

Sunbelt Rentals Leads with ESG for Engagement and Results

By Brian Carlson





While sustainability has always been a priority for **Sunbelt Rentals**, in late 2021 the company took it to the next level with its new strategic plan, **Sunbelt 3.0**, which embedded environmental, social, and governance (ESG) principles into the company's core culture and competencies.

What's even more striking is the fact the company has embraced these sustainable principles while undergoing a massive growth period driven by shifting economic and social conditions. The goal of the new strategic plan is to not just ensure a stable and successful business in challenging times, but to flourish under difficult market conditions by embracing ESG principles to build a more highly diversified business and employee base.

Sunbelt Rentals calls this portion of their new strategy **Lead with ESG**, where they embrace

responsible sustainability and success for their people, customers, communities, and investors, all while unlocking the structural benefits of ESG that can be leveraged across the rental industry.

"ESG is embedded into everything we do at Sunbelt and is a core component in how we operate our business," said Brendan Horgan, CEO of Sunbelt Rentals.

For Sunbelt **Lead with ESG** is all about improving engagement, action, and results, all while pushing Sunbelt and its parent company **Ashtead Group** to be as sustainable as possible.

Sunbelt sees sustainability as not just good for the environment and society, but good for business as well. They also see it as a core component of their hiring and retention strategy for key talent in a challenging labor market.



Environmental Sustainability

Across the world, individuals and businesses are starting to see the value of renting equipment instead of owning equipment. This trend was a result of titanic shifts in industry conditions, supply chains, customer behaviors, and business conditions during the Covid-19 pandemic.

This shift to a new kind of sharing economy has seen some pronounced improvements in the equipment rental industry. With more equipment being rented and not purchased, the results are highly beneficial. Fewer assets are being manufactured, and with less assets out in the world there is a lower use of natural resources, a more efficient use of assets with lower emissions, and fewer requiring disposal.

Sunbelt maximizes its commitment to environmental sustainability by ensuring all their equipment is well maintained, and all equipment has the newest and most eco-efficient technology to reduce emissions. At the end of their equipment's service life, they sell and recycle them on the secondary market.

"Rental has obvious benefits as when many people use one piece of well-maintained and safe equipment, this results in lower consumption of natural resources, reduced waste and lower emissions," said CEO Horgan. "We invest billions of dollars in rental equipment every year, and are committed to bringing the very latest, low and even zero-carbon emission equipment to the market."

Equipment rental meets many of the principles of a circular economy. It allows for the reduction of resource consumption and waste; reduces emissions through shared use of efficient products; extends equipment lifespan through optimal maintenance, repair and refurbishment and remanufacture; and allows for the recycling or repurposing of equipment when it reaches the end of its rental life.

According to **JP Saini**, Chief Digital and Technology Officer of Sunbelt Rentals, from an IT perspective he is focused on helping to reduce waste and improving sustainability through IT infrastructure and operations, like connecting all their rental assets together through IoT devices.

“We made a heavy investment in the IoT. Almost all of our assets in the next 12 months will be connected back to our technology platform,” Saini said. “So that we not only understand the utilization of the asset, but we want to be predictive in maintenance. We want to swap something out before it fails, not after.”

And according to JP, a robust focus on connectivity and interoperability is key towards making it all work together. “We are redeveloping with APIs and microservices to deliver our strategic concept of connected assets, connected people, and connected operations.”

JP reports he is also leveraging artificial intelligence and machine learning algorithms to optimize rental logistics.

“Logistics and transportation has a huge needle to move in sustainability,” he said. “AI/ML helps ensure the right equipment gets to the right drivers. Better fuel efficiency on the route. Less miles equals less carbon footprint and less wear and tear.”

And Sunbelt isn’t stopping there according to JP. “We have a goal to reduce our carbon footprint by 30% by 2030. And that’s an achievable goal for us.”

Sunbelt is making tremendous strides in environmental rental sustainability, as is evident in these core data points.

- » Scope 1 and 2 carbon intensity of 42.2 tCO₂e per \$m of revenue was **22% lower** than benchmark year.
- » Approximately **20% of the rental fleet** consists of battery, electric, hybrid and solar powered assets. These include assets such as electric scissor lifts and tower lights.



Social & Community

Expanding on their commitment to environmental sustainability in their equipment rental business, Sunbelt is planting a flag in the ground on the importance of social and community sustainability in their business plans and culture.

“Anything you do on the environmental side; it all needs to be socially responsible. That social aspect is about diversity in talent, gender parity, all those practices to include the right people in the right discussions, and make sure there is equitable distribution in terms of pay, attention, and growth.” said JP Saini. “Are we socially responsible to create a workplace that is healthy and comfortable for people to come to work every day? Do they have psychological safety as part of the S in ESG?”

Diversity, equity, and inclusion (DEI) is a deeper area of focus for Sunbelt with high engagement

across their business. In 2021/2022, Sunbelt established the DEI taskforce in North America, which is helping to drive cultural progress in the business. Sunbelt has also established a women’s group called WISE (Women: Inspired, Supported, Empowered) which supports women across the organization as well as helping to recruit women to the equipment rental industry.

“Our workforce which comprises over 22,000 individuals is the backbone of our business and so it is essential that we invest in the training and development of all our staff,” said CEO Horgan.

“We really care about our people and so by investing in health and safety programs, including mental health and well-being programs, we ensure they remain safe and healthy while working for us.”



Governance

In order for businesses to grow in a way that is sustainable and responsible, a sound approach to corporate sustainability governance is needed. Leadership needs to be fully bought in and supportive of sustainability efforts, while risk management and corporate transparency are essential elements to business performance.

As part of their 3.0 strategy, Sunbelt has further strengthened governance with their Board of Directors assisting in monitoring ESG initiatives through the work of the Group Risk Committee. This is further bolstered by a new share-based

incentive plan that applies to the businesses top leaders of which 20% is linked to ESG performance and the achievement of specific environmental and employee engagement goals.

In addition, Sunbelt is ensuring sustainability and diversity in their supply chain by reviewing suppliers on an ad hoc basis to make sure they align to the companies' principles and values.

ESG has been baked into Sunbelts core values and culture by providing the appropriate remuneration to leaders who shine in delivering ESG metrics.

Conclusion

It's clear that sustainability is a priority at Sunbelt Rentals. And while the benefits of managing the environmental side of ESG in regards to equipment rentals can seem relatively obvious, the company's commitment to people, community, and governance of its own ESG activities shows a true commitment to these core principles.

Sunbelt is one of the few companies that has put their money where their mouth is in committing to ESG principles by redirecting 20% of executive bonus pay to ESG goals. Getting executive buy-in for ESG is critical for success, and incentivizing senior ranks to support the effort is exactly what is needed to move the needle on corporate and IT sustainability.

"We are still relatively early in our formal approach to ESG. Our strategy is about action, engagement and results; pushing Sunbelt to make a positive contribution to our people, the environment and our communities," said Sunbelt CEO Brendan Horgan. "We will continue to work with our suppliers to bring to market new zero and low-emission equipment, as well as alternative fuels to reduce both our own and our customers' emissions."

Check out Ashtead Groups' [2022 Sustainability Report](#) for more details.



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