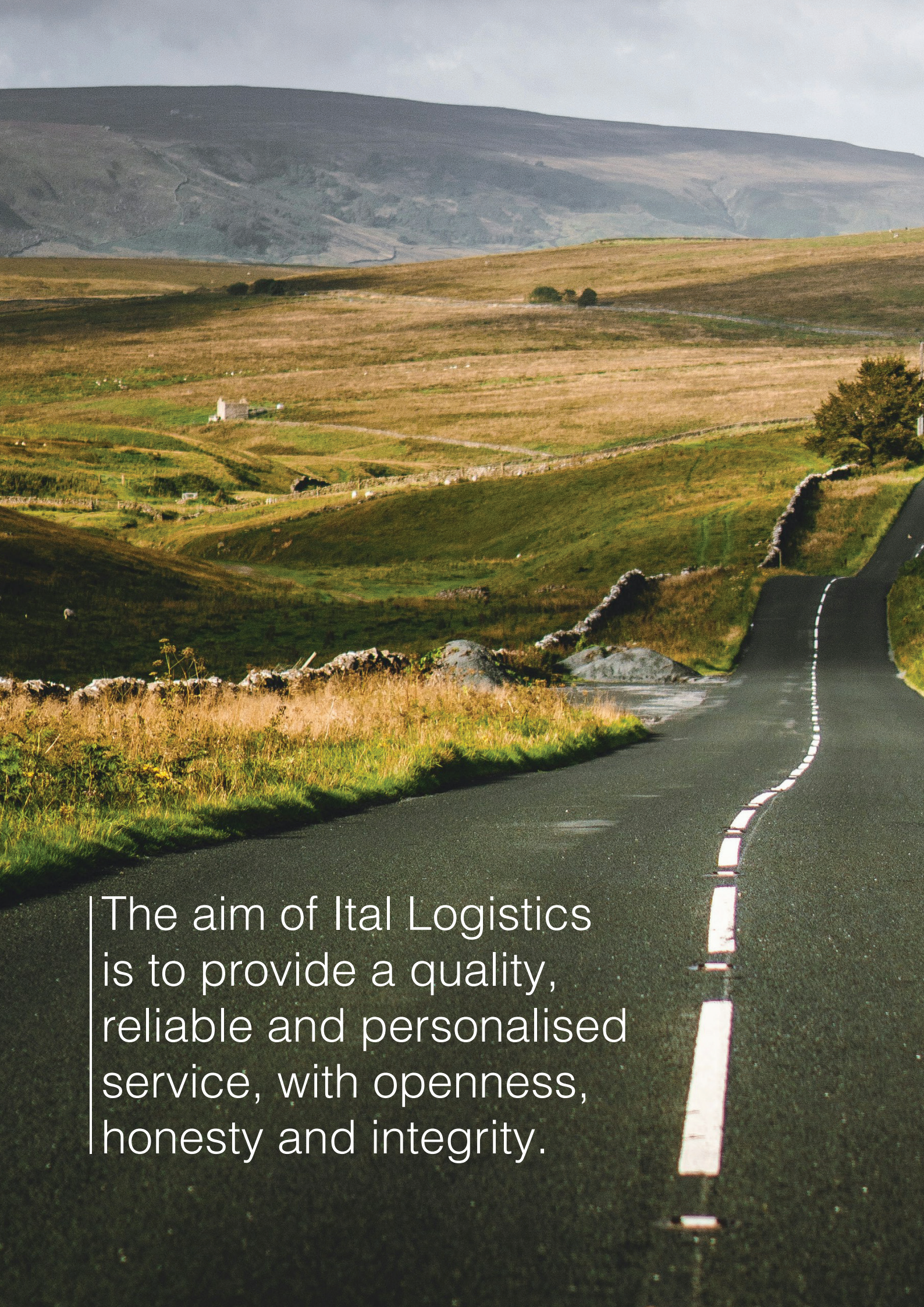




Sustainability report

Prepared 01/08/2024



The aim of Ital Logistics is to provide a quality, reliable and personalised service, with openness, honesty and integrity.

personalised services
and to always perform to the very best of our ability



ATLAN



Operating ethically has always been at the forefront of Ital Logistics, having always paid above industry averages, whilst always ensuring that all our employees are treated well. From day one it just came natural to do so, part of our DNA so to speak. As such, it didn't seem high on the agenda to put it all in writing when developing our business. Providing service was paramount.

But as time passes and priorities change, the need to document policies has become obligatory. Saying that, whether or not such policies are complied with is questionable. And, just because they may not be documented, doesn't necessarily mean bad practice. The contrary may often be the case, which is more than likely why we have focussed on actions above words.

We have always spoken publicly about the ethos of our company, but until fairly recently we have been slower than some to vocalise. Given that the emphasis has shifted, moreso with the growing concerns for environmental issues, as well as matters concerning human rights, we have since sought to be more vocal about what we have done, are doing, and will try to do.

So, having said all that, it is all very well promoting our activity, but where do we sit in the grand scheme, and how can we benchmark ourselves against our industry contenders?

One of our customers brought EcoVadis to our attention, a globally recognised assessment platform that rates businesses' sustainability based on four key categories: environmental impact, labour and human rights standards, ethics, and procurement practices.

In July 2022 we completed our first assessment on EcoVadis. We achieved Bronze standard with a score of 51/100.

On re-assessment in August 2023, our score had increased to 61/100 achieving Silver standard, placing us 79th percentile, and in the top 25% of companies assessed on EcoVadis.

Our highest scores came from our Labour Practices and Human Rights, alongside the Environment and Ethics, which is truly reflective of our Company's standards.

Our next annual re-assessment is underway, and we hope that with additional initiatives during the last 12 months, and following guidance and recommendations from EcoVadis and similar advocates, we will further improve our position across all categories.

This is our first sustainability report and is split into sections aligned with the EcoVadis core categories. Whilst the report may not follow a standardised format, we feel that we have included the most relevant for the initial purpose intended, whilst also aiming to engage the reader. The format of future reports may be adjusted depending on response from our readers.

Phil Denton
Group Chairman



The Legislation and whether it applies to us

The Corporate Sustainability Reporting Directive (CSRD) sets the standard by which EU companies will have to report their climate and environmental impact. Adopted by the European Commission in November 2022, the CSRD replaces and builds on the Non-Financial Reporting Directive (NFRD) by introducing more detailed reporting requirements and expanding the number of companies that have to comply.

CSRD compliance will be phased in between 2024 and 2029, starting with larger companies with more than 500 employees and either €50+ million in net turnover and/or €25+ million in assets, providing their first report in 2025 based on 2024 financial year.

Mandatory reporting applies to large companies – even ones based outside of the EU meeting two of the following three conditions will have to comply with the CSRD: €50+ million in net turnover; €25+ million in assets; 250+ employees. First report being in 2026 on 2025 financial year.

The CSRD will apply to small and medium-sized enterprises (SMEs) that are listed on European markets and meet at least two of the following three conditions: €0.9+ million in net turnover; €0.45+ million assets; 10+ employees. First report being in 2027 on 2026 financial year.

In addition, non-EU companies that have a turnover of above €150 million in the EU will also have to report from 2029 on 2028 financial year.

On the above basis, no, the CSRD does not apply to us. However, to a large proportion of our customers it will. Therefore, even though we are not obliged to report, we feel responsible to at least state our position. Furthermore, many of our customers will be expecting us to be emissions aware, and at some stage will seek our assistance with their transport emissions.



The Environment

Emissions overview

According to current statistics from a variety of sources, in aggregate, transport is responsible for about one-fifth (21% actually) of Greenhouse Gas (GHG) emissions. Road travel is purported to account for almost three-quarters (74.5%) of transport emissions. Whilst most of this comes from passenger vehicles (45.1%), approximately 29.4% is purported to come from road freight transportation of goods. Break that down, and the GHG emissions from road freight transportation is roughly equal to 4.6% of total GHG emissions.

Taking a look at gov.uk statistics, in 2022 (which reported on 2020), Transport accounted for 24% of the UK's total GHG emissions, of which 19% of this came from HGVs, and 16% from vans. This equates to 4.56% of the UK's total GHG emissions for HGVs alone, but 8.4% if you also include vans.

It takes a long time to gather such statistics and, in some respects, (at least the above) should be considered indicative, and not to be relied upon for reporting purposes. But whichever way you look at them, road freight transport has a significant impact on the environment, and with this comes responsibility, or at the very least measurability.

However, GHG emissions don't just come from the movement of vehicles alone. Whilst the bulk of our freight transport activity is road-based, we mustn't forget rail, sea and air transport.

Furthermore, emissions are also generated from the provision and usage of electricity, propane (for fork lift trucks), water, waste, use of materials (pallets & panels for example), business travel and associated hotel accommodation, to mention the main items relating to our company.

Some may say that there is little that we can do in our industry that would have any significant effect on GHG emissions. But to use a phrase from a well-known supermarket – 'every little helps.' How we manage and use these resources affects the total output, just as managing financial costs affects the bottom line.

The starting point for any calculation has to be to collect data in such a form that it may be used for its intended purpose. And then, by using the UK Government GHG Conversion Factor files, we can calculate the output. Sounds simple? Mm. Well, in some aspects yes, but in others, not so. But you have to start somewhere.



Our Approach

Late 2022 we started tabulating some aspects of our energy usage with a view to looking at our Scope 1 and Scope 2 emissions for 2023. By having this data, we were able to start to understand the principles, but we soon realised that there was much more to it.

Once we had categorised what factors we needed to consider under Scope 1 and 2, we traced back to the beginning of 2022 for those areas where we held what we considered sufficient and reliable data. For Itai Logistics, this was straight forward in that it simply comprised of fuels (propane for fork-lift trucks) and electricity.

But even these aspects had further factors under Scope 3 relating to the upstream emissions connected with the extraction, refining and transportation of the raw sources up to the point where they start to be consumed.

We then factored in our water usage, waste disposal and use of materials (such as pallets and other wooden matter used in loading), all of which come under Scope 3. In relation to water usage, we have only been able to estimate this as the business park has one meter servicing the whole site. Based upon square footage, Itai Logistics occupies 3.95% of the site which provides us with a pro-rated calculation.

The material mentioned above consider the purchase of new pallets as required and the purchase of wooden panels which are used to facilitate safe loading and stacking of goods during transit. We have had to assume that they are 'single use', even though they will no doubt be re-used at end point, the latter often being returned to us being used for the same purpose.

Our waste disposal is managed by a third party and we receive data on how much is recycled, how much used to create energy, and how much has to go to landfill. In this instance we also have to rely on a pro-rated calculation. Our contractor weighs our waste on collection of our refuse skip. They report the total waste that they handle for all companies each month. Our calculation is therefore based on the weight of our collection as a percentage of the total.

There are many other materials which we use in our warehouse operation, not to mention office materials. However, one has to be realistic at how detailed any reporting can reasonably be expected to be. Furthermore, taking by example toner cartridges for printers, the manufacturer will have considered their lifespan so should already have accounted for, and be responsible to report such associated emissions.

To calculate the emissions, we have utilised the GHG conversion factor files for each year readily available from the UK Government website. From these we have been able to derive the below data which is stated in kgs of CO₂e.

SCOPE	SECTION	DETAIL	2022	2023
1	Fuels	Propane - FLT's - TTW	22,446	22,176
2	UK electricity	General	19,969	18,230
2	UK electricity for EVs	EV charging	4,272	8,817
3	WTT- fuels	Propane - FLT's - WTT	2,624	2,609
3	WTT- UK electricity	General	5,213	4,390
3	WTT- UK electricity	EV charging	1,115	2,123
3	Water supply		79	64
3	Water treatment		143	72
3	Material use	Wooden boards & pallets	6,082	3,896
3	Waste disposal	General	226	126
			62,170	62,505

There are more aspects that we shall be able report on from 2024, these being Business travel, hotel accommodation, as well as homeworking. Recording these only started during this year, although in the case of the latter, we are able to look at historical figures for comparison.

Whilst not included in the above table, Homeworking emissions under the UK GHG emissions conversion tables are calculated using the methodology from the Homeworking emission Whitepaper (EcoAct, 2020) and assume average equipment, and average heating and lighting consumption converted into a daily rate.

In July this year we also attained ISO14001 accreditation, further enforcing our commitment to best environmental practices.



Initiatives

When we moved to our current premises in 2014, we changed existing lighting to LED on sensors and installed the same where new. We also opted for hybrid fork lift trucks which operate as a combination of propane and electric. An attempt was made on renewal of the fork lift trucks in 2021 to move to fully electric fork lift trucks, but the charge time and operative time, plus the carcinogenic odour given off by the lead-acid batteries (Lithium-Ion was unaffordable), proved unworkable. We therefore, renewed the current fleet.

In 2017 we also went live on our new freight software which enabled us to be more virtual, avoiding unnecessary printing of documentation. Brexit partially reversed that unfortunately. Nevertheless, much of our operation remains on screen and saved digitally.

In 2022 we installed four charging points for electric cars, having started to change the company car fleet from diesel and petrol to hybrid or fully electric. Looking at the table above it will be observed the increase in the emissions relating to EV charging. The facility is also extended to employee's personal cars.

In March this year (2024) we made a significant investment, and completed an installation of 168 solar panels on the roof of our premises. It is calculated that this installation will save in the region of 11-12 tons of CO₂e per year. Data so far in terms of usage would support this estimate, although 2024 will only show a pro-rated benefit, starting primarily from May/June.

This leads us onto our most recent software development to be able to provide our customers with their Scope 3 transport emissions. This is one of the most difficult to calculate owing to so many different variables, particularly in respect of groupage consignments.

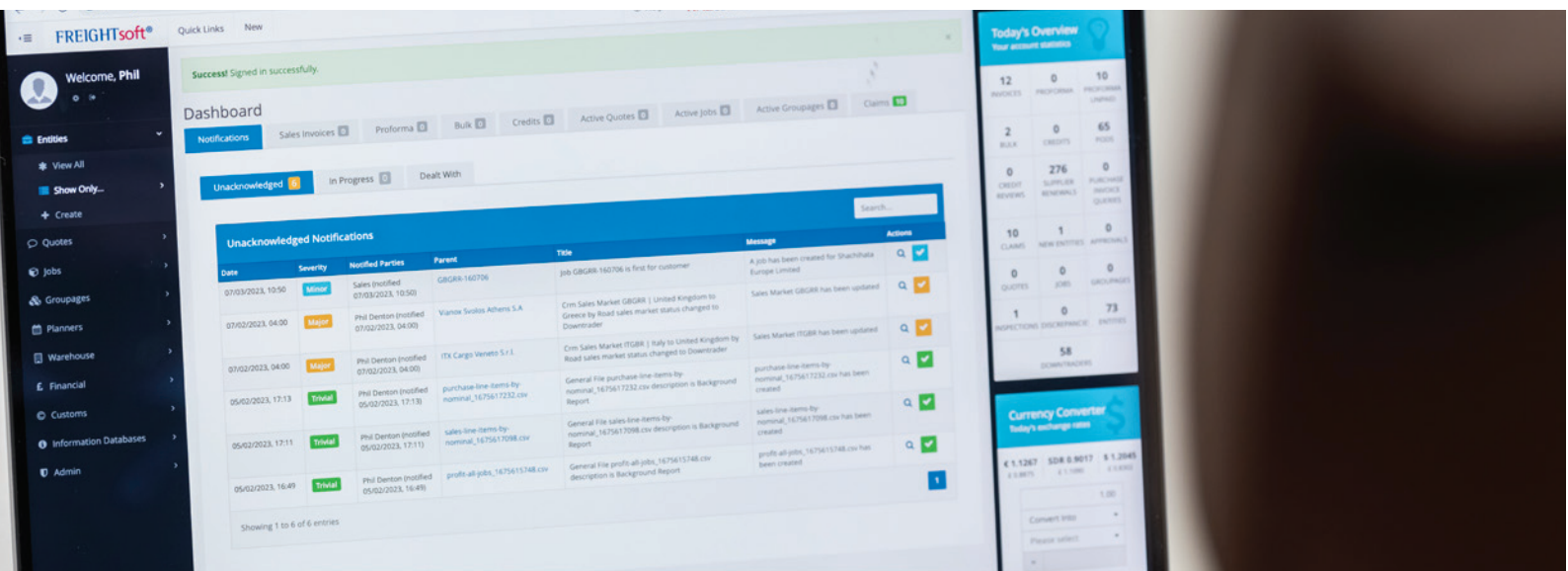
CO₂ulator[®]

When starting this project, we wanted to aim for greater accuracy than opting for the accepted estimations of using 'general HGV'/'average laden'. Our software ascertains how laden the international vehicles are between each stop for collection or delivery, which provides a more accurate measurement. By knowing what type of vehicle and what fuel type, the level of capacity can be matched to the vehicle type to offer even more accurate data.

Additionally, much of our local UK domestic transport is provided by our sister company Ital Transport UK Limited. Our software systems are connected which enables us to pull the vehicle data so that we are calculating the UK domestic segment emissions based on the actual vehicle used.

Couple this with the use of Incoterms, we can catch the point at which the responsibility to report passes from exporter to importer, thus reporting only those emissions which the responsible party must report, whilst providing the non-reportable emissions as an addendum.

It is recognised that we do need the participation of our foreign partners and other suppliers to provide more specific information as to what type of vehicle used when outside of our control, so some further work is required in educating these other participants to align with our aim. Some of our foreign partners have expressed an interest in adopting our software with a view to integrating into their systems.





Labour and Human Rights

Ital Logistics has always prided itself on being a fair and understanding employer. This much can be evidenced by employee retention; the average length of service of current employees is over 8 years, whilst 38% of employees have worked for the company for over 10 years.

We have also always remunerated our employees above the industry average, and have been an Investors in People accredited company since 2005.

We have always been flexible with our employees, understanding that they have lives and dependants outside of the work environment. We have enabled working from home, when necessary, even before the pandemic. Our industry in the main requires the presence of our employees on site, but some roles can adopt a mix when the need arises.

As standard, all our employees receive medical insurance and death in service benefits, with company pension contributions being introduced in 2008, many years before the Working Pensions law with regards to auto-enrolment came into effect.

We have also recently introduced extended medical insurance for retiring employees on a tiered basis, proportionate to the length of service, for up to five years post-retirement.

We actively encourage all employees for any training which will have mutual benefit for both themselves and the company.

We also provide clear career paths for employees and seek to promote from within at all times.

With the absence of a dedicated HR department, our shareholders, directors, and line managers collectively take responsibility for career development and training. By example, in 2024 alone to date, we reinforced our commitment to developing talent within the company by offering a range of training opportunities.

This year (2024) so far:

- 55.81% of employees have completed additional training modules in areas such as compliance, customer service, and technical skills.
- 51% of our employees have received formal training in health and safety.
- 3 employees have taken advantage of external courses to further their careers within Ital Logistics, with the company covering the associated costs.

Many of our employees are also involved in charitable activities and events, and we support these activities, both financially with sponsorship, and with the giving of time to enable them.

It is never forgotten that without our people, we simply would not exist as we are today.

Ethics

Setting aside the ethical aspect of employment, we view ethics as divided into two distinctive areas. Firstly, there is best practice in a business sense, such as bribery and corruption, fraud, data security and other similar associated subjects. The second is based around morals, even if it affects the bottom line financially.

We have exercised our morals on many occasions, deciding who to subcontract to, based on their morals, as well as their perceived business practices. At the outset of this preliminary report, the subject of having policies in place for the purpose of ticking a box does not necessarily convert.

An exemplification of our morals is evidenced by our boycott of P&O Ferries some years ago. The treatment of their employees was unacceptable, despite their website championing Corporate Social Responsibility. Yet it still happened. To this day we have not used them directly, despite it causing us operational difficulties for some time in transporting freight-only dangerous goods.

There are many aspects of employment that cross between the headings of Labour and Human Rights, and Ethics. The latter in our view deals with the principles and moral ethos of a company, whilst the former errs towards the application of best practice.

Considering best practice in employment, we don't discriminate on gender or ethnicity. We don't tolerate harassment. We are protective of our people, and we accept mistakes. We are, after all, human. Are these good labour practices, or are they simply good ethics?

Ital Logistics Ltd remains committed to supporting local communities and charitable causes. Having contributed to many causes since inception, in 2024 alone to date, we participated in several initiatives, including donating logistics services to charity events and contributing to local environmental clean-up efforts. Our goal for the coming months is to further formalise our community engagement programme.

Sustainable Procurement

We have been too trusting, assuming that other companies share our openness, honesty and good business practice. It isn't a bad thing, especially when the suppliers we use, across all types, have been our suppliers for many years, some even known to us before the inception of our company.

We have always made sure that our suppliers in relation to transport hold adequate insurance, both freight and public, and hold Operator's Licenses as relevant. Naturally, as the carriage of dangerous goods is a specialism of Ital Logistics, we always make sure that their drivers and equipment are duly authorised, and that the company confirms that they have a dangerous goods safety advisor, either in-house, or via consultancy.

Furthermore, we always enquire as to their various policies in connection with Health & Safety, the Environment, and Anti-Bribery & Corruption. Similarly, we also seek to establish that should our supplier have the need to subcontract, they do so having ascertained that any such subcontractor meets the same

criteria, or better, including any external certifications that they may hold.

Having been on the receiving end of similar requests from many of our customers, we have not requested copies of any such policies, apart from insurance. It can be a tedious process at times, particularly so when many forms which are submitted for completion are too generic; an attempt to create a 'one fits all' document, across all types of suppliers, that doesn't always work.

As a result of our 'trusting' approach, this is where our most recent EcoVadis assessment scored least. During this year we have been working towards improving our score in this area and are in the process of formalising a Supplier Procurement Policy, and a Supplier Code of Conduct.

It is our intention to commence submitting the latter to all suppliers during Q4 this year starting in October, alongside our annual requests to suppliers for updated information.



Conclusion

Since the management restructure in September 2022, a wider distribution of management responsibility has been made possible. This has enabled greater focus on formalising policies which were maintained but not documented.

The first half of 2024 has been a period of significant progress for Italgas. From reducing our environmental impact to strengthening our governance framework, we have taken important steps towards becoming a more sustainable organisation.

We recognise that there is still much to achieve, but we remain dedicated to the continuous improvement of our operations, ensuring that we contribute positively to the environment, our employees, and the communities we serve.

We extend our gratitude to our employees, partners, and customers for their continued support and look forward to building on this year's achievements in 2025.



Certificate Number #00085
ISO9001:2015, ISO14001:2015

