongoing technological development and legislative changes associated with emissions may develop;
- medium-term – three to five years: ongoing market and technology developments, increasing customer focus on environmentally friendly solutions and increased availability of alternative fuels; and
- long-term – beyond five years: while we believe there is far greater uncertainty, but in addition to those risks and opportunities arising in the short to medium-term, there is greater scope for technological advancement in battery technology, alternative power sources, alternative fuels and commercial production enabling a more rapid move towards a lower-carbon environment.

Each risk and opportunity considered, regardless of the applicable time horizon, is factored into the Group's strategic planning on an ongoing basis. As commented above, given the nature in which these risks and opportunities are intrinsically linked to the Group's day-to-day operations, they form part of our financial planning and budgeting processes, instead of being assessed as a standalone matter. For example, the costs associated with the purchase of battery powered rental fleet, or the property upgrades as part of the LED retrofit programme, form part of the Group's capital expenditure plans.

Physical risk (medium and long-term)

Overall, we believe that the climate-related risks relevant to the Group are those associated primarily with transition risks rather than physical (acute and chronic) risks, brought about by extreme weather events or changing weather patterns. Physical risks are mitigated by the diverse nature of the Group's operations. The Group operates from over 1,500 stores across the US (where we are present in all 50 states), Canada (where we are present in eight provinces) and the UK. Our largest store has c. $140m of rental fleet at cost (c. 1% of the Group's fleet) while c. 98% of our locations have less than $50m of rental fleet at cost, the majority of which is out on rent at any particular time. As a result, no one store is material to the Group such that a natural disaster or other physical risk would have a significant impact on the Group's ability to operate.

Acute physical risks

Acute physical risks are physical risks arising from an increased severity of extreme weather events in the future, such as hurricanes or tornadoes. Our business growth model considers adaptation to a changing climate, which we believe presents both challenges and opportunities. In the event of natural disasters or other emergency situations, we are often called upon as a first responder. We provide equipment and power to restore services and support clean-up operations and our highly experienced Emergency Response Team are equipped to get communities back on their feet quickly.

Furthermore, while we believe the direct impact of physical risks on the Group are mitigated by its diverse operations, they could have a more significant impact on the Group's supply chain. If a supplier was disrupted due to an acute weather event, it may affect our ability to acquire new fleet. However, we have inherent flexibility within the Group's business model with a rental fleet of c. $18bn (original equipment cost) and could continue to operate although it may affect our ability to grow as planned. In this scenario, we would delay equipment disposals in the short-term.

Chronic physical risks

Chronic physical risks are physical risks arising from long-term changes in climate, such as rising mean temperatures or rising sea levels. In relation to temperature increases, in the medium- to long-term, increased temperatures may give rise to general heat stress concerns across the communities in which we operate, resulting in a decrease in possible labour working time for those team members which are based in the field – predominantly our technicians within our store network. While there are actions we would take, the unmitigated impact on our business may be an increase in labour costs as a result of lower labour productivity, as well as the need to invest further in employee health and well-being programmes.

We have also considered the impact of water scarcity and temperature increases on our business. We are not a water intensive business but do utilise water for cleaning and maintenance activities and are mindful of our water consumption, in particular in water stressed areas. Our impact is mitigated by our water saving initiatives in place, further details of which are provided on page 63.

Policy and legal risk (short, medium and long-term)
Legal compliance covers matters such as wastewater, storm water, solid and hazardous wastes and materials, and air quality. Breaches potentially create litigation for the Group which may result in fines and penalties for non-compliance. The Group's Health, Safety and Environmental departments and our operational audit teams continually assess the Group's regulatory environmental compliance. These audits have a built-in corrective action process to ensure any identified non-compliance is addressed in a timely manner.

The Group monitors current and emerging regulation to ensure our policies and practices remain appropriate. Specific examples of current regulation which impacts the Group relate to ensuring our rental and vehicle fleet is compliant with engine emission standards such as the Californian Air Emissions Standards or the London Ultra-low Emission Zone requirements. We believe that regulation will increase over time and the potential for government-imposed restrictions on greenhouse gas emissions, through carbon taxes and import carbon pricing mechanisms, could lead to higher operating and capital costs for the Group in the future. However, these costs are associated with the use of an asset, whether it is owned or rented, and so we expect these costs to be borne by the user of the asset and hence, in the case of rental, be reflected in rental rates.

Technology risk (short, medium and long-term)
A significant proportion of our fleet today contains a diesel engine, further details of which are provided on page 63. While we will seek to replace these assets with assets using alternative fuel sources as they become available, this will take time. Indeed, there are a lack of alternative assets available today and limited manufacturing capacity and so we expect any transition to happen gradually and to incur higher costs in the short- to medium-term. Compared to internal combustion engines ('ICE'), we have experienced a 10% premium for light weight battery electric vehicles ('BEVs'), 213% premium for medium duty BEVs and 100% premium for heavy duty BEVs. Over time, we expect the cost of greener technology to reduce, but the rate of this decline and the inflection point at which ICE prices exceed those of EVs will depend on battery technology development in addition to the level of policy ambition, timing and coordination. We will seek to manage this transition in the same manner as we managed the transition from Tier 0 to Tier 4/5 diesel engines from 1994 to 2018. On average, we own assets for seven to eight years and therefore expect the full transition of our fleet will only occur over the longer-term as projected in our net zero road map.

We believe the shift to low or zero emission technologies will also increase the cost of rental assets. As an example, we have experienced costs which are three times greater for a battery version of a diesel machine in early phase of production. However, over time, we expect the cost of greener technology to reduce as production volumes increase and reach commercial levels.

We are working closely with suppliers and customers to develop new technology, including investment in partners to assist in the development of battery, solar and other technology. We also believe the development of R99/HVO or other environmentally friendly alternative fuels will provide an alternative to the reliance on diesel today, particularly in the transition period as alternative technologies are developed.

Our strategy is to ensure we have a sustainable business over the long-term. This is an integral part of Sunbelt 4.0, particularly within the actionable components, 'Sustainability' and 'Performance'. Through our 'Sustainability' component, we are looking to drive environmental efficiencies in our transportation fleet and the facilities we operate. The costs of this transition are included in our financial plans. This will be underpinned by the foundational elements 'Platform' and 'Innovation' which will deliver a leading technology platform, capturing the benefits of scale and enhancing customer service.

Market risk (medium to long-term)
Emerging market developments are monitored, using both third-party risk analysis, as well as internal views of emerging trends. Specifically, these market factors include changing customer requirements as a result of the environmental standards to which they operate to support their own low-carbon objectives.

Furthermore, we believe that market risk arises from potential changes in the cost of transportation and logistics associated with changes in energy prices and availability of alternative energy sources. Higher fossil fuel prices over the medium-term may promote global investment in green technology and renewable energy, but this could also put pressure on prices for renewable electricity and renewable diesel, increasing our transportation cost. Our net zero model which we developed in support of our net zero commitment is dynamic and designed to be adapted as key known and unknown factors develop – for example, the financial impacts arising as electric power displaces petroleum fuel and evolving projections around pace, scale and cost of low-carbon technology and infrastructure.

To optimise costs and performance, we are working closely with fleet specialists to improve the efficiency of our current fossil-fuel rental and transportation fleet through:

- transport route optimisation and equipment loading, reducing miles travelled to deliver the same amount of fleet, resulting in lower costs and carbon emissions; and
- increased asset utilisation, through use of enhanced telematics to maximise asset uptime, reducing the number of assets required for a certain activity level.

Reputation risk (short, medium and long-term)
Breaches of environmental regulation potentially create hazards to our employees, damage to our reputation and expose the Group to, among other things, the cost of investigation and remediating contamination and also fines and penalties for non-compliance.

Failure to meet the Group's climate-related commitments, or breach of environmental regulation, could result in loss of revenue or financial penalty. In relation to the Group's Scope 1 and 2 carbon intensity reduction targets which form part of the Group's Sunbelt 4.0 actionable components, the associated costs are reflected within our financial performance and plans.

Management of the impact of these climate-related transition risks and opportunities forms part of the day-to-day operational activities of the Group and our financial planning reflects the financial impacts and investments anticipated with examples of their activities provided in the Responsible business report on pages 61 and 63.

Opportunities (short, medium and long-term)
While we believe physical risks brought about by extreme weather events or changing weather patterns are mitigated by the diverse nature of the Group's operations, our products are in high demand to respond to the consequences of events such as hurricanes, wildfires and flooding. Increased frequency of extreme weather events brought about by climate change will result in increased demand for our products and services.

As environmental regulations surrounding GHG emissions and waste tighten, this will promote a shift from ownership to rental. The rental sector supports many of the principles of a circular economy. These include shared use, efficient and reduced use of resources, high levels of maintenance and repair, and ensuring further use or recycling of equipment at the end of its useful life. At the end of its service life with us, our equipment has many years of use remaining and, as such, we sell it in the secondary market. This results in:

- lower emissions generated in the manufacturing phase and fewer natural resources being utilised;
- lower emissions through transportation of equipment, as relevant equipment is located locally to job-sites;
- more efficient use of assets as the optimal asset can be used for a customer's job with assets maintained to a higher standard; and
- consequently, fewer assets reaching end of life and requiring disposal.

Increasingly, we are providing lower carbon solutions using existing technologies as customers seek to reduce their carbon footprint. As an example, we are able to reduce emissions by using battery storage technology combined with diesel generators so that the generator operates at optimum efficiency for a shorter period of time and hence, uses less fuel. This combination of equipment also provides the benefit of lower noise pollution.

The increasing level and pace of regulatory requirements make it more complicated and expensive for customers to maintain compliance. Emerging technology is more complicated, requires a different skill-set to maintain, and is more expensive, at least initially, than existing technology. As such, it will be more efficient for customers to rent rather than buy a new asset, providing an additional impetus to the shift from ownership to rental. This will contribute to a larger rental market, from which we are well positioned to benefit.

Furthermore, recent legislative Acts in the US, such as the Inflation Reduction Act, are providing incentives for clean energy production and manufacturing, including solar and wind farms and battery manufacture. We believe that rental will play a significant role in supporting the initial construction and future maintenance of these facilities.

Resilience of the Group's strategy

The Group has a business model that is both resilient and adaptable to change. Furthermore, it benefits from a distributed operating structure such that it is not reliant on any particular location. The Group's strategy seeks to take advantage of these benefits of the business model, while recognising the risks inherent in the business and the environment in which we operate, whether that be economic factors, competitor actions, cyber threats or environmental considerations such as climate change. We discuss our thinking on climate-related matters on a regular basis assessing how changes may affect the business and how the business would respond. While we consider a wide range of scenarios, we have outlined our thinking below under three climate scenarios: an increase in average temperatures by 1.5°C, 2°C and over 3°C.

Scenario analysis
In evolving our analysis of the potential impact of alternative climate-related scenarios on the Group, the Group has considered certain risks and opportunities as identified above. We used the Group's net zero road map as a foundation for our analysis but have overlaid alternative climate scenarios to test the resilience of our strategy. In line with TCFD recommendations, our analysis considered three plausible climate scenarios:

- current policies (>3°C rise in temperatures by 2100, aligning with RCP 8.5 pathway) – this scenario considers our resilience in an environment with high global warming and physical climate change;
- delayed transition (<2°C rise in temperatures by 2100, aligning with RCP 4.5 pathway) – this scenario considers our resilience in an environment where delayed transition means that rapid policy change is required in the longer-term to mitigate the extent of global warming and physical climate change; and
- net zero (1.5°C rise in temperatures by 2100, aligning with RCP 2.6 pathway) – this scenario considers our resilience in an environment where policy change is implemented immediately and therefore global temperature rises are contained.

For transition risks, we have used the Network for Greening the Financial System (NGFS) as a basis for our scenario analysis, while for physical risks, we used the Intergovernmental Panel on Climate Change Representative Concentration Pathways (RCPs) and research from the International Labour Organization database.

Climate-related risks and opportunities have been evaluated based on our assessment of their likelihood as well as based on our assessment of the potential impact on our business operations, including the financial impact in relation to capital expenditure, operating expenditure or revenue. However, we highlight that in relation to operational and financial impacts, we expect the Group to be able to implement a range of mitigating actions against the impact of the risks identified. Specifically, as commented above, we expect the transition to low-carbon assets to be undertaken in an orderly manner and, as these risks are reflective of broad societal impacts, we expect to be able to increase rental rates and delivery charges to reflect the increase in the cost of assets and higher transportation costs.

Nevertheless, we recognise the inherent uncertainty in assessing these scenarios, including the likelihood of risks, the potential for emerging opportunities and technology, and our ability to capitalise on them fully. We therefore consider this uncertainty when assessing our strategic resilience to these climate-related risks and opportunities. We have quantified the potential operational and financial impact using illustrative financial data together with available third-party data relevant to the risks and opportunities considered. However, in general, the financial impacts on the Group are mitigated by the breadth and nature of the Group's products and the fact that our rental product range adapts to meet the requirements of our end markets in the ordinary course of business. Furthermore, as we have defined short-term as being over the next three years, we believe that the potential impact over that time horizon is very low in all scenarios.

Illustration of our scenario analysis relating to risks and opportunities:

Type of risk or opportunity	Description of risk or opportunity	Potential operational and financial impact	Potential mitigating actions
Physical risk			
Chronic risk – impact of heat stress	Heat stress may significantly impact worker health, safety, and productivity, potentially leading to higher costs associated with increased staffing requirements and medical coverage.	Approximately 25% of our workforce are field based technicians, and it is this workforce which we believe would be most impacted by heat stress. The International Labour Organization has estimated the there will be a 1% greater loss of worker productivity in the US in a >3°C scenario compared with a 1.5°C scenario. If we were to assume a 1% increase in labour costs for technicians in the US, the incremental cost to the Group today would be approximately $4m per annum.	Over the medium- to long-term, we believe that we would seek to recover incremental costs arising in our business due to heat stress through rental rate, although recognise that it may not be possible to fully cover these costs. Nevertheless, we expect the impact to be low.
		1.5°C In a 1.5°C scenario, there would be no incremental costs to the Group.	
		<2°C In a <2°C scenario, while there would be some impact in the long-term, we do not believe that this is significant and estimate that it would represent the mid-point between the 1.5°C and the >3°C scenario.	
		>3°C In a >3°C scenario, in the long-term, incremental costs could arise due to lost labour productivity as well as increased energy costs associated with cooling and staff medical costs. In addition, we may need to upgrade our locations to provide enhanced facilities for team members. Nevertheless, based on the analysis above, we do not believe that this would be significant.	
Transition risks			
Technology risk – transition to low-carbon assets	Transitioning to a low-carbon economy will require significant capital investment in our rental and transportation fleet.	Our current rental fleet has an original equipment cost of c. $18bn with a seven to eight-year replacement cycle. Thus, on average, we replace $2.2bn per year (using eight years) of which c. 70% ($1.5bn) is reliant on fossil fuels. If we were to assume the cost of a lower-carbon asset to be c. 25% greater than its diesel equivalent, the incremental cost would be $375m, with a resultant higher depreciation charge arising over the life of the asset. It should be noted that this is an illustrative figure only. This cost is embedded within our capital expenditure plans going forward and will not be a discrete one-off item of capital expenditure. Furthermore, it is unlikely that any individual year would see an immediate shift away from diesel assets but instead will be a more progressive transition.	Given the long-term nature of our assets, we believe that the transition of our rental and non-rental fleet will be undertaken in an orderly fashion. Furthermore, we would expect rental rates to increase to reflect the changing asset cost base, and therefore to have a limited net financial impact on the Group. Based on the incremental capital expenditure figure we have identified, we would estimate incremental annual rental revenue of $225m (based on an assumption of 60% dollar utilisation), or $1.8bn over an asset's life (assuming an eight-year life).
		1.5°C In a 1.5°C scenario, in the short-term we believe the impact would be insignificant as while the cost of alternative assets today is higher than their diesel equivalents, there is a lack of production capacity which limits transition. In the medium- to longer-term, we expect the cost of lower-carbon assets to reduce as technology develops and production capacity shifts to facilitate their manufacture.	
		<2°C In a <2°C scenario, we expect transition to low-carbon assets to be slower and therefore any incremental costs arising to be incurred over a longer period of time when compared to a 1.5°C scenario.	
		>3°C In a >3°C scenario, transition to alternative asset types would be limited and therefore no incremental cost to the business.	

Type of risk or opportunity	Description of risk or opportunity	Potential operational and financial impact		Potential mitigating actions
Market risk – impact on transportation cost	Increased cost of transportation and logistics associated with the cost of energy.	Based on the cost of fuel and transportation services purchased by the Group today, a 1% change in the cost due to the transition to alternative fuel types, the incremental cost or saving to the Group would be $6m.		In the medium term, availability of alternative fuels is likely to result in a premium for substitute fuels, but we believe that this will normalise as greater volume becomes available. Nevertheless, we expect to continue to recover all our transportation costs through delivery charges.
		1.5°C	In a 1.5°C scenario, we would expect incremental transportation costs to arise in the medium-term while production volumes of alternative fuels remains limited. In the longer-term, we would expect these to moderate as production volumes increase and alternative technologies become available.	
		<2°C	In a <2°C scenario, we would expect some impact to the Group, but that this would be less than that arising from the 1.5°C scenario.	
		>3°C	In a >3°C scenario, there would be no incremental costs to the Group as the transition to alternative fuels and technologies is not implemented. We note that this scenario is not in line with the Group's net zero pathway.	
Transition opportunity				
Market opportunity – change in customer behaviour	The shift to a low- or zero-carbon economy will promote a shift from ownership to rental. This could see an expansion in our customer base in the medium- to long-term.	We believe that it is difficult to quantify the market opportunity due to changes in customer behaviour as it is embedded within the ongoing trend of a shift to rental. Today, rental makes up approximately 55% of the US market but that the transition to lower-carbon assets will accelerate the shift from ownership to rental. The US rental market is estimated as $72bn[1], and therefore a 1% increase in rental penetration would increase the size of the rental market by $1.3bn – with an 11% market share in the US, would equate to c. $145m of incremental rental revenue.		Not applicable.
		1.5°C <2°C >3°C	It is difficult to analyse the opportunity from a shift in customer behaviour across different climate scenarios. However, we believe that the transition to lower-carbon assets provides a further incentive for customers to rent rather than own.	

1 Dodge Data and Analytics (May 2024) – market size estimate for 2023

In a 2°C or less scenario, we believe that the risks and opportunities faced by the Group will be related principally to transition risks (e.g., the application of policy or regulatory initiatives including increased pricing of GHG emissions, changes in technology and changes in customer preferences). In this scenario, as we, our suppliers and our customers look to reduce GHG emissions, we are likely to face increasing costs whether that be through increased cost of our rental fleet, or the cost associated with the pricing of GHG emissions. While we believe these factors will crystallise over the medium to longer-term as new technologies develop, we are working with our suppliers and other parties to advance these technologies. In the near- to medium-term, the availability of new technology will be constrained by production capacity, and we would expect to transition our rental fleet to the latest technology gradually as we replace c. 15% of our rental fleet every year. We believe that increased costs and complexity will provide additional impetus to the shift from ownership to rental, increasing our addressable market. We expect rental and transportation rates to reflect the increased cost of rental and transportation equipment, enabling us to maintain similar levels of dollar utilisation and therefore returns. We expect to continue to dispose of old rental fleet in the used equipment market, replacing other organisations' older, less environmentally friendly equipment.

In a 3°C and over scenario, in addition to the transition risks discussed above we would expect to see an increase in physical risks (e.g., increased instances of extreme weather events, rising mean temperatures and rising sea levels). As discussed above, the diversified nature of the Group's operations means that no location is material to the Group, mitigating the immediate impact of physical risks on our operations and enabling us to plan for the longer-term. We recognise the impact heat stress may have on our people and infrastructure and this will be a key consideration in our people and growth strategy.

In any scenario, the speed of the transition of assets will be constrained by the availability of new technologies and manufacturing capacity. Given our partnership with key suppliers and our regular replacement cycle, we expect to be able to transition our fleet more quickly than many other organisations. These discussions and considerations are factored into our routine financial planning activities – for example, through our capital allocation decisions.

In considering the impact of the above risks and opportunities on the Group's financial statements for 2023/24, we do not believe that there are any specific adjustments required. Specifically, the Group has considered if there is any potential impact on rental asset lives and residual values. The Group assesses asset lives and residual values on an annual basis to determine that the Group's estimates remain appropriate. In doing so, the Group has considered the impact of transition to alternative technologies on its existing rental fleet, or the introduction of legislation in relation to emissions. However, as we note above under the 'technology' risk, we believe that any transition in technologies will be gradual and therefore asset lives and residual values remain appropriate.

Risk management

The process for identifying, assessing and managing climate-related risks is the same as for all the risks faced by the Group and is described on pages 36 and 41, including our description of the Group's overall risk management framework on page 37 and our assessment in relation to emerging risks on page 41.

As discussed above, our response to these risks and our actions are embedded within our operational activities, supported by dedicated specialists in North America and the UK. Our sustainability working group, with oversight from the Group's Risk Committee, monitors progress of our sustainability-related initiatives and performance against the targets we have set ourselves.

The Board has overall responsibility for risk management, setting risk appetite and implementation of the risk management policy – this includes responsibility for climate-related risks and actions taken to manage those risks where relevant. This approach is designed to enable the Group to take advantage of attractive opportunities, yet to do so within the risk appetite of the Board, mindful of risks which have been identified and any emerging risks which may impact the Group. The Group's Risk Committee monitors the actions taken across the Group to manage the Group's risk and ensure that adequate assurance is obtained over them. In addition, the Group's Risk Committee ensures that risks have been appropriately assessed in relation to risk rating.

The Board recognises that climate-related risks present significant new and emerging risks to organisations and therefore are mindful of the need to continuously consider developments in this area, both in terms of new risks which have emerged as well as the change in their relative significance. Included within the Group's considerations is the impact of existing and emerging regulatory requirements on the Group, such as potential future limits on emissions, further details of which we have detailed within the strategy section above.

Metrics and targets

Our KPI associated with environmental risk is that of carbon intensity for our Scope 1 and 2 GHG emissions. Under Sunbelt 3.0, the Group set a target to reduce our carbon intensity by 35% by 2030, with a shorter-term target to reduce our carbon intensity by 15% by 2024 from the level in 2018. By 2024, we reduced carbon intensity by over 30%, ahead of our by 15% short-term target and this enabled us to advance our carbon ambitions under our latest strategy, Sunbelt 4.0. We set a new commitment to reduce our Scope 1 and 2 carbon intensity by 50% by 2034 (compared to a base year of 2023/24) and to be Scope 1 and 2 Net Zero by 2050. Details as to how we plan to achieve these commitments, our performance in the current year and progress over the prior years can be found on pages 61 and 62 within our Responsible business report.

Furthermore, our carbon intensity KPI, specifically delivering a carbon intensity reduction formed part of the Group's remuneration arrangements as one of the performance measures for the Group's Strategic Plan Award. Going forward, we are incorporating performance against our carbon intensity reduction targets into our annual long-term incentive plan. Further details are set out in our Remuneration report on pages 125 and 126.

Greenhouse gas (GHG) emissions

Our Scope 1 and 2 GHG emissions are disclosed on page 62 of this report and have been determined in line with the GHG Protocol methodology. Unlike many organisations, the nature of the Group's operations is that the majority of our Scope 1 and 2 emissions arise from Scope 1 emissions, relating to the transportation and delivery of our rental fleet to customers.

Our Scope 3 GHG emissions are disclosed in the Group's Sustainability report. The most significant components of our Scope 3 emissions relate to our customers' use of our assets during the rental period, the use of sold product (principally the use of used equipment after our ownership) and the embedded carbon in our supply chain. This is discussed in more detail within the Responsible business report on page 62.

Measuring Scope 3 emissions involves a significant application of judgement, in particular in relation to the use of sold assets when we dispose of rental assets to the used equipment market and end of life treatment of these assets. Accordingly, our Scope 3 emissions will always be subject to a significant degree of estimation uncertainty.

Other metrics

We have considered what other metrics and targets may be relevant to the Group. In doing so, we have considered internal areas of focus, the risks and opportunities analysis summarised above and external reporting frameworks, such as the Industrial Machinery & Goods SASB standard applicable to the Group, which we report against within the Group's Sustainability report. In addition to the metrics provided within this report, we report on water consumption within the Group's Sustainability report. However, as part of our ongoing focus on the environmental impact of the Group more broadly, we are in the process of developing metrics and targets to monitor and measure our impact in other areas which are less material to the Group. These include the diversion rate of waste from landfill. While we have several programmes in place to manage waste across the business and have reliable data in the UK relating to waste diversion given the legislative environment, we are undertaking a waste mapping exercise in North America to understand our waste composition in more detail and working with our waste management suppliers to gain greater visibility in our diversion rate of waste from landfill. This will enable us to better track our progress in the future.

Details as to our work in these areas is discussed on page 63.

ACTIONABLE COMPONENT

5

INVESTMENT

Disciplined capital allocation driving profitable growth, strong cash generation and enhanced shareholder value.

KEY OBJECTIVES:

- New target leverage range of 1.0 to 2.0 times net debt to EBITDA (excluding IFRS 16)
- Strong free cash flow will fund 100% of ambitious Sunbelt 4.0 organic growth plans
- Significant flexibility and optionality to allocate capital in accordance with our long-term priorities

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

The non-financial and sustainability reporting regulations in section 414CA and 414CB of the Companies Act 2006 require the disclosure of specific information relating to environmental matters, the Company's employees, social matters, respect for human rights and anti-corruption and anti-bribery matters, a summary of which is set out below.

Environmental matters

We seek to minimise the environmental impact of everything we do. In addition, our commitment to improving energy performance is intended to reduce our impact on the environment and could deliver significant cost savings over time.

Further details of our policies, including disclosure of carbon emission and energy usage data, is provided on pages 61 to 63. A summary of our climate-related financial disclosure approach is included in our TCFD statement on pages 70 to 77, which includes details on governance, strategy (including responding to the risks and opportunities arising from climate change), risk management and measuring performance.

+ Related principal risks: see 'environmental' risk on page 40

Employees

Our employee policies are designed to ensure that we recruit the best people, train them well and look after them so that they provide the best possible service for our customers, suppliers and communities. Furthermore, health and safety policies are core to our operations and we maintain and continuously seek to enhance our health and safety programmes to minimise any risk to our people.

Specific policies provide equal opportunities to all of our staff and ensure that we maintain an inclusive culture. Employee policies are available to all employees through the employee handbooks and on our employee intranet.

Further details of our policies, including details on our safety programmes, training and recruitment activities, is provided on pages 58 to 60 and pages 64 to 67.

+ Related principal risks: see 'people and culture' risk on page 39

Social matters

Playing a big role in our local communities is of crucial importance to our business. As we expand our market share, particularly in the US and Canada, we have ever more impact and influence over the communities where we hire staff and make an economic contribution. Our responsibility to those communities increases likewise. The Group has policies to support employee volunteering for programmes which positively impact our communities.

Further details of our contribution to society and the communities in which we operate is provided on page 68.

Related principal risks: while social matters are not considered a principal risk to the Group, we believe there is an important link between social matters and the risk identified in relation to our people and culture as outlined on page 39.

Human rights

We believe in the rights of individuals and take our responsibilities seriously to all our employees and those who may be affected by our activities and, this year, adopted a formal human rights policy. While we do not manage human rights matters separately, we continue to assess potential risks and do not believe they raise particular issues for the business.

Further details of our policies are provided on page 69. Our human rights policy, business ethics and conduct policy, modern slavery and human trafficking policy and modern slavery and human trafficking statement are available on our website.

+ Related principal risks: see 'laws and regulations' risk on page 40

Anti-corruption and anti-bribery

Anti-corruption and bribery policies are maintained and reviewed on a regular basis with relevant guidance included in employee handbooks and available on our employee intranet. These policies include matters relating to money laundering and anti-competitive behaviour.

Further details of our policies, including details on training required to be undertaken by our employees, is provided on page 67.

+ Related principal risks: see 'laws and regulations' risk on page 40

In addition, information required in relation to the Group's business model, principal risks, including those which relate to the matters above, and key performance indicators are provided on pages 20 to 25 and 36 to 41 of the Annual Report.

APPROVAL OF THE STRATEGIC REPORT

The Strategic report set out on pages 1 to 80 was approved by the Board on 17 June 2024 and has been signed on its behalf by:

Brendan Horgan
Chief executive
17 June 2024

Michael Pratt
Chief financial officer
17 June 2024