

The BSS Group Limited

Strategic report for the year ended 31 December 2022 (continued)

S172 statement

Engaging with stakeholders

The BSS Group Limited (“BSS”) is a wholly owned subsidiary of Travis Perkins plc (the “Group”) and therefore is subject to and abides by all Group policies and procedures. The governance framework of the Group delegates authority for local decision making to BSS up to defined levels of cost and impact. Reports are regularly made to the Group Board by the business units about the strategy, performance and key decisions taken which provides the Group Board with assurance that proper consideration is given to stakeholder interests in decision making.

The Board of BSS places significant importance on the strength of its relationships with all its stakeholders to promote the sustainable success of the Company. In order to fulfil their duties, the Directors of BSS, and the Group itself take care to have regard to the likely consequences on all stakeholders of the decisions and actions which they take. Such considerations ensure the business is making decisions with a longer term view in mind and with the sustainable success of the business at its core. Reports are regularly made to the Group Board by Travis Perkins about strategy, performance and key decisions taken, to provide the Group Board with assurance that proper consideration is given to stakeholder interests in decision making.

Where possible, decisions are carefully discussed with affected groups and are therefore fully understood and supported when taken. Details of the Company’s key stakeholders and how we engage with them are set out below.

Shareholders

We rely on the support of our shareholder, Travis Perkins Merchant Holdings Limited which is 100% owned by Travis Perkins plc, and its opinions are important to us. We have an open dialogue with our shareholder through regular one-to-one meetings and reporting to the Group Board. Discussions cover a wide range of topics including financial performance, strategy, outlook, governance and ethical practices.

Colleagues

Our people are key to the Company’s success and we want them to be successful individually and as a team. We work hard to engage with and listen to our people in a number of different ways, including through a weekly business update, colleague surveys, forums, annual conferences, induction days and training programmes, newsletters and through our anonymous colleague concern line. Key areas of focus include business updates, new products and services, health and wellbeing, development opportunities, pay and benefits. Actions are taken at a local, regional and business level following input from the annual colleague survey. Regular reports about what is important to our colleagues are made to the Board ensuring consideration is given to colleague needs.

Customers

The level of engagement with customers is key to the long term success of the business. Significant time and effort is put into building relationships with our customers through key account managers and directors, external sales teams and at local level by branch managers. Our most significant customers often generate large deals which operate over a long timeframe and these relationships are monitored carefully. Customer insights are key to the understanding and management of our business and ensuring a two way dialogue with our customers assists this, particularly in relation to credit management. In the relatively small market in which we operate, with the additional complexity of often serving more than one customer in a transaction (such as third parties working for contractors), maintaining good relationships with customers is critical. We also operate in an environment where product supply can be limited and we therefore work hard to ensure we can obtain the best price for our customers.

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Suppliers

The relatively small market in which we operate has a limited number of suppliers and with Framework agreements specifying certain products and suppliers there is an inextricable link between our customers and our suppliers. We engage with manufacturers and suppliers regularly to assist in sourcing the right products for our customers at a competitive price, especially when supply is limited.

Communities and the environment

We engage with the communities in which we operate to build trust and understand the local issues that are important to them. Key areas of focus include how we can support local causes and issues, create opportunities to recruit and develop local people and help to look after the environment. In consultation with our colleagues we select one main charity partner to work with across the business but also work with local charities and organisations at a site level to raise awareness and funds. The impact of decisions on the environment both locally and nationally is taken into account with such issues as waste management being addressed wherever possible.

Government and regulators

We engage with the government and regulators through a range of industry consultations, forums, meetings and conferences to communicate our views to policy makers relevant to our business. Key areas of focus during 2022 were around a national retrofit strategy, green skills, decarbonisation of specialist fleets and health and safety. The Board is updated on legal and regulatory developments and takes these into account when considering future actions.

Decision making in practice

One of the decisions taken by the Board during the year was to charge carriage for our Hire products to cover our increased cost to serve. Costs have increased due to fuel charges, vehicle maintenance and an increase in utility bills. We have previously not charged for carriage, mindful of the impact on customers, however the majority of stand alone Hire companies do incur charges. The company did not immediately apply charges to all users, instead commenced with a local trial to understand the acceptance of customers and any impact the charges may have. During the trial the rationale for the introduction of the charges was communicated clearly and a free collection alternative was also offered. Training was provided to the local team to equip them with the information required to communicate with customers and to handle any concerns. The charging rationale was then rolled out across the regions with the same training and communication.

Stakeholder

Stakeholder views

Conclusions

Shareholders

Our shareholder wants us to operate in the most cost effective way, thereby creating value for shareholders and ensuring the long term sustainable success of the company.

The business could not continue to absorb the costs to deliver hire equipment without impacting the profitability of the Company. The charges incurred were in line with competitors in the industry and were readily accepted by the customers due to the rationale used and the customer engagement.

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| Colleagues | Our colleagues want to be kept informed of changes to the business and to be listened to in relation to changes which will affect them and their teams. They also want the business to provide security and opportunities to develop. | Colleagues were not materially impacted by the decision. The long term sustainable success of the business is important to colleagues and their continued employment. |
| Customers | Our customers want propositions that work for them and for the business to operate in an ethical way. | The decision to incur charges was necessary, but the implementation was carefully considered to understand the acceptance of the customer base and to clearly communicate the rationale. |
| Suppliers | Our suppliers want to have confidence that the business will continue to trade with them in the long term. | There was no material impact upon the suppliers, however the Board was mindful that any additional charges may reduce the Hire income should customers not be accepting. |
| Communities | Our communities want our continued support with local causes and issues. | The work done by BSS in the community and with charity partners was not affected by the decision. Managing customers and suppliers effectively enables the Company to continue to support local and national causes. |
| Government and regulators | The government and regulators want us to operate in an ethical way and comply with laws and regulations. | The business must be compliant and cognisant of many regulations and legislation that apply to the business and be able to implement changes in a timely manner. The engagement with customers and understanding of the industry is key to BSS's continued success. |