

TRANS-SPED



ESG

REPORT

2021





GREETINGS

Dear Reader,

Since our establishment, we have focused on good corporate governance and supporting people around us. For more than 30 years, we have kept the priority of environmental protection in the forefront and placed increasing emphasis on sustainable development. To make logistics more efficient and environmentally friendly are considered as our mission, therefore we have already taken a number of actions, either in our daily operations or in the introduction of new environmentally aware services.

Trucks in our fleet are Euro 6 compliant, with an average age of 1,5 years. Since 2010, we have preferred a heat-pump system for the construction of our own warehouses, which uses renewable energy sources for heating and cooling the buildings. At the end of 2021, we also launched our ZERO service making disposable packaging-free delivery possible for our partners active in e-commerce, for the first time from our fulfilment centre in Nagytarcsa.

We also encourage our colleagues to engage in environmentally conscious activities. We organise used battery and mobile phone collections various times a year, separate recyclable waste and avoid single-use plastics at our corporate events. Our efforts are yielding results, as in 2021 we were ranked first place in the Hajdú-Bihar County Chamber of Commerce member category of the RE-MOBIL: Let's pass it back again! competition.

Our long-term goal is to reduce Trans-Sped Ltd's ecological footprint caused through its operation by the highest percentage possible, as well as our mission is to become carbon neutral by 2050.

In our very first ESG Report we would like to present the main features of our ESG approach and year after year we aim to provide transparent information regarding our actual steps taken towards carbon neutrality.

Debrecen, 20.12.2022

With kind regards:

Szabolcs Fülöp
owner, managing director

ABOUT OUR REPORT

The information published in our first ESG Report relates to the activities of the Trans-Sped Logistics Service Centre Ltd. The period of analysis is primarily for the business year 2021, and the data published relate to 31 December 2021. Figures different from the data for the end of 2021 are clearly marked. In case of major issues and where appropriate, to provide readers with comprehensive disclosure, we include information and actual figures before and after 2021 to show trends of development.

In 2023, when we publish our next ESG report, we will continue to take into account the current regulatory environment and future applicable standards, so that we can present our activities in line with them.

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1. PRESENTATION

■ WHO ARE WE?

Trans-Sped is a 100% Hungarian-owned Group of companies present on the logistics market since 1990.

We launched our activity as an international forwarding company, but in the last more than 30 years, with our subsidiaries providing service in different fields of logistics, with our nationwide office network and divisions and with almost 800 employees we have developed into a group of companies among which Trans-Sped Logistics Service Centre Ltd. is the biggest one.

We provide complex logistics services throughout Hungary: in 13 centres we offer fast and efficient customer service, either in transportation, freight forwarding, warehousing or customs clearance management, maintenance, production as well as value-added logistics activities.

Outside of Hungary, the Group serves its partners in Oradea (RO) through its independent sites.



WHAT DO WE DO?

- We offer high quality freight forwarding and transport services with our self-owned modern fleet and trained professionals. We guarantee the safety of the cargo under our care, whether it be for a domestic or foreign destination. We can meet shipping needs by air, sea, container or rail.
- We carry out comprehensive export-import customs agency service in various of our centres. With the help of our wide range of authorisations we ensure smooth and fast border crossing of our clients' goods.
- We offer fulfilment service to enterprises operating online shops with a turnover of at least 3000 parcels/month whereby we store products in our warehouses, select, assemble and deliver them as ordered.
- Our warehousing services are available in various sites in Hungary for short and long-term storage, with accurate, up-to-date stock records, to which computer access is also available to the partner with control over the product.
- With our value-added logistics services, we help our customers to increase their competitiveness including among our services also x-docking, transshipment, consignment storage, picking and packing, sorting, unique process management, full support for outsourcing, packaging, labelling, marking; review, planning and optimisation of logistics processes, returned goods handling, quality control and assembly.
- Within production logistics, we carry out the filling, packaging, storage and related material handling of various industrial products produced at the factories of manufacturing and shipping companies, as well as the service provided in accordance with sales provisions, adopting the client's requirements and integrating logistics processes into production.
- Customers' filling lines are technically maintained and repaired by our colleagues with technical, electrical and mechanical expertise, who also have specialised experience in the chemical industry.

OUR PRINCIPLES

Integrity, sustainability, long-term planning, customer focus and service provider attitude, flexibility, responsibility, honesty and trust have always been our most important principles and values.

Based on these corporate values, the vision of the ownership is to build a group of companies with a conscious operation to become a stable profitable service provider with a national coverage, offering complex, digitalised logistics solutions tailored to the customer with an outstanding service level.

1.1 TRANS-SPED LTD. IN NUMBERS

The main financial, goods traffic and workforce indicators of our company for 2021 are as follows:

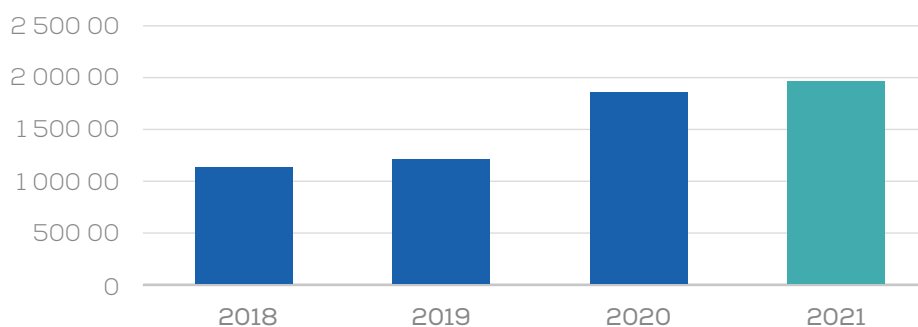
Business line	Description	Year 2021
Each	Net revenue (thsnd HUF)	24 367 173
Each	Profit (thsnd HUF)	HUF 665 699
Each	Investment expenditure (thsnd HUF)	HUF 4 697 479
Each	Number of employees (persons)	771
Each	Number of hours worked (hours)	1 232 221
Each	Number of employees under 25 (persons)	36
Each	Number of sites	13
Each	Number of business lines	8
Names of business lines	Road transportation Freight forwarding Warehouse logistics Property operation Custom procedures Production Logistics in Tiszaújváros Logistics Technology Division Distribution	
Warehouse logistics	Size of own warehouse area (m ²)	85 380
Warehouse logistics	Volume of goods handled (tonnes)	1 789 885
Road transportation	Number of own road freight vehicles	136
Road transportation	Number of freight-forwarding tasks performed by own vehicle	22 452
Road transportation	Total km travelled by own road vehicles	14 164 544
Road transportation / Freight forwarding	Number of freight-forwarding tasks performed by subcontractors	67 841
Customs	Number of customs procedures	23 513



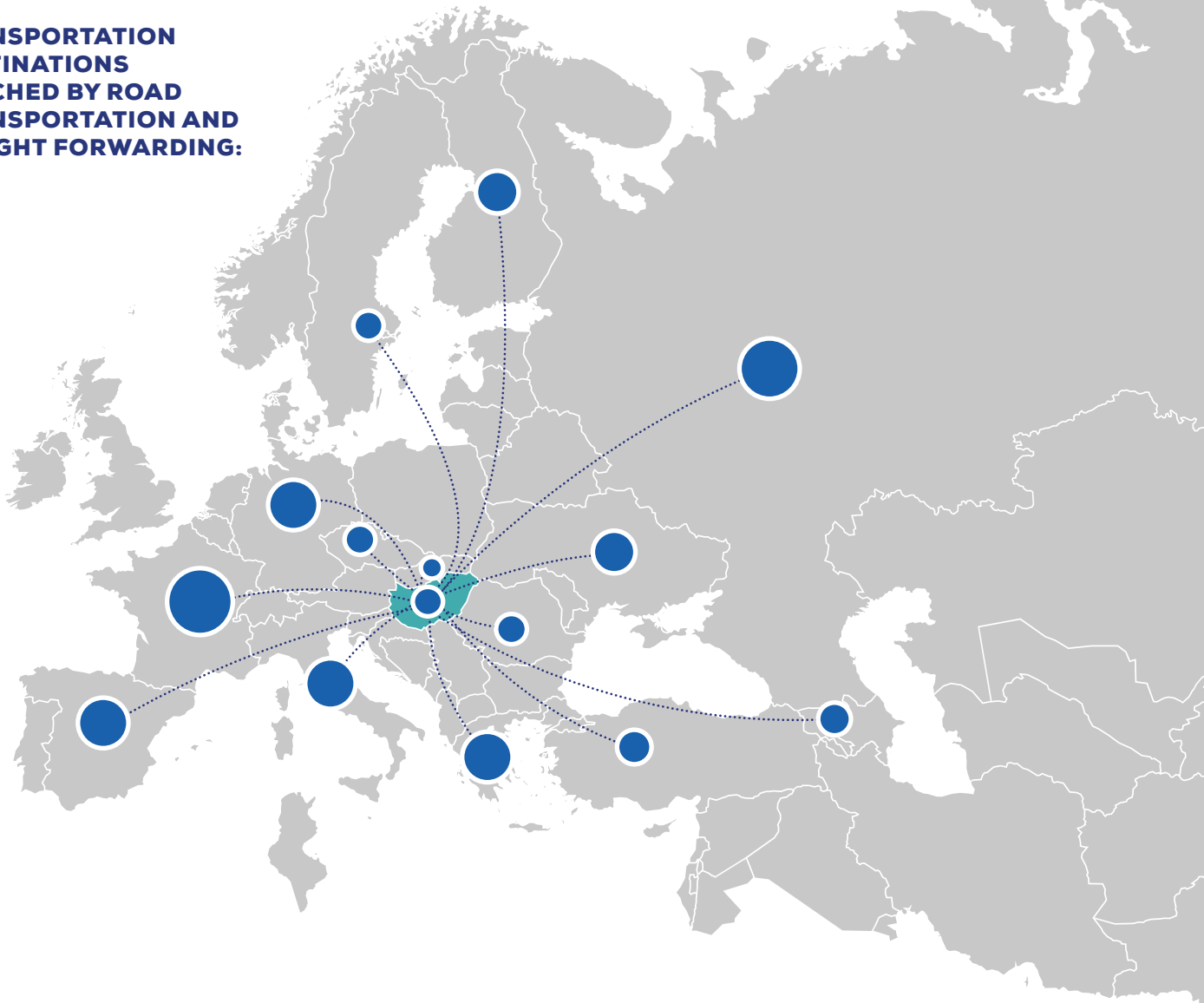
Main financial and goods traffic indicators of our company in the last years (thsnd HUF)

Business line	Description	Year 2017	Year 2018	Year 2019	Year 2020	Year 2021
Total	Net revenue	17 343 267	18 445 652	19 277 556	20 056 258	24 367 173
Total	Profit	647 619	208 792	278 276	332 310	665 699
Total	Investment expenditure	1 448 522	472 202	7 758 238	697 044	4 697 479

EBITDA (thsnd HUF)



**TRANSPORTATION
DESTINATIONS
REACHED BY ROAD
TRANSPORTATION AND
FREIGHT FORWARDING:**



2. SUSTAINABLE CORPORATE OPERATIONS

2.1. INDUSTRY OUTLOOK

Logistics companies face a number of sustainability challenges today. The consequences of climate change, new regulations, consumer and partner expectations regarding sustainability, and increased demand for corporate communication and accountability are all driving the industry to seek environmentally friendly and sustainable logistics solutions.

Greenhouse gas (GHG) emissions from transport have shown an increasing trend in recent years and now represent a quarter of total EU GHG emissions.

The road transport sector generates GHG emissions mainly from the combustion of hydrocarbon-based fuels, which increases temperatures in both the world's oceans and on land, thus contributing significantly to climate change. This impact in turn has significant negative consequences for the Earth as a whole, ranging from weather anomalies and natural disasters through to reduced food security.



The European Commission therefore recommends a 55% emissions reduction for cars and a 50% reduction for vans by 2030.

In order to solve sustainability problems, **system-level optimisation and digitalisation** are essential in logistics, which can significantly reduce the amount of unnecessary kilometres travelled and idle transport capacities, and optimise the chosen transport and logistics means from an environmental point of view.

In addition, **robotisation** may bring significant changes to warehouse logistics. According to industry expectations, warehousing will become fully autonomous and more efficient with robots controlled by self-learning systems, with service capacities much higher than current averages and with lower resource consumption.

Digitalisation will pose not only technological but also major organisational challenges in the coming years, as **adaptation** to changes and **ability to switch** will become a key issue for companies.

Transport infrastructure is also highly exposed to the **problems caused by climate change**. Weather conditions caused by climate change are therefore an existential threat to global logistics infrastructure. More frequent climate anomalies can cause damage to infrastructure and means of transport, as even to ships, while drivers have to navigate more often in bad weather conditions.

Logistics companies can also help to protect their fleets by upgrading them so they can cope more efficiently with adverse weather conditions. But if the global economy fails to make the necessary transition in time to reverse the climate change related negative trends, it will have a significant impact on our environment.

Climate change may also have short and long-term **financial consequences** for supply chains. Fuel costs may rise, profitability may decrease, investment needs may increase and companies may face higher regulatory costs. The future introduction of an emissions trading scheme for transport and logistics might also impose a significant payment burden on companies.

2.2. SUSTAINABLE BUSINESS OPERATIONS AT TRANS-SPED

Sustainability in Trans-Sped's life means acting in a responsible way, both environmentally and socially, to create value for our employees and customers through long-term sustainable economic growth. We also strive to develop solutions that help our customers to achieve their own sustainability goals.

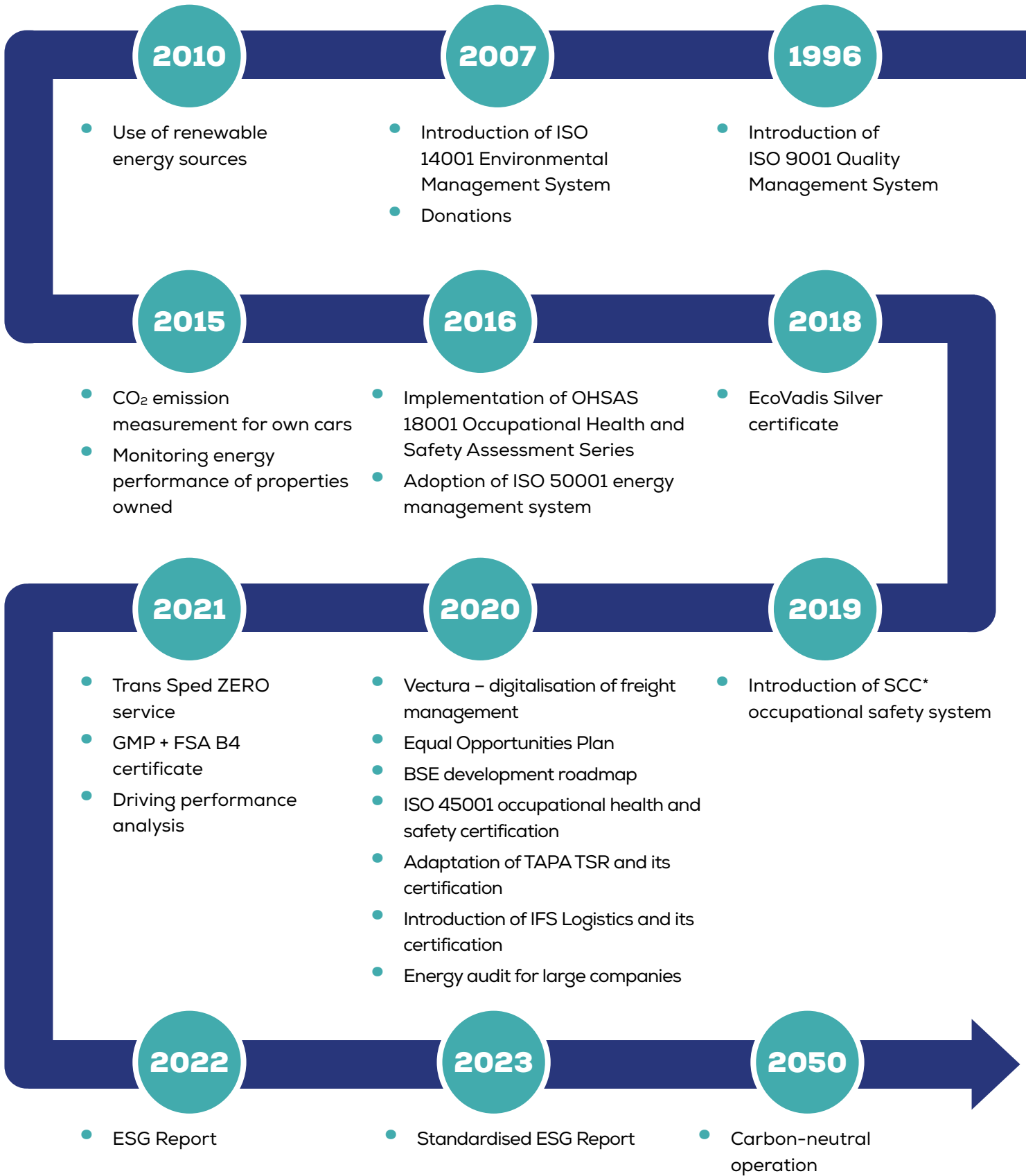
WE HAVE SHAPED OUR SUSTAINABILITY ASPIRATIONS ACCORDING TO THREE THEMES:

- responsible corporate governance
- social responsibility
- environmental protection

Trans-Sped Ltd. is promoting the implementation of the UN Sustainable Development Goals. We pay particular attention to goals related to climate, environment and transportation, which are directly linked to our activities and by which we can achieve the greatest positive impact.



2.3. ESG ROADMAP



3. MATERIALITY

3.1 IDENTIFICATION OF STAKEHOLDERS

In defining our sustainability ambitions, a key step is to identify our partners. Our company's stakeholders are external and internal partners who directly or indirectly influence our operations or are affected by Trans-Sped's operations. We have identified stakeholders with a significant impact on operations and their expectations, which are constantly monitored by our management – and where possible, we endeavour to develop personal relationships.

TO DEVELOP THE ESG STRATEGY AND REPORT, THE FOLLOWING STAKEHOLDERS HAVE BEEN ASSESSED:



Investors

banks and institutional investors, rating agencies, other rating organisations



Regulatory authorities

government bodies, public authorities, other national and international, professional associations



Local communities

local governments, media, residents near the sites



Civil society

NGOs, foundations, associations



Contractors



Subcontractors, suppliers



Workers

employees, temporary workers



Stakeholder organisations

employee participation bodies: trade unions, shop councils, health and safety representatives

3.2 MATERIAL TOPICS

Based on the mutual impacts between Trans-Sped and its stakeholders, we have identified the most relevant material topics in terms of governance, social and environmental aspects, which are:

GOVERNANCE

- Responsible corporate governance
- Compliance management system
- Digitalisation, data-based service, automation

SOCIAL

- Social responsibility
- Occupational health and safety
- Company culture
- Ethical company operation
- Knowledge-based performance, learning

ENVIRONMENT

- Energy efficiency
- Waste management
- Air quality
- Water management, pressure on surface and groundwater



3.3 TRANS-SPED'S SUSTAINABILITY EFFORTS TO DATE

3.3.1. CORPORATE GOVERNANCE ISSUES

OUR RESPONSIBLE CORPORATE GOVERNANCE

Trans-Sped Ltd. is committed to fulfilling and promoting the **10 principles and the Sustainable Development Goals of the United Nations Global Compact**.

Sustainability, climate environmental protection are among the pillars of the Trans-Sped 2030 **strategy**. Besides providing our customers with a full and impeccable service and a commitment to top quality and safety, our company pays special attention to sustainable development and environmental protection. Our company considers its mission to make logistics more efficient and environmentally friendly, and we are taking significant steps in this regard.

The following guidelines were set out by the company's management while formulating our strategy:

- We offer our customers a flexible, tailor-made service.
- We operate within a fair and legal framework.
- We operate a transparent and accountable company, making transparent decisions.
- We strengthen knowledge of digitalisation and innovative technologies at each level of the company.
- We have a long-term perspective, we strive for sustainability.
- We continuously improve our activities.
- We manage the company in a people-centred way, following family values, and we have an open dialogue with our employees about our decisions.



COMPLIANCE MANAGEMENT SYSTEM

Our company runs an Integrated Management System based on **ISO 9001** quality management system and **ISO 14001** environmental management system. We align the requirements of the standards regarding our services with the needs of our stakeholders and the regulatory environment governing our activities. Our efforts in this regard are set out in our **Integrated Policy**. Before fulfilling any logistics process, we conduct a complex assessment of potential risks to ensure partner security, protection of business and personal data, as well as to minimise environmental impact and to provide optimal service to our customers.

Trans-Sped Ltd. considers the safe employment of its colleagues essential at all its sites and in all its business lines, and strives to prevent injuries and damage to health. Our occupational health and safety management system in conformity with **ISO 45001** is also certified by an external certifier at the Tiszaújváros site. Our Logistics Technology division dealing with the repair and maintenance of industrial equipment and machinery, is also SCC certified.

In handling goods requiring special care, Trans-Sped pays particular attention to the preservation of the original condition of the goods received, to ensure a high level of safety in freight forwarding and conditions for traceability. In 2020, the **IFS Logistics system** was implemented to guarantee the compliance of transport of foodstuffs, as well as the **TAPA TSR system** to ensure the safe delivery of high-value cargoes. In 2021, the **GMP FSA (+B4)** system was introduced for the safe and appropriate transport of feed.

For maximum protection of our clients' products, we have a full range of property and liability insurance forms.





DIGITALISATION, DATA-BASED SERVICE, AUTOMATION

One of the elements of Trans-Sped's strategy is to further improve **digitalisation and data-based services**. We also provide a digital service to our clients and data collection is structured, thus we are able to run complete ecosystems and data-driven operations. We also aim to develop the digital competencies of employees and to improve digital support for organisational functions.

With digitalisation and automation supporting the implementation of Logistics 4.0, the integration of production and logistics systems will become possible, making human intervention unnecessary in more and more areas. The company has so far developed its digital processes in the following areas:

A key factor to Trans-Sped's fulfilment service is that it does not provide warehouse capacity and inventory management to individual partners, but operates a logistics base supported by a **digital system** that can serve a number of online stores at the same time within one system. It takes the burden of logistics off the shoulders of web shops with a turnover of at least 3000 parcels per month, while providing faster and more accurate service, thereby improving **customer satisfaction**.



In December 2020, Trans-Sped acquired a 27% share in Webshippy, creating Hungary's first strategic alliance focusing on e-logistics.

Webshippy's fulfilment software enables Trans-Sped to meet the demand of large corporate customers with special needs interested in e-commerce with an adequately large and qualified staff, as well as with the appropriate tools and warehouses. All these with hyperscale capabilities necessary to meet growing demand. The **robotic storage system** in warehouses facilitates coping with traffic peaks and to make the service scalable.

In the field of **warehouse management**, we integrate meter and temperature sensors into a single system, which on one hand speeds up the flow of information and on the other reduces the specific energy consumption by controlling the warehouse temperature.

The company would like to further develop in the **transport and freight forwarding segment** as well. Launched in 2020, Vectura is a comprehensive system for transport and freight forwarding processes that achieves the digitalisation of the entire transport management administration. Thanks to the new software, professionals work in a cloud computing system, starting from the organisation of the freight route through the administration of the drivers right up to invoicing. Thus, already upon completion of the transport, the drivers scan the transport documents and send them electronically to the head office as well as to the customers, contactless and paperless. A further plan is to develop a fueling strategy using artificial intelligence.

The company's driver behaviour analysis solution, called **Fuel Wizard**, which is based on a big data system and machine learning, can also be connected to Vectura in order to enable the company to access the most important data in one interface. As a service to support the logistics service, **Vectura** will soon be available to the company's contractors as well.



3.3.2. SOCIAL ISSUES

CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility (CSR) has played an important role in Trans-Sped Group for many years as a predominant part of the strategic guidelines. Trans-Sped Ltd. has been granted a silver certificate for its demonstrated high level of commitment to CSR by the French-based EcoVadis, one of the world's largest and most recognised provider of business sustainability ratings, which assesses suppliers for sustainability in the following four areas: environment, working conditions, business practices, supply chain.

Supporting logistics training continued to play an important role in the life of Trans-Sped in 2021. The aim of **Trans-Sped Academy** is to support logistics educators by providing them with practical training materials and up-to-date information. Because of the pandemic situation in 2021, the company organised the 3-day Trans-Sped Academy online. The training was attended by 15 educators from a total of 7 institutions across the country. The objective of the annual national **Logistics Day** event is not only to provide an experience-based and playful introduction to the corporate work environment, or to a practical approach and to professionalism, but also to stress the importance of sharing information and giving early career advice.

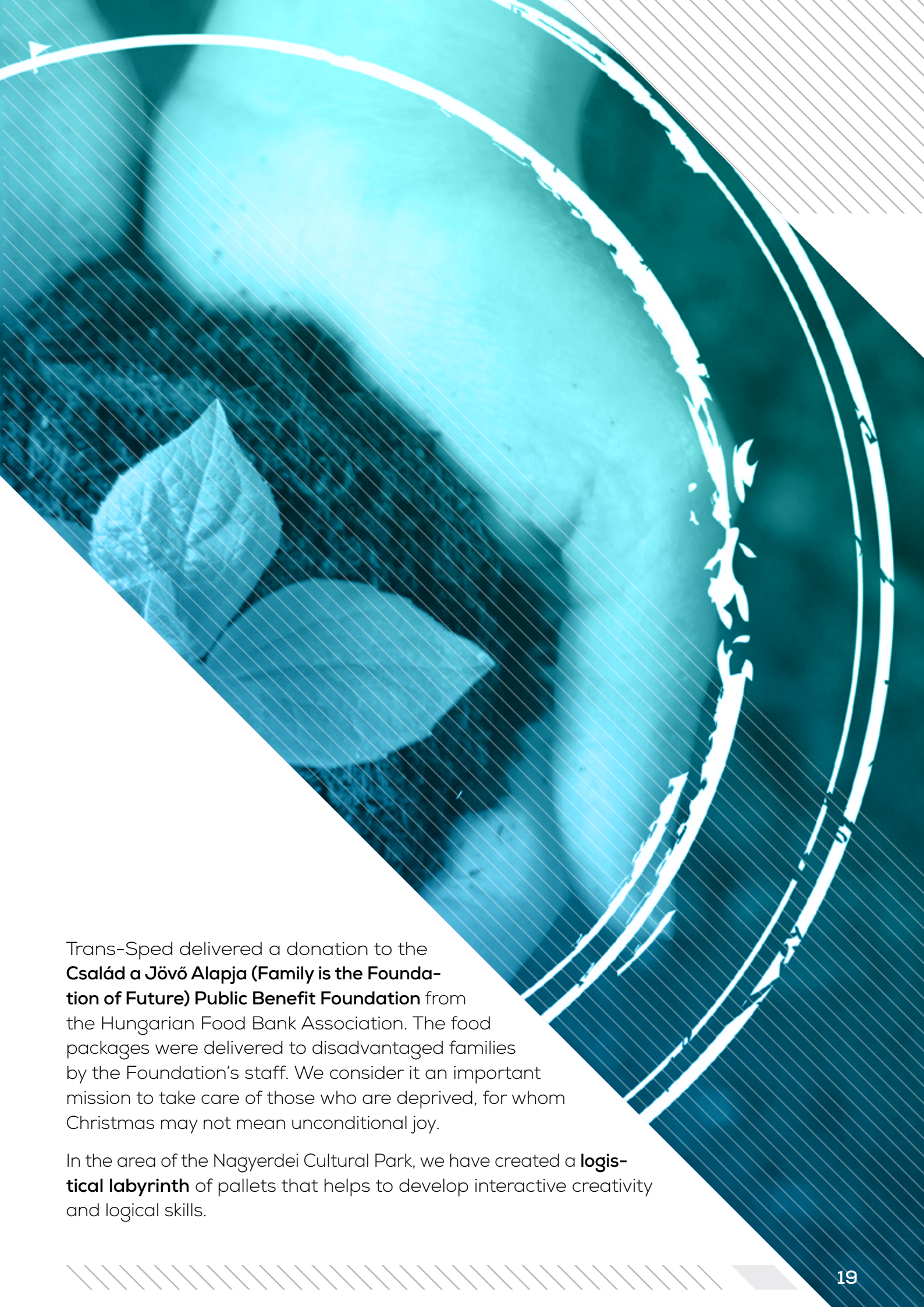
Our company has also issued a **drawing challenge** to children under 14 on the theme of logistics. The first 3 winners of the public vote received a voucher to a popular sports store.

In 2021, we also launched our own professional **podcast channel** for those interested in the profession, where we share information on what's new and on practical experiences.

We are in constant dialogue with the people around us and with local authorities. It is important for us to help those in need through our services, to support local communities and to provide regular support to help Hungarians living outside the borders as well as to improve healthcare.

Within the framework of the Trans-Sped **Community Donation Programme**, the company's staff had the chance to recommend for support institutions and non-profit organisations operating at or in the immediate vicinity of our sites, who can apply for funding with their solution proposals to local needs and problems. In 2021, we helped children and pensioners in the Nagytarcsa, Tata and Debrecen regions with **Christmas packages**, but we also provided individual support, such as the donation of a notebook to the pensioners' club in Szaklád.

The company has also been involved in other donation consignments. Most recently,



Trans-Sped delivered a donation to the **Család a Jövő Alapja (Family is the Foundation of Future) Public Benefit Foundation** from the Hungarian Food Bank Association. The food packages were delivered to disadvantaged families by the Foundation's staff. We consider it an important mission to take care of those who are deprived, for whom Christmas may not mean unconditional joy.

In the area of the Nagyerdei Cultural Park, we have created a **logistical labyrinth** of pallets that helps to develop interactive creativity and logical skills.

OCCUPATIONAL HEALTH AND SAFETY

The health and safety of our employees is a priority for the company. In order to improve occupational health and safety at work at the Tiszaújváros Production Logistics site a management system was introduced according to the OHSAS 18001 standard in 2015, which was replaced by the ISO 45001 standard in 2019. Based on occupational health and safety risk assessment, we strive to prevent injuries and damage to health. We ensure healthy and safe working conditions by using materials designed for safety, while keeping technical expediency and loss reduction in mind.

Beyond accidents at work, we also completely investigate quasi-accidents and accidents on the journey to work, and for their prevention we have introduced the concept of safety hazards, and we use these to formulate recommendations for improvement.

We set **driving safety** as the foundation of our business. We attach great importance to the **communication about blind spots**, which we present at various events to awaken attention and we demonstrate the right blind spot distance on the rear tarpaulins of our trucks with signs encouraging safe driving. Our aim is to raise awareness of cautious, careful and prudent driving and to set an example to others. Our driving safety efforts are complemented also by a campaign to promote mandatory rest for drivers. Our company runs state-of-the-art vehicles, without which safe driving would be inconceivable.

Running the „Közlekedés Biztonságáért” (Road Safety) Foundation and in close cooperation with the police, we are working to make roads safer and to make other traffic participants aware of the blind spots around trucks.

DID YOU KNOW?

STAYING IN THE BLINDE SPOT CAN LEAD TO ACCIDENT AND EVEN LIFE- THREATENING SITUATIONS!



It is important to recognise when our vehicle is in the truck's blind spot and leave it as soon as possible.

The blind spot can be reduced with mirrors, but the so-called absolute blind spot should always be taken into account.

ABSOLUTE BLIND SPOT:

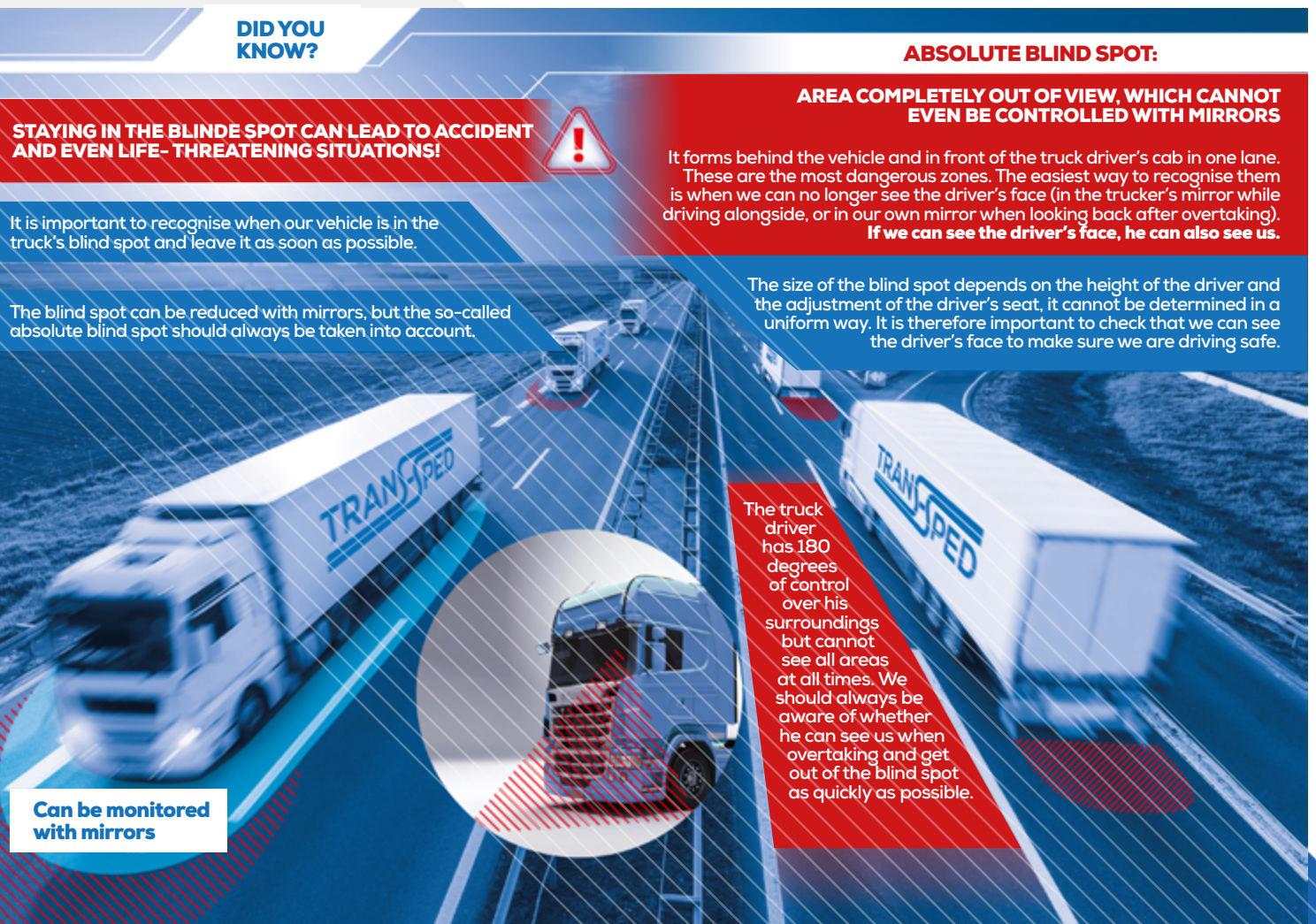
AREA COMPLETELY OUT OF VIEW, WHICH CANNOT EVEN BE CONTROLLED WITH MIRRORS

It forms behind the vehicle and in front of the truck driver's cab in one lane. These are the most dangerous zones. The easiest way to recognise them is when we can no longer see the driver's face (in the trucker's mirror while driving alongside, or in our own mirror when looking back after overtaking). **If we can see the driver's face, he can also see us.**

The size of the blind spot depends on the height of the driver and the adjustment of the driver's seat, it cannot be determined in a uniform way. It is therefore important to check that we can see the driver's face to make sure we are driving safe.

The truck driver has 180 degrees of control over his surroundings but cannot see all areas at all times. We should always be aware of whether he can see us when overtaking and get out of the blind spot as quickly as possible.

Can be monitored with mirrors





COMPANY CULTURE

Trans-Sped strives to become a company with a positive and inclusive working environment where people are motivated to work. Employee satisfaction, training, health and well-being are important to us. **Diversity, inclusion and education** belong to our culture. We monitor the distribution of employees by age and gender, and the role and proportion of women in management. We value our early career employees as much as our employees approaching retirement. Wherever possible we promote flexible working hours, work from home and teleworking.

ETHICAL COMPANY OPERATION

We are committed to ethical data management and compliance with data protection legislation. We ensure that our customers' data is treated with the utmost diligence and confidentiality. We have set out our core values in our Code of Ethics.

Our data protection requirements are outlined and detailed in our "Personal Data Management Policy", covering also full compliance with local and international data protection requirements, including the European Union's General Data Protection Regulation (GDPR).

We strive to create a supportive and positive working environment. In this sense, we support our employees in the fair and responsible performance of their work. Our managers are in active communication with our colleagues, we prohibit discrimination, protect our core corporate values and give priority to occupational health and safety issues, as well as to health protection.

Through responsible sourcing, we actively pursue fair and ethical relationships and working practices with suppliers and customers throughout the supply chain.

The Trans-Sped **Equal Opportunities Plan** covers the following areas. The company is committed to equal opportunities at work, equal treatment and respect for human dignity. The company respects employees' rights and is committed to cooperation based on mutual trust and respect. It does not discriminate between employees in recruitment on the basis of age, gender, nationality, family background or state of health, and supports the employment of people with disabilities. The company considers it important that inactive employees can retain their professional and human contacts, therefore they are equally invited to company events.



It is important to Trans-Sped to ensure a balanced, emotionally, physically and financially secure daily life for its employees and their family members. Thus, we offer our employees and their families a service for free, available 365 days a year, to help them with a variety of problems. The experts of the “You can count on us!” scheme provide advice on personal difficulties, on legal and financial issues.

We are extremely proud to have been awarded the role model title as a multiple **Lovable Workplace Award Winner**. Although almost 800 people work already at Trans-Sped, we strive to maintain the family atmosphere of our workplace. Our internal events and summer programmes all are a contribution, as often also family members may attend these events.

We offer competitive employee compensation. We are committed to **equal pay** for equal work, and we do not make any distinction between the pay of our male and female colleagues.

At our Tiszaújváros site, we have introduced an **employee suggestion scheme**, which evaluates and rewards employee suggestions that prove to be successful in improving the company and get implemented.

In the summer of 2021, K&H published the Family Companies Excellence Award for the sixth time for family-owned enterprises in Hungary to support and recognise their contribution to the Hungarian economy and their commitment to the society. In September 2021 the company was announced as winner in the category of “**Family values and successful generational change**”.



KNOWLEDGE-BASED PERFORMANCE, LEARNING

We place a major emphasis on the personal and professional progress and career development of our employees, therefore we regularly organise trainee programmes, professional and management trainings. We introduced training through e-learning platform in 2021, which we have regularly expanded with professional content since then.

More than half of the **trainings** completed in 2021 were professional trainings. Our training courses with the largest number of participants were: ADR, fire safety exams, professional driver training, AETR training. The systematic management and organisational development training for senior managers has been running continuously for 3 years, with middle managers joining the programme in 2021. In addition, senior and middle managers regularly participate at conferences, seminars, and competence development trainings.

3.3.3. ENVIRONMENTAL ISSUES

ENERGY EFFICIENCY

Efficient use of energy in the provision of services and the continuous improvement of the energy performance of services are important objectives for the company, and we strive to procure energy efficient products and services. Being a large company, we regularly review our energy use and energy efficiency by carrying out energy audits.

Since 2010, the management has preferred air-to-air heat pump solutions for the construction of its own warehouses that use renewable energy sources for heating and cooling the buildings. The energy consumption of our buildings is constantly monitored and controlled. In the halls, illumination is provided by LED light sources equipped with motion sensors.

Employee involvement is essential to reduce negative impacts on the environment. We explain our energy policy to each new employee and provide continuous training for our staff.

WASTE MANAGEMENT

Trans-Sped is committed to the safe and responsible management of waste. Our sites measure and report the amount of waste generated and the method of disposal. Although the company does not generate significant amounts of waste due to its activities, it places great emphasis on **differentiated collection, recycling of waste** and paperless operations. Thanks to innovative solutions, our drivers scan the transport documents at the end of the transport and send them electronically to the head office and to the customers.

Reducing the number and specific quantity of **hazardous substances** and products is also a fundamental factor in the activities of Trans-Sped. Registry, transportation of wastes and waste declarations are carried out in an integrated system.

The company collects separately and delivers for recycling used ink and toner cartridges resulting from its operations. In the framework of the **RE-MOBIL** campaign, it collects used mobile phones at fixed collection points in 5 sites. In addition, it has also organised a used **battery collection programme**, employees can also bring batteries from their own households to the collection points at the sites.

In May 2021, warehouse logistics and e-commerce activities were launched on nearly 7000 m² at our Nagytarcsa site. In retail sales activities, a key priority is to **reduce waste** when packaging products by reusing cardboard packaging material and completely eliminating secondary packaging with the use of reusable plastic cases.

The **Covid19** virus-related epidemiological requirements remained in force in 2021. The purchase and replacement of IoT devices necessary in these circumstances was continuous, so we should expect an increasing amount of **electronic waste** in the coming years.

No incidents resulting from malfunctions or events leading to emergencies occurred during the warehouse work related to the storage of dangerous substances.

In 2021, the **entire internal communication** of the company has been moved to a progressive web application, thereby the majority of posters and communication publications previously edited in printed form has become unnecessary, thus preventing the generation of a significant amount of paper waste. The app is available to the entire staff, where we provide our employees with up-to-date information.





TRANS-SPED ZERO – PACKAGING FREE DELIVERY

At the end of 2021, we launched our service under the name ZERO, which enables delivery free of single-use packaging first from our fulfilment centre in Nagytarcsa for our e-commerce partners in Budapest and its surroundings. Our ZERO service provides an enhanced environment-friendly delivery service. Within this service, goods are delivered by Trans-Sped's own fleet, using lockable, reusable containers, completely **free of packaging material**. This means that not only the cardboard boxes used for delivery, but also the waste of void fill materials is eliminated from the online ordering and delivery process, reducing the resource demands of an environmentally damaging production process.

The service was launched in November 2021 and since then, the volume of shipments delivered in plastic containers free of single-use packaging has been **steadily increasing**. While in November 2021, 22.5% of deliveries were sent with the ZERO service, this figure increased to 27% by January and since then we have experienced a further increase of customer demand. Based on feedback from both the client and customers, Trans-Sped has set the goal of further promoting and expanding the service in the coming period.

We are constantly working to make this service as broadly available as possible, and to make further elements of the logistics process as sustainable as possible.

AIR QUALITY

Fossil fuel cars significantly contribute to air pollution, which poses a risk to both human health and the environment. Cars and trucks cause air pollution throughout their life cycle, including pollution emitted during the operation of the vehicle. Further emissions are related to the refining and distribution of fuels and, to a lesser extent, to vehicle production and disposal. The main pollutants from motor vehicles are nitrogen oxides (NO_x), sulphur dioxide (SO₂) and particulate matter, which negatively affect air quality, therefore our company makes every effort to reduce its emissions. Our aim is to have **the most modern fleet of vehicles** possible, with the lowest possible impact on the environment. The average age of our **Euro 6** vehicles

is 1.5 years, which is important not only for environmental impact but also for driving safety. In order to **reduce emissions**, the company has taken a number of measures, including the development of individual freight-forwarding software to select optimal routes, a driver behaviour analysis programme to reduce fuel consumption, increasing fuel efficiency and expanding the use of renewable energy sources.

Our long-term goals include making our ZERO service carbon neutral that we would like to achieve by introducing electric cars.



DRIVING PERFORMANCE ANALYSIS AND TRAINING

Trans-Sped Ltd. is committed to continuously reducing its carbon footprint and improving its logistics processes. In the summer of 2021, Secret Control specialists installed the Colibri system in all Trans-Sped vehicles over 3.5 tonnes. Experience shows that by maximising driver skill, **fuel consumption** can be **reduced** by up to 15%. As we have a fleet of more than 200 vehicles, the impact of the programme is significant. In addition to driving performance assessment, this system can also be used to download tachograph cards in addition to payment of tolls in Hungary. Parallel to its installation, Trans-Sped also acquired the in-house driving trainer qualification, and since then the training of Trans-Sped drivers has been continuous, with a total of 77 people involved so far. The training takes place in 4 locations: in Tata, Budapest, Debrecen and Nyíregyháza. The company's driving performance analyses and trainings result not only in fuel savings but also in skills development and optimised costs.

To ensure continuous improvement, the company has also introduced an incentive scheme. The achievements of those who have attended driving performance training are constantly monitored, and drivers receive information on their own results also compared with their colleagues. Those who achieve a performance of at least 7 on a scale of 10 receive a cash bonus and are given priority when new vehicles are distributed to drivers. Among others, in addition to fuel consumption and CO₂ emissions, the average accelerator pedal position, brake usage, rest periods, engine speed are measured. Since this system was introduced, fuel consumption has been reduced by 2% thanks to driver performance training.

WATER MANAGEMENT, PRESSURE ON SURFACE AND GROUNDWATER

Trans-Sped does not offer any services that could have a direct negative impact on water quality and does not treat industrial and municipal wastewater or sewage sludge. This activity, like the cleaning of transport equipment – that influences water quality – is carried out by an external service provider with the necessary permits and equipment and which is in possession of a site equipped in accordance with environmental prerequisites.



3.3.4. OUR SUSTAINABILITY PERFORMANCE (DATA, GRAPHS)

Our company regularly keeps track of sustainability data and the performance indicators related to them. Colleagues in dedicated positions at the operational business lines and the strategic directorates record and monitor specific data according to a pre-established schedule and benchmark the progress of performance against it in order to make necessary interventions possible in case of stagnation or negative trends.

Our most important performance indicators:

IN RELATION TO SOCIAL ISSUES:

a) Amount of accidents at work in relation to the number of employees and hours worked

Our company is growing year on year, and as a consequence the average number of employees is increasing, but at the same time the number of accidents at work is decreasing, so the proportion of accidents at work in relation to the average number of employees has decreased significantly over the last 3 years.



	Year 2019	Year 2020	Year 2021
Accidents at work in relation to the average number of employees (Number of accidents/1000 * average number of employees)	15,86	11,37	8,58
Total number of accidents	23	16	12
Total number of accidents at work resulting in loss of working days	7	5	5
Total hours worked	1 215 924,02	1 240 651,00	1 280 662,68
Average number of employees	689,50	710,67	715,10
Indicators of accidents at work			
Total Recordable Incident Rate (total number of accidents * 1 000 000 / hours worked)	18,92	12,90	9,37
Total Recordable Lost time Incident Rate (total number of accidents at work resulting in loss of working days * 1 000 000 / total number of hours worked)	5,76	4,03	3,90

b) Share of employees under 25 years of age within the total number of employees of Trans-Sped Ltd.:



Year 2017 **Year 2018** **Year 2019** **Year 2020** **Year 2021**

Number of employees	6	21	25	30	36
Percentage	1,0%	3,3%	3,9%	4,4%	5,0%

Over the past 5 years, the number of employees under 25 has been constantly increasing, but more importantly, so has their proportion within the company as a whole. This is noteworthy because the younger generation already takes for granted a sustainable lifestyle and a proactive attitude towards the planet. This will help us to transform even more processes in terms of sustainability, and colleagues currently under 25 can play a significant role in achieving the 2050 carbon neutrality target, even at management level.





IN RELATION TO ENVIRONMENTAL ISSUES:

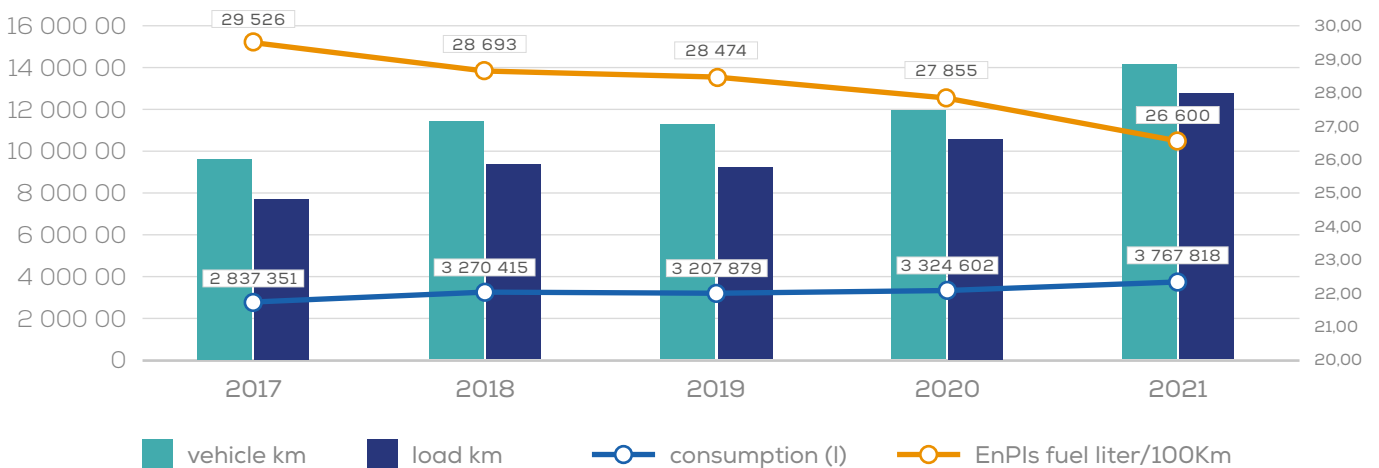
a) Energy performance indicators (EnPIs) for the transport business line:



	Year 2017	Year 2018	Year 2019	Year 2020	Year 2021
Consumption (l)	2 837 351	3 270 415	3 207 879	3 324 602	3 767 818
vehicle km	9 609 597	11 398 088	11 266 152	11 935 519	14 164 544
load km	7 660 617	9 265 122	9 190 000	10 493 131	12 835 797
EnPIs fuel liter/100Km	29,526	28,693	28,474	27,855	26,600

The consumption rate is on an upward trend due to the increased number of transports, but the ratio of consumption compared to kilometres driven is decreasing. This means that the **specific emissions of our company are decreasing.**

**Trans-Sped Ltd. 2017-2021
Consumption to km ratio**



b) Air pollution indicators for the transport business line:

Transport: GHG (CO₂, CH₄, N₂O) emissions



	Year 2017	Year 2018	Year 2019	Year 2020	Year 2021
Consumption (l)	2 837 351	3 270 415	3 207 879	3 324 602	3 767 818
vehicle km	9 609 597	11 398 088	11 266 152	11 935 519	14 164 544
CO ₂ (kg)	7 570 251,08	8 725 694,95	8 558 845,46	8 870 270,86	10 052 802,17
CH ₄ (kg)	737,71	850,31	834,05	864,40	979,63
N ₂ O (kg)	105 549,46	121 659,42	119 333,10	123 675,19	140 162,83
CO ₂ e(t)	7 676,5	8 848,2	8 679,0	8 994,8	10 193,9

The increasing value of emissions is clearly parallel to the growth of the company, but the ratio of emissions to vehicle kilometres shows that **our specific GHG emissions are decreasing year on year, as shown in the figures below.**

c) GHG performance of the transport business line (emissions per km*100 km)



	Year 2017	Year 2018	Year 2019	Year 2020	Year 2021
EnPIs CO ₂ [kg/100 vehicle km]	78,54	76,32	75,74	74,09	70,76
EnPIs CH ₄ [kg/100 vehicle km]	0,00768	0,00746	0,00740	0,00724	0,00692
EnPIs N ₂ O [kg/100 vehicle km]	1,10	1,07	1,06	1,04	0,99

d) Energy efficiency indicators for the property management business:

Energy use on the sites is monitored separately for each building, taking into account monthly occupancy data. EnPIs are calculated on the basis of the area used (m³ air).

e) Waste recycling indicator:

The amount of waste delivered for recycling covers the total amount of separately collected paper and cardboard packaging waste (15 01 01) and plastic packaging waste (15 01 02). From 2021, the amount of waste delivered for recycling has been significantly increased, thereby supporting the development of the circular economy.

The exact amount of municipal waste is not tracked by Trans-Sped, as it is transferred to the public contracting entity.



	Year 2020	Year 2021
total non-hazardous *	49 492	16 120
delivered to recycling	12 940	12 460
ratio of recycling:	26%	77%

* with the amount of recycling delivered.



3.3.5. DATA COLLECTION METHODOLOGY AND CRITERIA USED AT TRANS-SPED

Trans-Sped takes the following criteria into account in the collection of the data used as basis for assessment:

- data are also required for further assessments, statements and reports
- data can be generated on a regular basis
- in case of confidential data, it is guaranteed that only authorised colleagues have access to it
- where possible, the data are generated from the IT systems used by the company with the minimum possible effort
- the data should help the organisation with accurate values to evaluate progress against the baseline period through performance indicators generated from the data

4. ENVIRONMENTAL IMPACTS AND THE IMPACT OF TRANS-SPED ON THE ENVIRONMENT

4.1 THE IMPACT OF CLIMATE CHANGE ON TRANS-SPED

Just as climate change affects individuals, it also affects businesses: different regions, economic activities and competitiveness are affected in different ways.

Some examples of the climate change impacts that could affect the logistics activities of Trans-Sped and what we will have to face more and more seriously in the coming years:

- Rising temperatures due to climate change affect the cooling and heating of logistics warehouses and offices, increasing the amount of energy needed for cooling and heating.
- Increasingly frequent hailstorms can cause serious damage to both property and equipment.
- Natural disasters and floods entail finding new routes and detours,
- which increase the consumption of means of transportation and, in addition, the scheduled journey times, which can have a psychological impact on the workers involved.
- During extreme winter weather, snowstorms and frosts can cause serious obstacles to road transport, which can ultimately render transport impossible.
- Smog alarms, repeatedly experienced with volcanic eruptions, can cause delays of several days in air freight services.

4.2 TRANS-SPED'S IMPACT ON THE ENVIRONMENT

The ecological footprint of global consumption, of products travelling shorter or longer distances around the world, and of the logistics industry, which transports them mainly on roads, is huge. Transport accounts for one third of total EU emissions. Transport vehicles account for nearly 40 percent of emissions generated on roads. Indirect impacts on all forms of transport include fuel production, infrastructure construction and maintenance, increased consumption caused by traffic congestion, slower delivery times, all have negative impacts on the environment. By analysing Trans-Sped's processes according to business units, it has identified the factors that are directly influenced and can be controlled by the organisation, based on the company's environmental approach. In its definition, Trans-Sped has taken into account the current activities, the nature of the products and services, the equipment, machinery and materials used for those activities.

Also as a consequence of the foregoing, the most significant environmental impact of the road transport activity is air pollution resulting from the combustion of fossil fuels. In addition to GHG emissions, the release of particles into the air from exhaust, brake and tyre wear, asphalt deterioration account for a significant part of the company's ecological footprint, whereas a smaller part is due to the energy consumption of warehouses and offices. Prolonged exposure to road traffic noise directly related to freight transport can cause psychological and physical illnesses and also affect wildlife. The use of fuel by lifting machinery is a burden on the environment not only in the case of gas-powered lifting equipment, but also in the supply of machines powered by electricity in the production of which fossil fuels are still used. When considering the opening of a new site, the environmental impact of conventionally fuelled cars used by staff to get to work must also be taken into account.



WHAT DO WE DO FOR SUSTAINABILITY?



ELECTRICITY PRODUCTION FROM SOLAR ENERGY

With photovoltaic solar parks installed on the roofs of warehouses



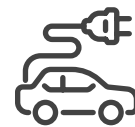
ELECTRIC FORKLIFTS

Wherever circumstances allow, we have replaced gas-powered forklifts



COMPREHENSIVE ENERGY EFFICIENCY PROGRAMME IN WAREHOUSE OPERATIONS

Led lighting and heat pump systems in heated warehouses



ELECTROMOBILITY

Taking the first steps



TRANS-SPED ZERO

Delivery free of single-use packaging

5. TRANS-SPED'S SUSTAINABILITY OBJECTIVES

RESPONSIBLE CORPORATE GOVERNANCE

- Fair, transparent and accountable corporate operations
- Raising awareness for human rights within the organisation
- ESG awareness training programme for management and employees in 2022

SOCIAL RESPONSIBILITY

- Revision and eventual extension of the employee suggestion scheme to other areas of Trans-Sped – based on the outcome of the revision – by the end of 2023
- Further development and partial extension of the already existing performance assessment system, not only to management levels, by the end of 2023

ENVIRONMENT PROTECTION

- Automated route planning, further development of an optimised fuelling strategy
- Expansion of waste-free (ZERO) delivery in Hungary
- Investments in new environmentally friendly technologies
- Use of 100% renewable energy sources in newly constructed buildings in our possession to ensure conscious use of energy
- Reduction of CO₂ emissions by 30% in proportion to the distance travelled in the freight business line by 2030 compared to 2017
- Introduction of e-invoicing in 2022
- Introduction of the use of electric commercial vehicles in short distance freight transport in 2023
- Achieving carbon neutral operation by 2050



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