

# **ESG (Environmental, Social & Governance) Policy**

**TVS Interfleet**

**June 2022**

## Introduction

This policy applies to TVS Interfleet Group and associated entities considered part of the TVS Interfleet Group of companies.

TVS Interfleet deliver solutions for the commercial and industrial vehicle industry. TVS Interfleet Group currently comprises:

- SB Components (UK) and TVS Interfleet Europe (The Netherlands): UK's leading supplier of bespoke components for commercial vehicles
- Priden Engineering: the leading engineering company in the UK with the knowledge and skillset to deliver solutions across an array of manufacturing spectrums for a host of sectors, including Pneumatic Vehicles and Financial Services
- McPhee Mixers: designer and manufacturer of well-designed and highly productive truck-mounted concrete mixer units.
- Wilcox: one of the UK's leading aluminium body builders in the field of commercial vehicles.

TVS Interfleet and its group companies ("TVS") recognise that we are accountable to key stakeholders and the communities in which we do business.

As a leading player in the industry, we are aware of the climate emergency facing us all and our responsibility to play our part. TVS Interfleet aims to offer the highest level of service to our customers whilst achieving good environmental and social practices throughout all our business activities and encouraging our partners, stakeholders, and suppliers to strive toward creating a better environment for all. Our Environment, Social and Governance ("ESG") goals align closely with the United Nation's Sustainable Development Goals (UN SDGs). They have become a guiding force in how we operate as a business and engage with our stakeholders.

This ESG policy aims to communicate our approach to ESG. To support our efforts, we have engaged external specialist advisors to advise the Board and various teams on the ground. We will produce a comprehensive annual ESG Impact report in response to specific stakeholder interests, including more detailed disclosures on non-financial matters, including material environmental and social topics.

Over time, we envisage that this policy will evolve in response to business practices, structural changes, technological innovation, and legal requirements. We will closely monitor this policy and seek to review it annually to ensure it steers future decision-making.

## Regulatory Landscape

Under the ESG umbrella, there are five sets of regulations relevant to this policy and these are linked to the corresponding company policies with reporting and communication lines as follows:

- **Climate (Energy use and greenhouse gas emission) reporting.** All covered in the Company Directors' Report:
  - Companies Act 2006, specifically 172
  - Climate Change Act 2008 (CCA)
  - Disclosure Guidance and Transparency Rules (DTRs)
  - UK Corporate Governance Code 2018 (UKCGC)
  - Streamlined Energy and Carbon Reporting (SECR)
  - Energy Savings Opportunity Scheme (ESOS)
  
- **Environment** including waste management and End of Life disposal.
  - Various, managed in England by the Environmental Agency
  - CMA Green Claims Code Sep 21
  - Plastic Packaging Tax Apr 22
  - UK Stewardship Code 2020 (UKSC) is now applicable but aimed more at investors
  - Sustainability Disclosure Requirements (SDR) Oct 21 environmental impact
  
- **Human Rights:** HR policies - communicated in employees' handbook and supplier contracts
  - Modern Slavery Act 2015: (Social & Ethical policy and annual statement)
  - Equality Act 2010 Equal Opportunities and Dignity at Work policy)
  - Health & Safety at Work Act 1974
  
- **Governance**
  - Bribery Act 2010 (Anti Bribery policy)
  - Corporate Manslaughter and Corporate Homicide Act 2007
  - Public Interest Disclosure Act 1998 (Whistle Blowing policy)
  
- **Product Safety** – chemical use, fire safety and general product safety.

## Purpose and scope of application

### Purpose

This policy document establishes the basic guidelines and lines of action regarding TVS Interfleet's ESG strategy. It allows the formalisation and implementation of the concept of ESG within the framework of the organisation, its communication to stakeholders, and the operational processes of the Group.

Whilst this policy mandatorily applies to the entire company, the TVS Interfleet Board are ultimately responsible for implementation, and day-to-day responsibility for ensuring this policy is put into practice and delegated to company directors, managers, supervisors, and employees, overseen by the ESG Committee.

TVS Interfleet has undertaken to bring together and expand upon the various relevant policies already embedded across the business and re-align them under the framework of the Paris Climate Agreement and the UN SDGs (Sustainable Development Goals), the recommendations of the Intergovernmental Panel on Climate Change (IPCC).

### Scope of application

The scope will include the management of physical offices, day-to-day operations, all TVS Interfleet employees and any supplier, contractors or consultants providing services to TVS Interfleet. It will also have all philanthropic or corporate social responsibility (CSR) activities undertaken by TVS Interfleet.

## TVS Interfleet's Approach to ESG

- We will align ESG with the business strategy and decision-making process and ensure the policy is considered and embedded into all company activities.
- TVS Interfleet has appointed an ESG committee to report progress, make recommendations to the Board, and follow up on actions.
- The Board will remain responsible for all decisions regarding ESG policy.
- We will continue to engage with external specialists to stay up to date with regulatory changes and ESG best practices.
- We will emphasise and communicate our commitment to continuous improvement of the Group's ESG impact and responsibly manage this.

- ESG metrics will be transparent, consistent, and verifiable via a third party. KPIs and targets will be reported internally to the ESG Committee and externally in publicly available annual ESG annual reports.
- Integration of risk and opportunity disclosures will clearly identify focus areas and risk mitigation.
- Commitment to achieving net-zero GHG emissions will align with a Science-Based target to limit global warming to under 1.5C
- A fair and inclusive approach across all stakeholders

## Lines of action, Commitments and Priorities

In accordance with the above, TVS Interfleet has defined the following commitments to achieving TVS Interfleet's objectives regarding ESG-related matters.

### Environmental

Our focus is to "respect the environment" through carbon emission reduction, use of renewable energy sources, avoidance of materials associated with loss of biodiversity or pollution, adherence to the waste hierarchy - reduction of waste by more efficient use of resources and the adoption of eco-design principles, with any waste arising being recycled as far as possible with residual waste being diverted from landfill where possible and incinerated at waste-to-energy plants.

#### Energy

Our target is that all electricity will be sourced from renewables – wind, hydro and solar. It is not currently economically feasible to procure renewable gas, but this will be continually assessed. We continue to capture energy usage information and investigate replacing equipment with more energy-efficient alternatives.

#### Waste

We adhere to the waste hierarchy. We also adhere to the legal requirements around waste disposal by ensuring that waste produced is disposed of appropriately by a licenced waste carrier to ensure the health and safety of the people we support, our staff, the wider community and environmental preservation.

This means we:

- Seek, in the first instance, to minimise the waste generated.
- Maximise our recycling – by selling metal scraps, for example.
- Divert waste from landfills – in some unavoidable cases, we cannot recycle some products and materials, so these are sent away as general waste. We ensure, where possible, that this waste does not go to landfills; it is instead incinerated and turned into energy.

Waste data will be collected monthly and reviewed periodically to address any areas of concern around volumes, recycling % and landfill diversion. Overall waste stats and KPIs will be calculated annually.

### **Water**

We will monitor used water consumption as per quarterly reports to detect any anomalies such as losses due to leaks and drips.

### **Transport**

We are transitioning our fleet away from fossil fuels. We will also launch a driver training programme across the business and start installing telematics in all company-owned or leased vehicles.

### **Carbon**

We will calculate our carbon footprint annually. This process is critical as we will join other leading organisations worldwide, adhering to the Paris Agreement and using Science-Based Targets to set a course to minimise global warming to under 1.5 degrees Celsius by 2050.

The Intergovernmental Panel on Climate Change (IPCC) is an intergovernmental body of the United Nations, mandated to provide objective scientific information relevant to understanding human-induced climate change, its natural, political, and economic impacts and risks, and possible response options. The IPCC has now strongly suggested that we reduce emissions by 50% by 2025 and become net-zero by the latest by 2050.

We are committed to reducing our carbon emissions annually, setting a net-zero date and ultimately offsetting any residual carbon using verified carbon credit from projects that meet the leading international carbon offsetting standards.

## Social

### Staff and Community

Our people are at the heart of our organisation, and we want to ensure our staff are fully supported as they advance their skills and careers with us. We provide training, development, and advancement opportunities to all our staff members. We will also continuously develop our employment standards and HR policies to achieve consistency and transparency in our working conditions and provide equal opportunities for our employees through a DE&I policy.

We will issue staff surveys at least annually to keep our finger on the pulse on how our staff feel about their role at TVS Interfleet. As an organisation that cares about its staff's work-life balance, we will stay ahead of innovative HR practices by implementing the 4-day working week and other hybrid options for office staff.

We desire to be a positive force within our community. Providing our employees with a safe work environment where they feel respected and valued is a significant part of this force.

### Supply Chain

We consistently seek to manage our supply chain effectively. We will advance our commitments to a sustainable supply chain by developing an ESG vendor governance framework integrated across our procurement and supplier management lifecycle, prioritising our material risks and promoting innovative collaboration with our suppliers. We aim to contract with and build strong relationships with key suppliers who share our aims.

To formalise our approach, a Supplier Code of Conduct will form part of our new supplier onboarding requirements, stating our expectations for our supply chain and their subcontractors to adopt ethical, safe, fair and environmentally responsible business practices.

## Governance

### ESG Governance

We are conscious that robust governance will be crucial to meeting changing stakeholders' expectations, building risk resilience, and seizing the growth opportunities of the ESG agenda. We aim to implement strong governance and oversight of processes, controls and compliance with laws and regulations by implementing policies and procedures and regularly reviewing systems' effectiveness.

To support our governance framework, we have implemented the following actions:

- Identified ESG performance metrics to track and monitor regularly.
- Established an ESG committee to track progress against set ESG targets.
- Conducted a materiality assessment amongst stakeholders to identify and prioritise the most critical issues for our business and stakeholders.



## Our contribution to the UN Sustainable Development Goals

The 17 Sustainable Development Goals ("SDGs") were adopted by all UN Member States in 2015 as part of the 2030 Agenda for Sustainable Development which set out a 15-year plan to achieve the Goals. They are integrated and indivisible and balance the three dimensions of sustainable development: economic, social and environmental.

UN Sustainable Development Goals	TVS Interfleets contribution
Goal 3: Ensure healthy lives and promote wellbeing for all at all ages	Support our employees' wellbeing through a 4-day working week and EAP (Employee Assistance Programme)
Goal 5: Achieve gender equality and empower all women and girls	Promote DE&I and gender quality through a dedicated policy and strategy and report on our gender pay gap
Goal 8: Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all	Pay our employees the living wage as a minimum
Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation	Review our whole products range to make them more sustainable and innovative like with our "Green Mixer"
Goal 12: Ensure sustainable consumption and production patterns	Set ambitious goals to reduce our energy consumption, waste, and pollution production
Goal 13: Take urgent action to combat climate change and its impacts	Calculate our GHG emissions, create a reduction plan and set a Net-Zero date

## Monitoring and Reporting

TVS Interfleet seeks to proactively prevent and mitigate instances of non-compliance with this ESG policy. TVS Interfleet aim to be transparent about its ESG activities and will make publicly available the following information:

- The TVS Interfleet ESG Policy
- Disclosures on TVS Interfleet's ESG integration efforts on an annual basis in the TVS Interfleet ESG Report

The ESG Committee has engaged an external specialist, Sustainable Advantage, who independently evaluated TVS on 63 ESG areas, scored 0-4 on each. An annual ESG action plan was given to the ESG committee to drive improvement. The evaluation will be done annually so that progress can be measured/tracked.