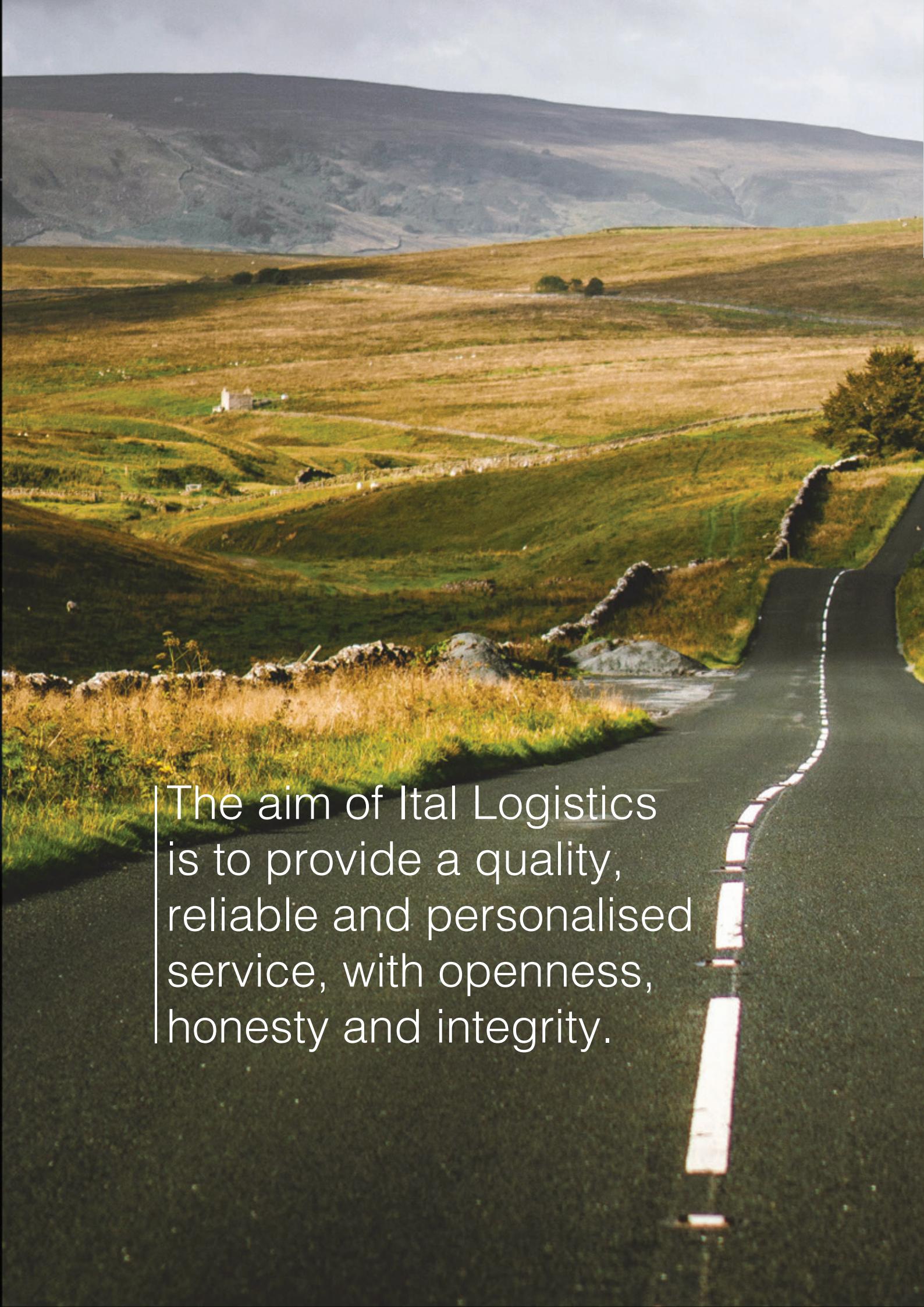




Sustainability report

Prepared 1st December 2025



A scenic landscape featuring rolling green hills under a cloudy sky. In the foreground, a dark asphalt road with white dashed lines curves through the scene. A low stone wall runs along the left side of the road. The background shows more hills and a small, isolated building on a hillside.

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



Having completed our first sustainability report in August of 2024, which reported on 2022 & 2023, we have continued to collate data, whilst also widening the scope to include Business travel and hotels, as well as homeworking. Where we have expanded the scope, we have, in the case of the latter, tracked back retrospectively to be able to make comparisons on previous years.

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 myself and a junior in August 2000, to a team of 42 (plus 10 in our sister company) in our 25th anniversary year, the way in which we conduct ourselves has, and will always be, focussed on good ethics.

We are also conscious of the environment, and have made what steps we can realistically take, primarily; solar energy, hybrid fork-lift trucks, LED lighting and the electrification of company cars.

But when it comes to the electrification of goods vehicles, it is pretty clear that it will be some time in the future when (or if) the infrastructure can be made available. And that is without considering the range required of the vehicles themselves.

The only practicable solution which many industry bodies consider the most appropriate, would be to charge at the operator's base. However, this would only likely work for local domestic hauliers, and that would also be dependent on whether or not sufficient power can be provided to their site. Our provision on our business park, for example, is currently limited to 100amps.

Moving on, the emphasis on good practice, sustainability, and labour and human rights standards has grown considerably

over the last decade. We have always spoken publicly about the ethos of our company, but until fairly recently we have been slower than some to vocalise, and particularly slow to document, focussing on actions rather than words. Just because they may not be documented, doesn't necessarily mean bad practice.

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. And so...

- In July 2022 we completed our first assessment on EcoVadis with a score of 51/100 achieving Bronze standard placing us in the top 50%.
- 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.
- On our next re-assessment in November 2024 our score had increased to 66/100 placing us 84th percentile, although with a restructuring of the medal bands, we were downgraded to Bronze.

Only 14% of companies assessed in our sector had a score of 65 or more. And when you split the four categories; environmental impact, labour and human rights standards, ethics, and procurement practices, in our last assessment we feature in the top 9%, 3%, 18% and 14% respectively.

During the journey with EcoVadis we have taken further steps, having acquired ISO14001 and more recently ISO27001, and are about to embark on our next assessment this month.

(Handwritten signature of Phil Denton)

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 is being phased in between 2024 and 2029, starting with larger companies with more than 500 employees 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

According to fairly recent 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 their accuracy. 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.

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.

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.

In 2017 we 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. The facility is also extended to employee's personal cars.

In March 2024 we made a significant investment, and completed an installation of 168 solar panels on the roof of our premises. It

was calculated that this installation would save in the region of 11-12 tons of CO₂e per year, and this has been confirmed within our data analyses contained in this report.

In July 2024 we also attained ISO14001 accreditation, further enforcing our commitment to best environmental practices.

Our most recent software development has been with regards to providing 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. An overview of this is included later in this report.

In September 2025 we also attained ISO27001 accreditation, further demonstrating our structured approach to information security and the management and protection of data held in connection with our business.



How we calculate

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 Ital 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, Ital Logistics occupies 3.95% of the site which provides us with a pro-rated calculation.

The 'materials' 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.

This year we have also included Business travel and 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. 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.

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
1	Fuels	Propane - FLTs - TTW
2	UK electricity	General
2	UK electricity for EVs	EV charging
3	WTT- fuels	Propane - FLTs - WTT
3	WTT- UK electricity	General
3	WTT- UK electricity	EV charging
3	Water supply	
3	Water treatment	
3	Material use	Wooden boards & pallets
3	Waste disposal	General
3	Business travel	Air
3	Business travel	Air - WTT
3	Business travel	Land
3	Business travel	Land - WTT
3	Hotel accommodation	
3	Homeworking	

2022	2023	2024
22,446	22,176	24,011
19,969	18,230	12,222
4,272	8,817	6,648
2,624	2,609	2,825
5,213	4,390	2,944
1,115	2,123	1,601
79	64	52
143	72	59
4,190	1,828	3,007
226	126	86
		1,744
		363
		77
		19
		158
1,434	1,146	1,132
61,711	61,582	56,948



Analysis

In benchmarking performance over time, there are likely numerous ways to measure this, but what is clear is that however this is calculated, it remains consistent.

When analysing the above, it is clear to see that the investment in solar has made a significant difference. Taking the total electricity emissions (including WTT), there has been a 30% decrease in emissions amounting to just over 10 tons of CO2e. Bear in mind that the solar panels were installed in March 2024 so the benefit is only representative of 9 months of the year, the first quarter without solar.

The other major figure is the use of propane. Whilst it is noted that there has been an 8.2% increase on the emissions over 2023, this is owing to an increase in business, which we can measure in the number of consignments moved for the purposes of analysis. During 2023 the number of consignments moved were 25,655, and in 2024 this figure was 28,145. This constitutes a 9.7% increase which accounts for the increased emissions for propane usage.

This report introduces business travel and hotel accommodation for the first time. This is something which, since the Pandemic of 2020, has been largely replaced by the use of video conferencing. But when forging relationships, there is nothing better than in-person meetings, particularly with our foreign partners. We do, however, keep this to a minimum, although it will still remain to some extent.

This leads me on to our most recent initiative which was mentioned earlier in this report, and the development of our transport emission program, aptly called the CO2ulator®. So, what is it?

CO2ulator®

By far the biggest environmental impact from our business model relates to transport emissions. Whilst we are not obliged to report on them, we decided that we would develop our systems to calculate all Scope 3 emissions for the freight which we move on behalf of our clients.

When starting this project, we wanted to aim for greater accuracy than opting for the accepted estimations of using 'general HGV' / 'average laden'. Therefore, we decided against any third-party addition and elected to develop a system to meet our specific requirements, just as we had done with our freight software in 2014.

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. The 'non-reportable' emissions can also be provided if required.

It is also 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. But for now, there are still some assumptions to be made on vehicle type and ladenness in such instances, but always being calculated on a worst-case scenario.

A final comment on the data we collate, as this system is in its second year, advancements and adjustments are being made as we go. Some files haven't been fully updated as they preceded this further development, whilst some have. But we can only work with the available data, and benchmark ourselves accordingly.

We are not obliged to report on such data, but having always operated openly and transparently, we have chosen to do so. Whether we are performing better or worse than other similar

companies within our industry, to us, is not the 'be all and end all'.

We are a small company in the grand scheme of the industry as a whole, and to some extent, our hands are tied by our industry constraints, particularly in connection with infrastructure, as mentioned at the beginning of this report. And then there is the subject of cost. We do not have the financial resources the larger companies in our sector.

Nevertheless, by enabling the collection of this data, we are able to report to our customers their scope 3 emissions in a more accurate way. And at the same time, we can also measure improvement as you will see below.

So how have we performed, and how have we measured ourselves? Let us start with some numbers...

2023			
	Jobs	Weight (kgs)	kg/CO2e
Road	24,865	67,423,341	13,700,197
Sea	623	4,406,086	1,653,572
Air	111	36,923	360,099
	25,599	71,866,350	15,713,868

2024		
Jobs	Weight (kgs)	kg/CO2e
27,071	73,888,793	13,910,975
892	9,991,316	3,169,779
182	74,924	713,019
28,145	83,955,033	17,793,774

The above table represents all jobs irrespective of Incoterm, by each mode, weight and emissions for 2023 and 2024. We are aware that the sea freight calculations are not as accurate as those of the road freight. With road freight constituting the bulk of our activity, this remains our primary focus. Let's analyse the data. The next table shows the growth rate for each parameter between 2024 over 2023.

	Jobs	Weight (kgs)	kg/CO2e
Road	8.87%	9.59%	1.54%
Sea	43.18%	126.76%	91.69%
Air	63.96%	102.92%	98.01%

Finding a figure to benchmark year on year progress that can be representative of progress is not an exact science. However, as long as the same calculation is used consistently, then a pattern will emerge. Do we use the number of jobs, the weight, or something else to benchmark progression? We have decided to display both.

The findings are that for road freight, the number of jobs increased by 8.87% and the total consignment weight increased by 9.59% which reflected the growth in business. Pleasingly, the kg/CO2e has only increased by 1.54%. Increased business helps to contribute to a lesser increase in emissions because vehicles are being maximised to their best capacity. Furthermore, improving the way that consignments are groupage also betters the overall emissions figure.

Insofar as air freight and sea freight, it is difficult to be able to draw any conclusions from the above as our activity in these modes is extremely widespread, worldwide and inconsistent. On the contrary, our road freight services are the most consistent as upwards of 90% are based on our regular routes.

Considering alternative modes

Over the years, multimodal road/rail options have been considered, and whilst there is the potential for improvement in emissions, the UK infrastructure against that in the EU is set up quite differently. Capacity is limited, and transit times are longer, particularly for groupage consignments, not helped by complex customs clearance requirements of EU consignees. Reliability of service is also a factor.

Furthermore, from December 2025, the rolling highway train service between Freiburg (DE) and Novara (IT), operated by RAlpin AG, is being discontinued. This followed unexpected

increases in restrictions being imposed on the rail network since 2022. This service saved time, whilst drivers could take their regulatory rest periods, and contributed to reducing emissions.

Whilst we do manage some road/rail movements, these are no more than a few dozen per year, and are consolidated into our road figures. As and when the infrastructure provides for the ability to consider as a truly viable alternative, we will look to increase our activity in this mode.

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 8 years. A more detailed split of the current 42 employees (which excludes founding group chairman) is indicated in the below table.

Percentage	50%	36%	21%	10%
Years' service	5+	10+	15+	20+

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 mixed hybrid role 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. Having been recognised as an Investors in People company for some 20 years, we have always been committed to developing talent within the company by offering a range of training opportunities.

In the last year so far:

- 88% of employees have completed additional training modules in areas such as compliance, customer service, and technical skills,
- 79% of our employees have received formal training in health and safety, including the carriage of dangerous goods by all modes, and
- 3 employees have taken advantage of external courses to further their careers within Ital Logistics, with the company covering the associated costs, with a further 5 employees undertaking leadership and management development courses.

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 stated at the outset of this report, the subject of having policies in place for the purpose of ticking a box does not necessarily convert in reality.

You only need to watch the news to note that many companies, when in defence of their reputation following incidents and interrogation, they emerge with their 'policies', that might as well have been written by AI.

An exemplification of our morals is evidenced by our boycott of P&O Ferries some years ago, despite it causing us operational

difficulties for some time in transporting certain dangerous goods that required freight-only ferries. The treatment of their employees was unacceptable, despite their website championing Corporate Social Responsibility. Yet it still happened.

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. Every Christmas and periodically throughout the year we donate to various charities and also support other activities by sponsorship.

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 was our intention to commence submitting the latter to all suppliers at the turn of Q4 2024/Q1 2025, but other matters took precedence. Whilst we accept that this will not aid our EcoVadis score, and perhaps be criticised by some, we only work with trusted suppliers whom we have known for many years, and whom we consider engage in business with integrity. So, this remains on the 'to-do' list which shall be addressed in early 2026.



Targets

One of our primary targets has to be to progress with the aforementioned Supplier Procurement Policy, introducing a more formal Supplier Code of conduct, whilst starting to seek greater clarification on our suppliers aims and ambitions with regards to the core principles of EcoVadis.

Insofar as other targets are concerned, with greater management of freight movements, by maintaining our current path, we would hope to see a continuous gradual reduction in emissions relative to business growth.

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. From reducing our environmental impact to strengthening our governance framework, we have taken important steps towards becoming a more sustainable organisation.

The installation of solar panels at the beginning of 2024 has contributed significantly to a reduction in emissions, whilst also

reducing energy costs, for which we will see the benefit of the investment by the end of 2027.

Having started to collate data in 2022, we are now starting to see the benefits of such data in our year-on-year analyses. The more data we collect, the better the picture.

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.





Certificate Number #00085
ISO9001:2015, ISO14001:2015
ISO/IEC 27001:2022

