

Sustainability
Report 2022

FOR GENERATIONS TO COME



Welcome to TIP Group's 2022 Sustainability Report.

This report covers our sustainability strategy and performance, and describes how we manage our impact on society and the environment.

The report is intended for our stakeholders: our customers, employees, business partners, investors and creditors, as well as wider society. It is structured around our seven flagship sustainability programmes: Management, Sustainable Products, Carbon Footprint, Circular Economy, Corporate Social Responsibility (CSR), Reporting and Green Financing.

The Appendix to this report meanwhile provides further details on our overall approach to sustainability and compliance with environmental, social and governance (ESG) reporting requirements.

For further information and explanation, please see our [Annual Report](#) — available online.

Statement from the Management Board

TIP Group's Executive Management Team is responsible for the content, accuracy and overall execution of this Sustainability Report. We believe the report provides a fair, representative and balanced picture of the company's sustainability strategy and performance. Our Sustainability Report

is based on the latest standards issued by the Global Reporting Initiative (GRI), but also takes into account requirements under the EU's planned Corporate Sustainability Reporting Directive (CSRD), as well as the European Standards for Sustainability Reporting (ESRS) and EU taxonomy for sustainable activities.

Note on terminology

Throughout this report, we use sustainability to refer to our overall strategy, policies and programmes. We use ESG to refer to specific environmental, social and governance issues.

Customer stories

On page six of this report, you can find three customer stories on three key sustainability projects for TIP Group:

- Our new electric refrigerated trailers, or eReefers
- Our partnership with DSV, agreed in 2022, to refurbish 1,100 trailers over the next few years
- Our TIP Insight with BrakePlus solution



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Message from our President and CEO



Climate change is the biggest challenge of our generation. Thankfully, the world is waking up to the idea that unified action is the only way to tackle a threat of this scale. The transport industry must do the same. We will only lower our carbon footprint, generate less waste, and create more inclusive industries by working together and, as our second annual Sustainability Report demonstrates, developing an organised and committed response.

That's why we have worked hard to establish excellent relationships with large and small players across the transportation industry. We're a leading influence on the European Transport Board, through which we contribute to shaping industry-wide discussions and actions on decarbonisation and other environmental issues, explore opportunities for joint initiatives, and maintain close communication with industry associations. As we advance, this network will allow us to collaborate effectively and drive collective efforts towards lowering emissions.

Encouragingly, customer demand for sustainable solutions, such as low emission vehicles, matches our enthusiasm. As businesses and consumers prioritise sustainability and environmental responsibility, it's our role to guide customers through the range of available and upcoming low emission vehicles and financing options for low-emission vehicles.

The move from both customers and suppliers towards sustainable solutions is a paradigm shift that lays the groundwork for the commercial future of all companies operating within logistics supply chains – including TIP Group. However, to fully realise this future, there must be further collaboration between electrical companies, government entities, and industry players to expand sustainable electricity supply to the grid and improve charging infrastructure. At TIP Group, we understand these challenges and will continue to share our knowledge and expertise as industry leaders with the purpose of reshaping our value chain and cultivating a more sustainable way of doing business.

Our position as an industry leader is built on a reputation for innovation and for developing advanced products, such as our electric reefers. We'll continue to create new products, working closely with original equipment manufacturers (OEMs) to reduce emissions from our vehicles in the coming years. And we'll do so safely and securely.

Hundreds of millions rely on a transport industry that is increasingly digitised and data-driven – which is why we recognise the importance of cybersecurity in protecting customers and their data, along with safeguarding TIP Group's proprietary data. We're adopting the required guidelines, standards and best practices while understanding that, as cybersecurity threats develop, there is still work to be done, particularly with regard to updating legacy systems and how we work with third parties. Still, we at TIP Group will remain vigilant and adapt to emerging technologies and threats.

Of course, we can't ensure a transition to a greener, safer industry without the right staff who feel their employer meets their expectations of a modern workplace. Challenges in the current labour market – specifically the shortages of mechanics – are well known. At TIP Group, we believe the challenging situation provides more opportunities to innovate – as we have demonstrated through the creation of the TIP Mechanic Academy, which transforms those with no formal training into proficient mechanics in just nine months. A commitment to upskilling enthusiastic trainees is a clear route through the current skills gap.

Alongside recruitment, we do our utmost for staff to create a work environment that prioritises our employees' well-being, with a clear commitment to health and safety running through the business. That is why, under our Environment, Health & Safety (EHS) strategy "Ambition Zero", we're recommitting ourselves to our ambitious target of zero accidents within the organisation. It's a goal that aims to protect our employees and ensure we can lead on environmental health and safety in the future.

I expect many more challenges in the coming years, but I am thoroughly encouraged by the work we've done so far – as shown in this report – that TIP Group is moving in the right direction, with incredible levels of knowledge and enthusiasm, towards a greener, more sustainable future.



Bob Fast

President & CEO, TIP Group

Sustainability highlights 2022

ESG RATING



Number 1

Sustainalytics gave us an ESG Risk Rating of ‘negligible’, the lowest risk category – a result that puts TIP Group at number one for the transport industry and the trucking sub-industry.

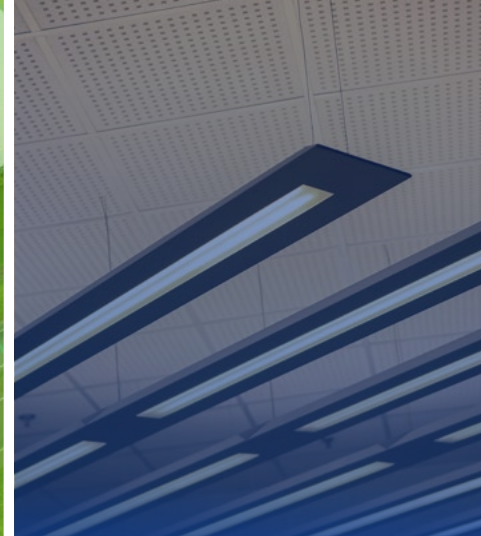
DIGITAL TRANSFORMATION



17,550

At the start of 2023, we had connected 17,550 units to TIP Insight to help transport companies reduce their carbon emissions – exactly halfway towards our 2025 target of 35,000.

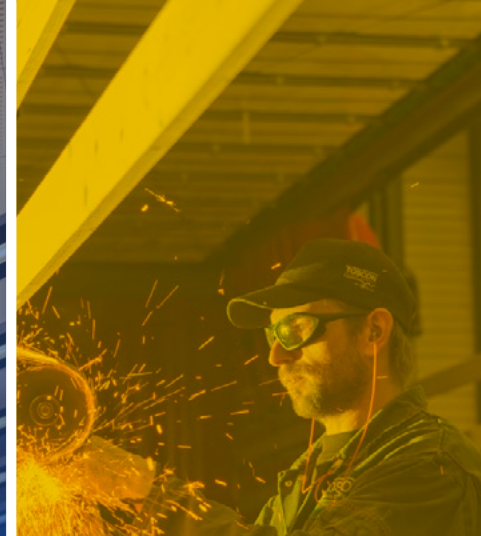
ENERGY EFFICIENCY



95%

95% of our workshops have LED lighting, putting us ahead of schedule to meet our 2025 target of 99%.

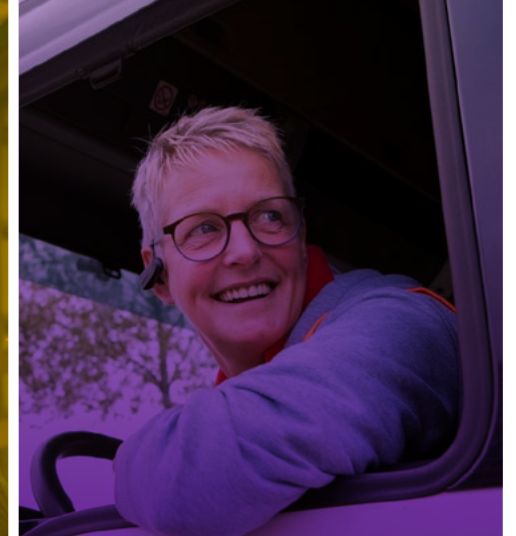
CIRCULAR ECONOMY



2,445

By the end of 2022, we refurbished another 1,376 trailers to take our total across 2021 and 2022 to 2,445 – a number that keeps us on course to meet our target of 5,300 by 2025.

GENDER PAY GAP



8%

We are continuing to reduce our gender pay gap. As of the end of 2022, it stands at 8% – a drop of two percentage points on last year's report and below our target of less than 11%.

Customer stories



Refurbished trailers



Flemming Steiness

Senior Director

“In January 2023, we expanded our collaboration with TIP Group to include the refurbishment of 1,100 trailers that we’ll continue to use on our European routes rather than replacing them with new ones.

“As a company seeking to reduce our environmental impact, repairing and refurbishing what we can is common sense in a world of finite resources.

“Typically, we use a trailer for five years before it’s time for a replacement. If we refurbish the trailer at this point, we can expect to add another five years to its lifecycle.

“Extending the lifecycle of a trailer has substantial environmental benefits. According to TIP Group’s calculations, refurbishing one of our trailers instead of replacing it saves an estimated 16 tonnes of CO₂.

“That’s 18,000 tonnes for the 1,100 trailers that will undergo refurbishment in 2023. The first one hit the road in January 2023, and TIP Group will finish the last in December 2023.

“Trailer refurbishment is a key initiative in our drive towards our sustainability goals and achieving net-zero emissions by 2050.”



BrakePlus



Adam Purshall

Fleet & Procurement Director

“TIP Insight and BrakePlus are crucial to our fleet’s operation, supporting our strategic objectives of mitigating risk and ensuring our colleagues and other road users remain safe.

“The BrakePlus data we can access via TIP Insight enables us to manage our fleet proactively. We can identify potential issues and make quick decisions before problems develop into a breakdown.

“We also don’t need to worry about travelling to maintenance providers for brake tests because the solution provides that on the go. Generally, we save over 20% in costs by not having to carry out physical brake tests.

“It’s a solution that enables us to be more efficient, too. We have easy access to the information we need to maximise the uptime of our fleet, meaning we can plan fleet size effectively and monitor and maximise utilisation on the go — reducing the potential for empty running.

“All in all, BrakePlus and TIP Insight provided a return on investment within 12 months.”



eReefer



Joost Visbeen

Group CEO

“Our partnership with TIP is central to DLG’s commitment to the European Green Deal. Our trial run with eReefers supplied by TIP showed us that our network can save 60-70% CO₂ per trip cycle.

“On top of this, a key benefit is that we can reduce the carbon footprint for our served supply chains without needing to change our transportation network significantly.

“There are added benefits too. Transitioning to eReefers not only cuts our carbon footprint but reduces noise from switching from diesel to electric, gives comfort to our drivers and simultaneously saves noise pollution for the environment.

“We plan to expand our eReefer fleet from four units to 10 together with TIP, Maxwell and Spark, and deploy them to serve the initiating shipper Unilever and other customers in our network.”

Our business

We are TIP Group

TIP Group is one of Europe and Canada's leading providers of trailers, trucks and other equipment and add-on services to the transport and logistics industry. We operate in 18 countries worldwide, with annual revenues of more than €1 billion. Our fleet numbers over 120,000 units, making it one of the most diverse trailer and truck fleets in Europe and Canada.

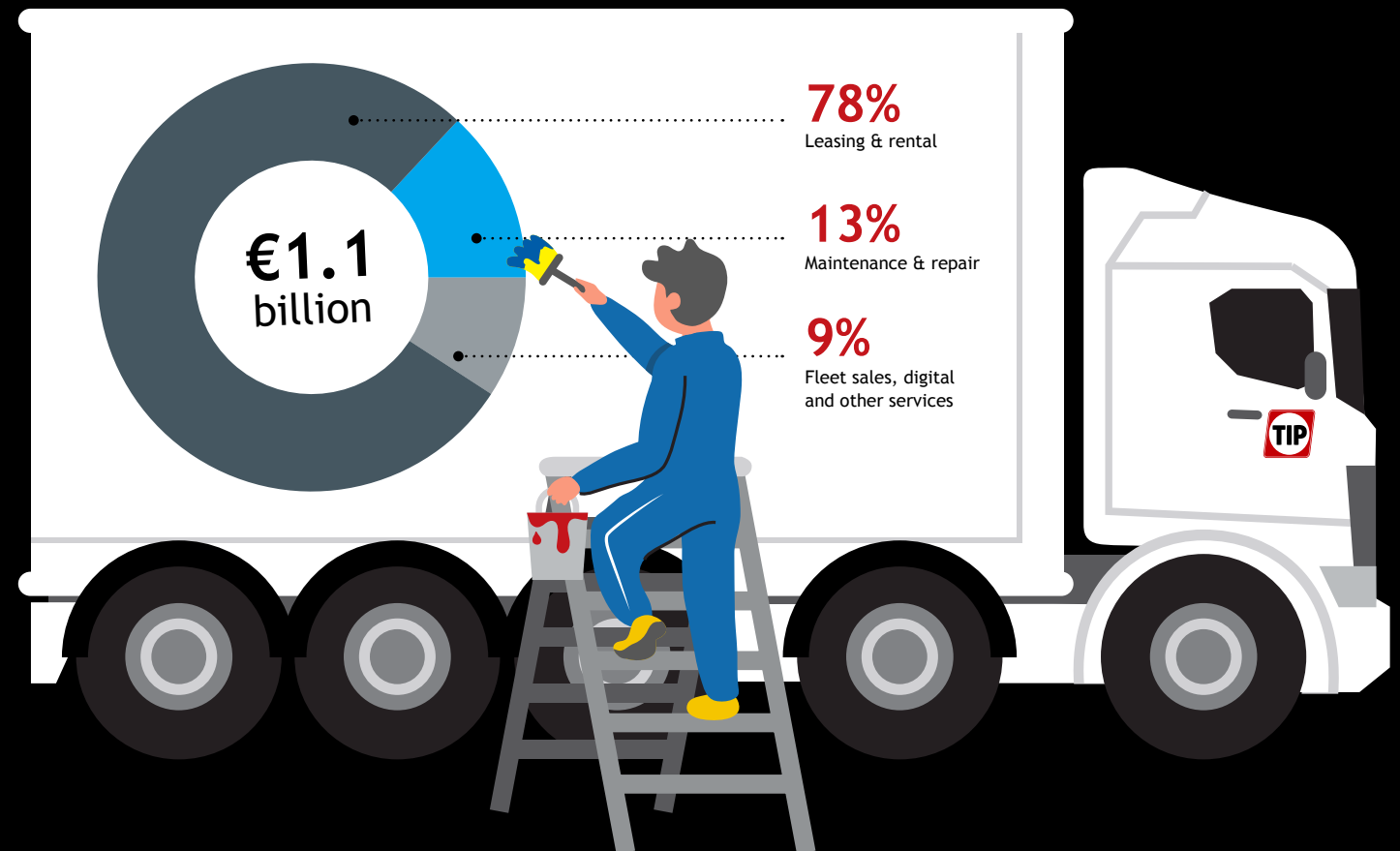
What we do

Leasing & rental — we lease a wide range of equipment through both long-term lease and more innovative sale and leaseback structures. In addition, our rental business helps customers meet short-term peaks in demand.

Maintenance & repair — we have a network of workshops and suppliers across Europe and Canada, offering third-party maintenance and repair (M&R). In Europe, this is supported by round-the-clock breakdown recovery services.

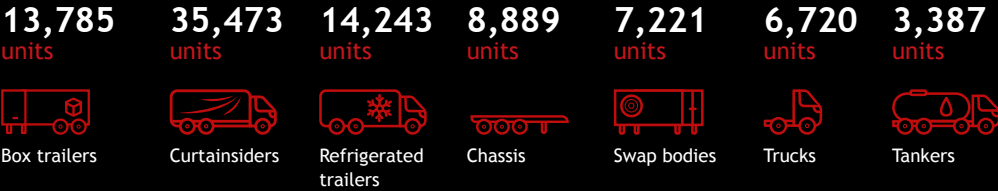
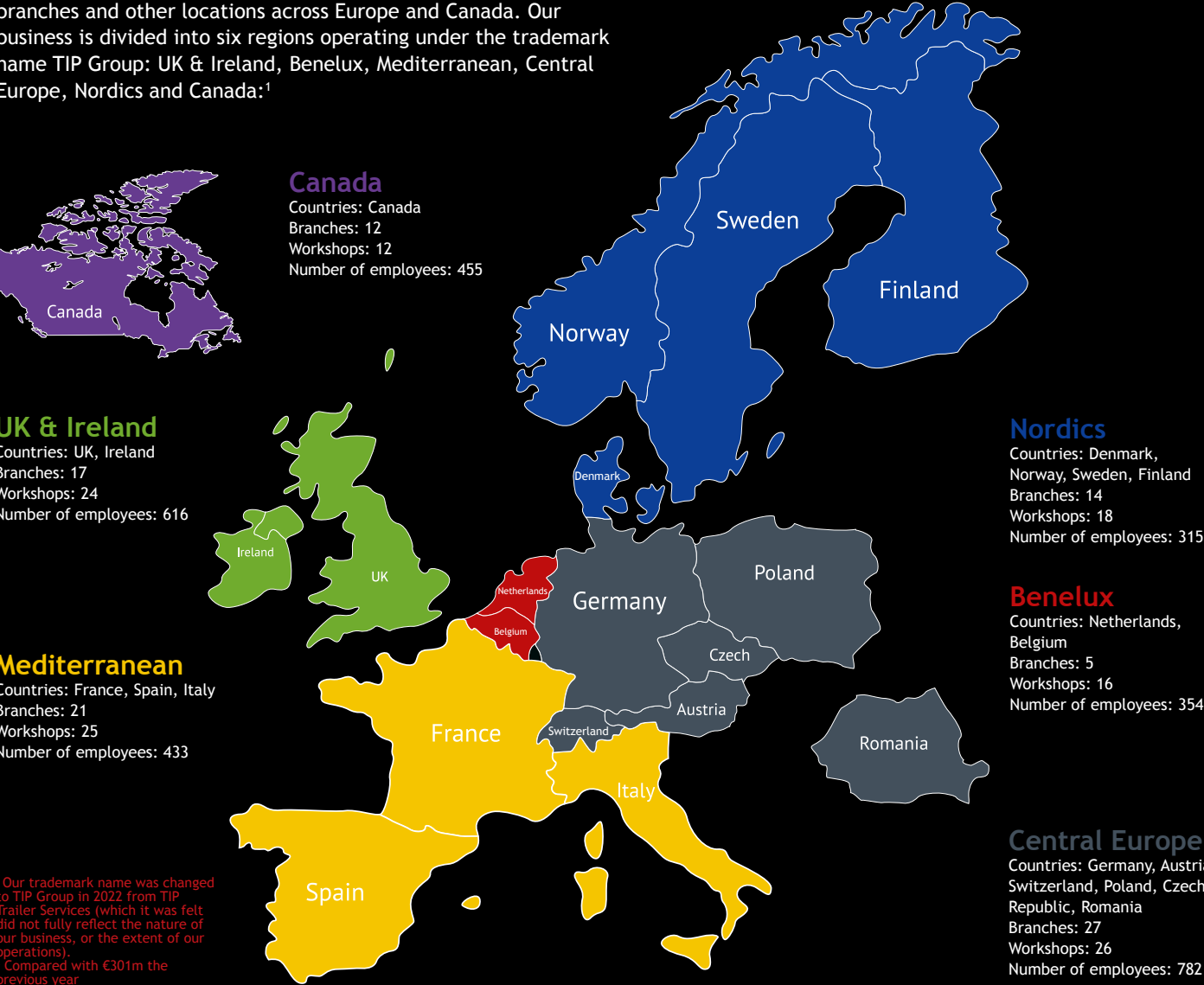
Sale of used equipment, digital and other services — we offer a range of used trucks and trailers from both our own and other third-party fleets. We also provide digital services through TIP Insight to help customers improve transport management, fuel efficiency and safety.

Breakdown of revenue by business activity (2022)



Where we operate

Headquartered in Amsterdam, we have more than 130 workshops, branches and other locations across Europe and Canada. Our business is divided into six regions operating under the trademark name TIP Group: UK & Ireland, Benelux, Mediterranean, Central Europe, Nordics and Canada:¹

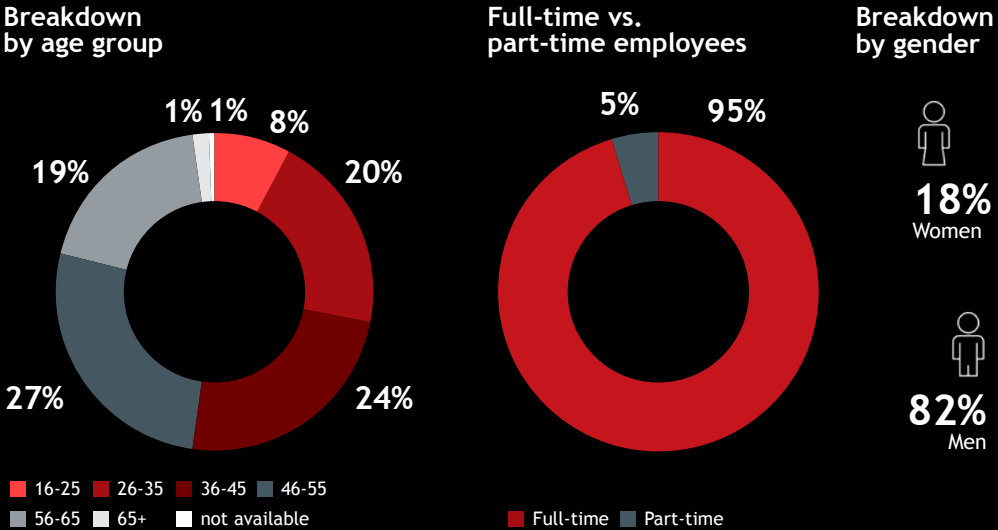


Over the past year, we have expanded our M&R operations and increased investments in new fleet to €536 million.² We also made important acquisitions. We bought Ryder UK, adding 3,550 trailers to our fleet and expanding our network of UK workshops. Further acquisitions were made in Sweden, Germany and the Netherlands. In Denmark, we increased our trailer fleet by around 25% through the acquisition of the EURO Leasing fleet.

Our workforce

At the end of 2022, we had just over 3,000 employees – around half of these were mechanics. We also employ specialists working in finance, human resources, commercial, IT, Data & Analytics, marketing, digital and other corporate services. In addition to our employees, we work with approximately 3,150 other contractors and suppliers.

TIP Group workforce, end 2022

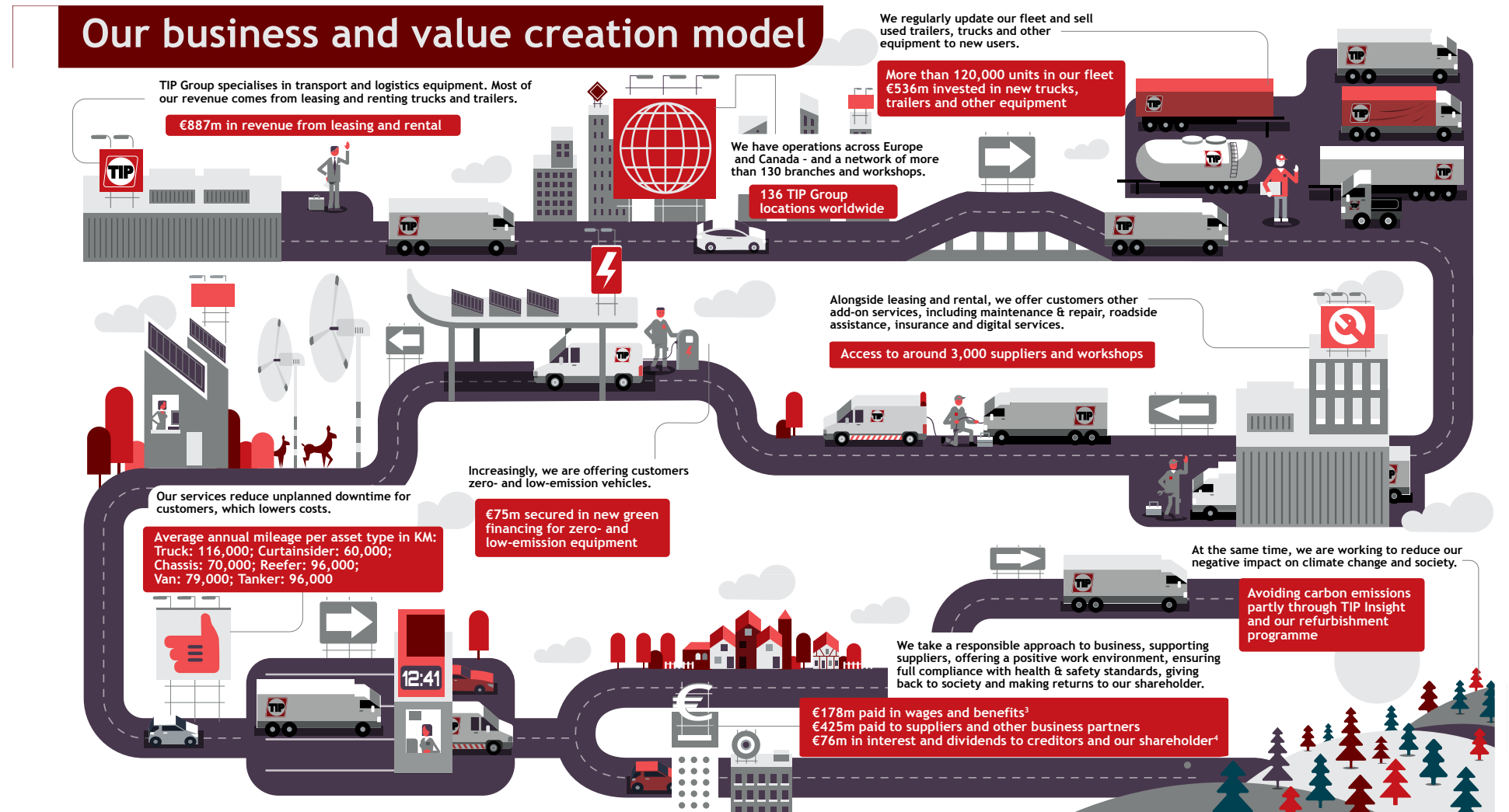


How our business creates value for stakeholders and society

Our approach to value creation

Through our business, we look to create value for both our stakeholders and for society as a whole. We are a vital part of the transport infrastructure in Europe and Canada, delivering essential goods to millions of people every day. Through our services, we help customers reduce downtime and lower costs. Our profits allow us to pay employees and make returns to our shareholder. At the same time, we are working to reduce the impact of our activities on the climate – by reducing our own carbon footprint and improving waste management. Our sustainable products meanwhile support customers in their transition to new low- or zero-carbon business models.

The illustration on this page depicts our business and value creation model – it provides an overview of our business activities, the resources we need to operate our business and the value we create for stakeholders and society. All figures relate to 2022 unless stated otherwise.



³ Includes wages, salaries, social security contributions and pensions

⁴ Includes dividend payments and total interest expense

Our business environment

Our business operates in a complex environment – made more complex by ongoing economic uncertainty, as well as changing fuel prices and interest rates. At the same time, we are seeing skills shortages across the road transport sector, particularly among mechanics. More services are being digitalised and companies are under pressure to reduce the environmental impact from road freight. These trends help shape our strategy and performance, and present both long-term risks and opportunities for our business.

Decarbonisation

Efforts are underway across the industry to reduce the environmental impact from road haulage. Between 1990 and 2020, transport was the only major sector in Europe that failed to reduce its carbon emissions.⁵ The EU wants to cut heavy-duty vehicle emissions by 90% by 2040⁶ and encourage more businesses to switch to electric vehicles. Changing from diesel will be a major challenge. Electrification will bring its own problems in the form of increased resource consumption for battery production, as well as battery disposal issues. But it will also open up opportunities for innovative, new electric refrigerated trailers, for example, and services that help road transport companies control their fuel consumption.

Urbanisation

By 2050, 70% of the world's population will live in densely populated cities, increasing transport requirements to cope with surging 'last mile' e-commerce deliveries. That means more demand for electric light commercial vehicles (eLCVs), especially as city planners introduce new measures to reduce pollution and congestion in city centres. Low-emission zones (LEZ) have already been introduced in major European cities, with many Canadian cities expected to introduce similar measures.⁷ Heavy-duty, higher polluting and diesel engine vehicles are targeted the most, with major implications for logistic supply chains and the last-mile delivery industry, set to be worth nearly \$290 billion by 2031.⁸

Digitalisation

Across our industry, businesses are digitalising their operations – in part to lower costs but also to improve customer service and provide insights into areas such as fleet performance and fuel efficiency. In response, we have made digitalisation central to our strategy, rolling out new digital services for customers, training staff to work with new technologies and appointing a Chief Digital Officer to our Senior Leadership Team. We are also strengthening our approach to cybersecurity: in the

12 months to June 2021, ransomware attacks on the transport industry rose by 186% globally.⁹

Cost of living

Over the past year, the cost of living has risen sharply. In many European countries, inflation has – at times – exceeded 10%. The crisis in living costs has several causes, notably rising fuel prices, as well as supply chain disruption and shortages in energy and other materials. As a result, economic growth is slowing and banks in Europe and Canada – our two operating regions – have raised interest rates to their highest level for several years. Inevitably, this puts pressure on our operating costs, but we're acutely aware that it also means higher household bills and mortgage repayments for many of our staff.

Labour shortages

Across the industry, we are facing severe skills shortages, especially among mechanics. According to a recent report by the European Labour Authority, a third of European countries ranked their mechanic shortage as 'severe'.¹⁰ In some cases, shortages are being exacerbated by the switch to electric vehicles (EVs) – in the UK, only 16% of technicians currently have the right qualifications to work on EVs. Increasingly, shortages will affect growth and margins from our workshops. Longer term, businesses will need to focus more on skills training and career development, as well as diversity and inclusion to bring in new talent and replace older mechanics leaving the industry. You can read more about how we are addressing labour shortages with the TIP Group Mechanic Academy on page 25.

⁵ Source: World Economic Forum (WEF) – [The European Union has cut greenhouse gas emissions in every sector, except this one \(2022\)](#)

⁶ Source: European Commission – [Commission proposes 2030 zero-emissions target for new city buses and 90% emissions reduction](#)

⁷ Source: Pollution Probe and The Delphi Group – [Opportunities for Low Carbon Mobility Actions in Canadian Municipalities: Best Practices and Guidance 2020](#)

⁸ Source: Allied Market Research – [Last Mile Delivery Market 2022](#)

⁹ Source: Deloitte – [Global Transportation Trends 2022](#)

¹⁰ Source: European Labour Authority – [Labour shortages in Europe: is the labour market tightening? \(2022\)](#)

Our materiality assessment

In 2022, we carried out our first full materiality assessment to identify our material topics – where we can create most value for stakeholders* and society. Our assessment was conducted in line with the double materiality principle contained in the draft European Sustainability Reporting Standards (ESRS). Topics were assessed over the short, medium and long term. In total, we identified 11 material topics – these have been mapped against *for Generations to Come*, our sustainability strategy (see below). Results from the assessment will be used to guide our sustainability reporting, strategy and risk management. For more details on our materiality assessment, including full results, see pages 38-42.

* We define our stakeholders as: those individuals or organisations that may affect our business, performance or reputation or that we, in turn, may affect through our decision-making. Using this definition, we have identified five main stakeholder groups: 1) customers; 2) investors and creditors; 3) employees; 4) contractors, suppliers and business partners; 5) wider society

Material topic	Relevant sustainability programme or reference
Increase in cybersecurity risk across the economy	• Management (pages 16-17)
Ensuring an effective approach to decarbonisation across TIP Group's operations	• Carbon Footprint (pages 20-21) • Circular Economy (page 22)
Application of digital technologies in Transport Management Systems	• Sustainable Products (pages 18-19)
Maintaining TIP Group's position as a sustainability leader through ESG ratings	• Management (pages 16-17)
Companies' compliance with upcoming ESG reporting requirements	• Reporting (page 26)
Improving gender diversity within TIP Group's workforce	• Corporate Social Responsibility (pages 23-24)
TIP Group's transition to a low-emission fleet	• Sustainable Products (pages 18-19)
Pressure to improve ESG performance from shareholders or funding partners	• For Generations to Come (page 15) • Green Financing (page 27)
Access to renewable energy for companies and other users	• Carbon Footprint (pages 20-21)
Increasing overall demand for road freight transportation	• For Generations to Come (page 15)
Continued skills shortages across economy	• Corporate Social Responsibility (pages 23-24)



Strategy & outlook

Our approach to sustainability

Trucks and trailers transport millions of goods around the world every day. Road freight is one of the backbones of the global economy, but it is also a major contributor to climate change. According to the International Transport Forum (ITF), road freight burns the equivalent of 17 million barrels of oil a day. If we are to meet the Paris climate objectives – limiting global warming to “well below +2°C” – we will need to reduce carbon emissions, phase in alternative fuels, and move the industry towards net-zero.

How and when our industry shifts to net-zero will have a major influence on the future of our business. As TIP Group, we need to support customers, to help them reduce their carbon footprint. We need to meet new regulations in areas such as energy use, waste management and reporting. Doing so will not only make our business more sustainable, but will also help us attract talent and tap into new sources of financing.

In 2021, in response to these trends, TIP Group launched its first sustainability strategy: *for Generations to Come – Paving the Road to Sustainability*. Over the past year, we have made significant progress with this strategy, strengthening our internal governance of ESG issues, introducing new electric vehicles and eReefers, expanding our non-financial reporting, and agreeing €75 million in new green financing.



Sources: [ITF](#), [McKinsey](#)

For Generations to Come

We have called our strategy *for Generations to Come* because we genuinely believe that there is an unwritten contract in place between generations. We need to take care of the world’s resources for the benefit of future generations.

For Generations to Come is based on seven flagship programmes — these programmes will involve upfront investments, but we expect a significant return through lower costs, additional revenue and an increase in the underlying value of our company.* *For Generations to Come* is fully integrated into our TIP 2025 corporate strategy.

*As measured by the company’s Enterprise Value.

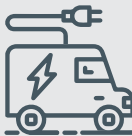
To support our strategy, we’ve also set ourselves five key targets that we are making strides towards achieving by 2025.

TARGET	CURRENT PROGRESS
To become carbon neutral in our own operations by 2030	We’ve completed our first footprint calculation, covering scope 1 and 2 emissions. We will now focus on reducing these emissions as far as possible.
To reduce the company’s gender pay gap	Thanks to actions already taken, our gender pay gap narrowed in 2022 to 8% (compared with 10.1% at the end of 2021).
To refurbish 5,300 units by 2025	By the end of 2022, 1,376 units had been refurbished, putting us on track to meet our 2025 goal.
To equip at least 35,000 trailers with TIP Insight by the end of 2025	By the end of 2022, TIP Insight had been connected 17,550 units – just over halfway toward our target for 2025.
To install LED lighting at 99% of our workshops	During 2022, we continued to install LED lighting at our facilities, reaching 80% coverage by the end of the year.



Management

To establish an effective ESG function within TIP Group, strengthening internal governance of ESG issues and risks



Sustainable Products

To provide our customers with more sustainable products, moving from mainly diesel to smart, connected, electric and other low emission vehicles



Carbon Footprint

To modernise our workshops, branches and offices to become more energy-efficient, emitting less carbon and switching to more renewable sources of energy



Circular Economy

To introduce more efficient waste management, reusing and refurbishing equipment, and reducing waste going to landfill or incineration



Corporate Social Responsibility

To improve gender equality, give back to our local communities and promote continuous learning within TIP Group



Reporting

To expand sustainability reporting to meet demand from regulators and potential creditors, investors, customers and suppliers



Green Financing

To secure competitive funding and other subsidies to finance TIP Group’s transition to sustainability

For more information
See pages 16-27 for more details on what we are doing to implement our flagship sustainability programmes. You can also read more about our TIP 2025 corporate strategy in our [2022 Annual Report](#), available online.



Management

Over the past two years, we have established a dedicated ESG function within TIP Group. To support this, we have an ESG Committee, overseeing our strategy. This Committee includes both the CEO and members of the Executive Management Team.

At the same time, we have extended our internal controls. Since the launch of *for Generations to Come*, we have put in place new guidelines and policies; these include the TIP Group Environmental Policy, linked to the Paris climate objectives. Other policies cover areas such as waste management, labour and human rights. We have strengthened our Supplier Code of Conduct to make sure we uphold minimum ESG standards throughout our supply chain and rolled out a data loss prevention programme to strengthen our approach to cybersecurity.

These policies provide a basis for responsible business conduct and ensure we incorporate ESG issues into our decision-making. We have also now included ESG risk into our formal risk management approach and started to investigate new ISO certifications for our quality, environmental, safety and energy management.

To execute our strategy successfully, we will need the support and commitment of our businesses across the regions we operate in. We have a dedicated ESG database and encourage local teams to submit

proposals for new projects. Recent proposals have included investment in electric yard vehicles, as well as the installation of solar panels, charging stations and more energy-efficient LED lighting at our worksites. Over the next five years, we expect more than 80% of our sustainability spending to come from regional initiatives.

We also need to work with outside partners – we are collaborating with Schneider Electric, for example, to improve our energy monitoring, and with DSV on trailer refurbishment. In 2022, we agreed to integrate our telematics platforms with Schmitz Cargobull's – the move means transport companies can now access their data via a single portal. We also work closely with other international organisations. We are founders and lead members of the European Transport Board (ETB), support the UN Sustainable Development Goals (SDGs) and have been signatories to the UN Global Compact since November 2017.

For more information
See page 33 for more details of our approach to governance and decision-making. More information on ESG risk management may be found on page 35.

Our work with the European Transport Board

The ETB is a group of leading European transport and logistics companies. Together, its members control over 300,000 trailers. The Board's stated mission is to help reduce the environmental impact of road freight, cut down on congestion, increase road safety and improve the industry's overall effectiveness and efficiency. As TIP Group, we work through the ETB to raise issues of concern to the wider road transport industry. These include social and environmental issues, such as carbon accounting, sustainable finance and the application of the EU taxonomy, as well as industry regulation. We also share data among members and organise regular panel discussions. Our CEO, deputy CEO, Chief Operating Officer, Chief Legal Officer, Vice President Sales & Marketing and Global Marketing & Communications Director are all members of the ETB.¹¹

ESG ratings

It is important that we regularly benchmark our sustainability performance — it helps us identify potential areas of improvement. During 2022, we sought ratings from two independent rating agencies: EcoVadis and Sustainalytics.

ecovadis

EcoVadis gave us a Silver rating in our second assessment from the agency. Our 2022 **score of 56** is an improvement on our 2021 result of 32 and places us **among the top 25%** of companies assessed worldwide. We were rated 'good' in three of the four main areas: environment, labour & human rights and ethics. In the fourth — sustainable procurement — we rated 'partial'.

MORNINGSTAR | SUSTAINALYTICS

Sustainalytics gave us an ESG Risk Rating of 'negligible', the lowest risk category. This means TIP Group ranks as **number one** for the transport industry and the trucking sub-industry — and **47th** out of more than 15,000 companies assessed globally.¹² Sustainalytics rated our ESG risk exposure as 'low' and our ESG risk management as 'strong'.

¹¹ For more information on the work of the ETB, see www.europeantransportboard.com

¹² Result accurate as of 28 May 2023



Sustainable products

Our customers also want to reduce their carbon footprint. To support them, we are expanding our fleet of low and zero-emissions vehicles, improving our carbon accounting with software-as-a-service climate platform Watershed, and rolling out TIP Insight — our telematics system that helps customers cut down on fuel consumption and operate more efficiently. Doing so, we believe, will bring additional revenues and contribute to the wider goal of decarbonising road transport. As well as reducing carbon emissions, these zero-emission vehicles also help improve air quality, preventing long-term fatalities from pollution and ensuring TIP Group complies with local LEZ regulations. As we do, we are moving into a new phase — beyond Sustainable Products — with the aim of becoming the preferred sustainability partner for our customers and suppliers.

Currently, we operate approximately 16,000 refrigerated trailers — these ‘Reefers’ are vital in transporting perishable goods, such as fruit, vegetables, meat and other foodstuffs. However, generally, Reefers use diesel — so we have made replacing diesel with electric motors powered by batteries a crucial part of our sustainability strategy *for Generations to Come*. With ‘eReefers’, we can reduce carbon emissions by 58-100% during operation, which we estimate could decrease trailer carbon emissions by more than 67%.¹³ The actual reduction depends on the precise energy source, as explained below:

Solar: In this configuration, photovoltaic panels are installed on trailers so they can run exclusively on renewable energy, making it zero-emission. We signed a three-year partnership in January 2023 with Valoe Corp. to install solar power systems on some of our Reefers, and will launch a new pilot later in 2023 with UK firm Sunswap to develop solar-powered transport refrigeration units (TRUs).

Energy axle: At the beginning of 2023, our very first kinetic-powered, emission-free eReefer hit the road — the result of collaboration between TIP Group, Thermo King and BPW Bergische Achsen AG. The first of these trailers are operated by transport companies Herbert SAS, Wezenberg and Tielbeke — all on behalf of Albert Heijn, the Netherlands’ leading supermarket chain.

Charging plug: Along with our customers, we are currently testing four trailers that, via a charging plug, are powered by renewable sources. We have placed an order for an additional 20 units of this configuration.

We are also extending our fleet of **electric light commercial vehicles** (eLCVs), mainly for use in last-mile delivery in cities. This is a new asset class for TIP Group. Currently, we have circa 100 eLCVs in operation. We have also ordered around 100 electric trucks, many of which have already been allocated to customers and will be delivered in 2024.

With the expansion in electric vehicles, we are also investigating **alternative fuels** — for example, natural gas, hydrogen or other green fuels. During 2022, we delivered 10 Iveco S-Way tractors to PostNord in Denmark — these tractors use compressed biogas, reducing carbon emissions by around 95% when compared with a traditional diesel engine.

To support our work in this area, we are also investing in e-maintenance services at our workshops and planning to install more charging stations at our sites — as well as at our safe and secure parking stations — for customers, drivers and employees. Ultimately, we expect the logistics sector to adopt EVs and, eventually, hydrogen vehicles. However, this will take time, given the need for sufficient charging stations. In the meantime, we are not locked into long-term ownership of traditional internal combustion-engine vehicles. Typically, the average age of our European trailer fleet is five years; additionally, we sell approximately 5% of our fleet each year.

During 2022, we also continued our roll-out of **TIP Insight**. This technology provides constant performance data via a modem fitted

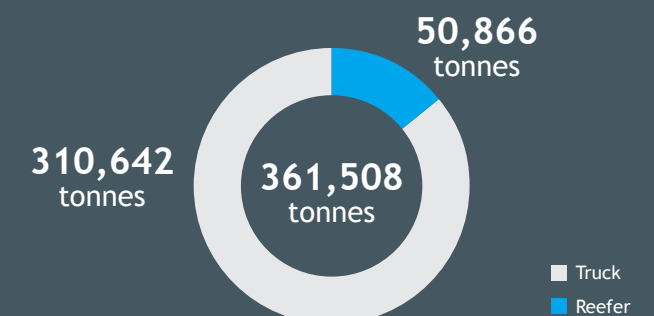
to the trailer, allowing transport companies to avoid unnecessary downtime, optimise demand for fuel and increase security. In doing so, customers reduce the carbon footprint of their fleet. By the end of 2022, we had connected 17,550 units with TIP Insight, exactly halfway towards our 2025 target of 35,000. In addition to TIP Insight, we now have more than 700 industry professionals signed up to FleetRadar, our digital fleet management platform, as per June 2023.

Double-deck trailers in Benelux

In 2022, TIP Group expanded its fleet in Benelux, adding double-deck trailers. These trailers have a double loading floor, which adds 60% more payload. The ability to carry more allows customers to save on fuel and reduce transport costs, as well as cutting carbon emissions by an estimated 40%.

Scope 3 emissions from our fleet

We estimate our scope 3 emissions from downstream leased assets at just over 360,000 tonnes. Most of these emissions — 86% — come from our trucks, the remaining 14% from cooling our reefers.





Includes emissions from fuel production and combustion. For reefers, calculation is based on energy requirements for cooling only. For trucks, calculation does not include load consideration.


¹³ From an estimated 6.48 tonnes CO₂e per engine per year to just 2.11 tonnes. Calculation based on assumption of 800 reefer engine operating hours per year and a diesel consumption of 3 liters per hour for diesel reefers and 7.9 kWh per hour for electric reefers (European electricity grid mix of 0,334 g/CO₂ applied).


How does TIP Insight work?

TIP Insight contains four basic tools that, using telematics, help transport companies reduce their carbon emissions:

- 

FleetConnected is our Track & Trace (3rd party) solution, providing real-time telematics data on connected vehicles' operating performance and allows transport companies to optimise routes and schedules.
- 

BrakePlus, which monitors brake performance and condition — as a result, companies can be more efficient in timing maintenance and parts replacement.
- 


Tyre Pressure Monitoring System, or TPMS — optimising tyre pressure can save around 3% a year in fuel consumption.¹⁴
- 

DoorPlus, which monitors reefer doors, helps drivers keep a constant temperature, prevents wastage and increases security.


¹⁴ When compared with tyres being underinflated by 20%. Figures based on TIP Group assessment
¹⁵ Based on yearly greenhouse gas emissions associated with long-haul trucks, as well as average payload and average CO₂ emissions/kilometre.

Based on current averages¹⁵, we estimate that each trailer connected to TIP Insight saves approximately 5% a year in carbon emissions.


TIP Insight services at a glance




FleetRadar
Fleet management platform




FleetConnected
Remote location and monitoring




FleetAdmin
Customer account management




FleetBeat
Real-time location and brake system information




TIP vehicle inspection
Damage, maintenance and repair



Earned recognition by TIP
DVSA scheme to promote road safety*



TIP Insight customer support
Helpdesk for customers



FleetBeat Cooler
Reefer refrigeration management system

*DVSA — Driver & Vehicle Standards Agency (UK)

Carbon footprint

While we are working hard to help reduce our customers’ carbon emissions, we are doing the same with our own footprint to bring our business into line with the Paris climate objectives. To do this, we are modernising our workshops, branches and offices, becoming more energy-efficient and increasing our use of renewable energy. We want our own operations to be carbon neutral by 2030 at the latest – and to be carbon neutral across our entire value chain by 2050.

Across TIP Group, we already have approximately 30 energy-efficiency initiatives in place; these include:

- Rooftop solar panels – at present, we have two systems in following locations: Recklinghausen in Germany and Liscate in Italy. In 2022, these locations produced approximately 54,000 kWh, avoiding approximately 18 tonnes in carbon emissions. More are currently under construction. By 2025, our aim is to have panels installed at workshops across all our regions, with a peak production capacity of just over 1,650 kilowatts.
- LED lighting – we want to install more energy-efficient LED lighting at 99% of our workshops by 2025. Already 95% of our workshops have LED lighting, putting us ahead of schedule to meet our 2025 target.



In total, we saved 534,137 kWh in energy in 2022 from environmental initiatives carried out the previous year – mainly gas saving through both heating improvements at our site in Klecany, Czech Republic, and the installation of LED in Recklinghausen, Germany – equivalent to approximately 106.8 tonnes CO₂e in reduced carbon emissions. During the year, we also developed an emergency energy plan to combat the sharp rise in energy costs and increased supply concerns as a result of the war in Ukraine.

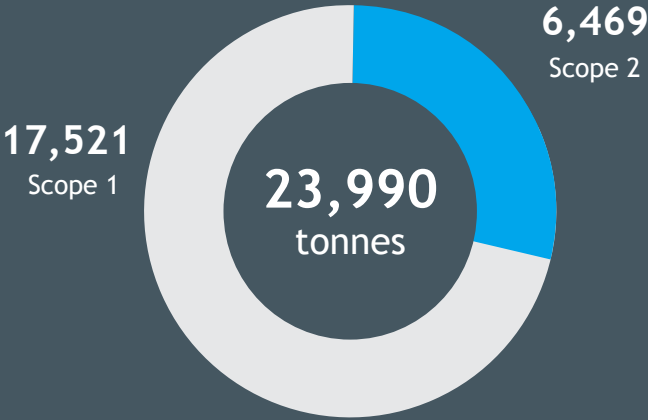
We are also investigating other initiatives, such as air or ground heat pumps. Eventually, our aim is to switch to 100% renewable energy. At the same time, we are looking at making our company cars and mobile roadside assistance vehicles (MSUs) electric,

and converting more of the yard equipment we use at our sites to zero-tailpipe emission electric alternatives, including terminal trucks and forklifts as part of our *Green Site of the Future* concept.

To put our energy-saving initiatives in place, we are working closely with local energy suppliers and other consultants. Part of our work with Schneider Electric will be to develop more strategic energy procurement, making it easier to centralise purchases and buy more renewable energy across our worksites.

In 2022, carbon emissions from our operations totalled 23,990 tonnes, compared with 12,572 tonnes for the previous year*. This was due to a significant increase in scope with the inclusion of emissions from refrigerants and vehicles we operate ourselves.

TIP Group carbon emissions (2022, metric tonnes CO₂e)



Please note this chart covers scope 1 and 2 only. For details of our scope 3 emissions, see page 21.

Calculated in partnership with Watershed

To make our operations carbon neutral by 2030, we have prioritised the reduction of direct and indirect emissions from our business activities (scopes 1 and 2). We are focusing on minimising emissions from the energy we procure (scope 2), as well as increasing the share of zero-emission vehicles in our operations, and expanding our renewable energy capacity (scope 1).

*Scopes 1 and 2 only (as defined under the Greenhouse Gas Protocol). See page 21 for details of our scope 3 emissions.

For more information
You can read more about our approach to climate risk on page 14. Sustainable Products – on pages 18-19 – will tell you more about our initiatives to help reduce carbon emissions among customers.

Details of our carbon footprint

For the first time in 2022, we calculated our scope 3 carbon emissions – these are indirect emissions incurred as a result of business activities with our suppliers and customers. We partnered with Watershed to calculate our scope 3 emissions, which enables us to map our carbon footprint across the entire TIP Group value chain. It is a significant milestone for us strategically because it will allow us to set clear, science-based climate targets. It will also support our overall ambition: for our own operations to become carbon neutral by 2030 and to be carbon neutral across our value chain by 2050. This ambition is a key part of our *for Generations to Come* strategy.

Results from our assessment may be found opposite; they show that the vast majority of our emissions (more than 96.7%) fall under scope 3, unsurprising

given the nature of our business. Of these scope 3 emissions, over 50% are attributable to downstream leased assets – i.e., the trucks and reefers we lease to our customers. Upstream emissions, resulting mainly from capital goods, account for another 35.6%.

Our carbon neutral aims cover scopes 1, 2 and 3 – but we recognise that reducing our scope 3 emissions, where we have less direct control, will require close cooperation with customers, suppliers and other partners to support their transition to new low-carbon business models and technologies.

We will continue to publish scope 3 emissions data in future years to show progress against our aims, as well as our commitment to helping in the fight against climate change.

Scopes 1, 2 and 3 definitions

- Scope 1 refers to direct emissions from sources owned or controlled by the company – this may include on-site energy or emissions from fleet vehicles.
- Scope 2 includes indirect emissions from energy the company has bought or acquired from outside, usually for heating, cooling or powering machinery.
- Scope 3 includes emissions from the wider value chain – i.e., emissions that result from the company’s business with suppliers (‘upstream’) or customers and other partners (‘downstream’).

Scope 3 emissions in 2022 by source (in tonnes CO ₂ e)	
Purchased goods and services	54,469
Capital goods	182,795
Fuel and energy related activities	2,869
Upstream transportation and distribution	7,759
Waste generated in operations	1,372
Business travel	972
Employee commuting	3,539
Sub-total (upstream)	253,775
Use of sold products	95,871*
End-of-life treatment of sold products	2,643
Downstream leased assets	361,508*
Sub-total (downstream)	460,022
Total (all scope 3 emissions)	713,797

*Figure only includes emissions from assets that directly consume energy during use.

Calculated in partnership with  Watershed



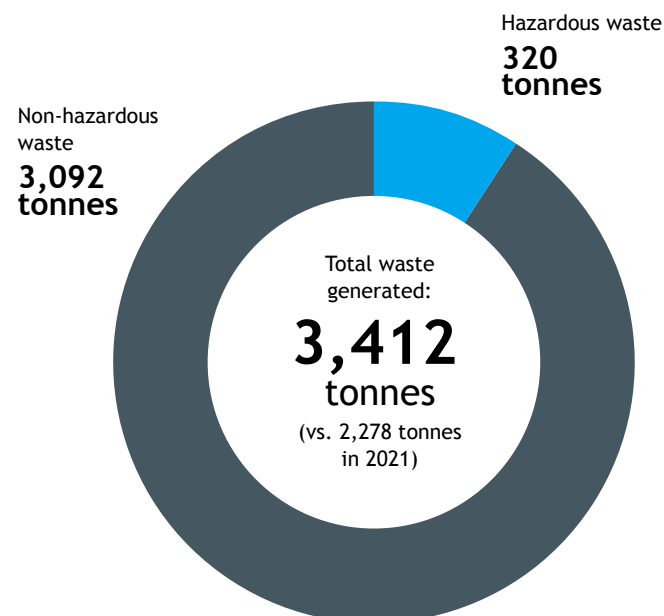
Circular economy

We are improving our waste management processes, based on the principle of *reduce, recycle, reuse*. As part of *for Generations to Come*, we have set targets on reducing waste going to landfill or incineration. We are also looking to refurbish more of our trailers to extend their lives and reduce our overall impact on the environment.

Since the launch of our strategy, we have put new waste management routines in place across our business, concentrating first on our main-tenance & repair activities which generates most waste. We have also centralised most of our waste management. This will help reduce waste disposal costs, given the economies of scale, as well as improve our data collection and reduce any risk of contravening environmental or pollution laws. By 2022, a detailed breakdown by waste type was available for a little more than half of the total waste generated across our locations. Our goal is to increase this share by improving cooperation with waste management providers.

By 2025, our goal is to reduce residual waste – i.e., the waste left over after recycling and reuse – by at least 20%. In 2022, our business generated a total of 3,412 tonnes of waste. Of this, nearly 56% was recycled.

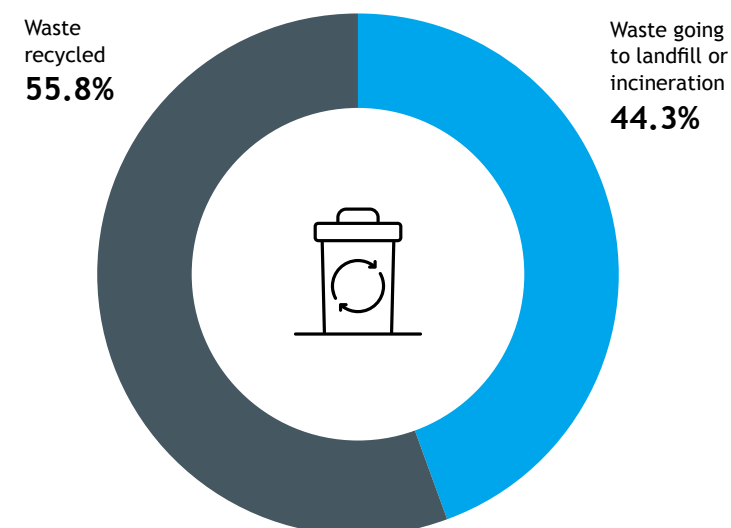
Waste by stream, 2022



Ultimately, our ambition is to reduce waste going to landfill or incineration to zero.

Alongside waste management, we are also stepping up refurbishment of trailers and other equipment. With refurbishment, we expect to extend the life of a trailer by around four years. In 2022, we refurbished another 1,376 trailers, bringing the total over the past two years to 2,445 and putting us on course to meet our target of 5,300 by 2025. Of these, 1,100 trailers will be refurbished as part of our partnership with DSV – once refurbished, these trailers alone will save an estimated 18,000

Recycling rates, 2022



tonnes of CO₂.¹⁶ When refurbishment is not possible, we usually look to sell old trailers or repurpose the component parts: for example, tyres can be reused or trailers used as stationary storage containers.

We also look to extend the lifespan of our vehicles by ensuring they are utilised efficiently and are not left idle for too long. In 2022, we achieved stable utilisation of 94% of our vehicles in 2022 – a higher rate than an individual customer might experience given the usual seasonal fluctuations in road transport.

¹⁶ Equivalent to just over 75% of TIP Group's 2022 scope 1 and 2 carbon emissions.

Corporate social responsibility

We want our business to contribute to wider society – that means ensuring a safe, inclusive working environment for employees and supporting the most vulnerable in our communities.

Road safety for children

For us, road safety is of utmost importance, even if we do not drive ourselves. Over the past year, we have been teaching schoolchildren in Germany and the Netherlands about blind spots in trucks and trailers. Professional drivers are aware of these dangerous blind spots, but most children are not, and it makes them vulnerable to road accidents. To teach the children, we bring a truck and semi-trailer to the school grounds. Children can sit in the driver's cab, so they experience the blind spot for themselves. So far, around 400 children have been through our blind spot training course.



As a company, TIP Group's first priority is **health and safety**. We have a detailed Environmental Health & Safety (EHS) policy; all TIP Group employees must complete EHS training. We also have regular inspections, audits and detailed accident investigation procedures. Safety is also embedded in our formal risk management process. In our workshops, we emphasise the importance of regular maintenance – to protect mechanics and ensure our equipment is safe to use. Our commitment goes beyond our own employees: our health and safety policies also apply to suppliers, customers and other business partners.

We have specific initiatives to support health & safety standards. These include an annual Global Health & Safety Week to raise awareness. We have also extended safe and secure parking for truck drivers, and we are currently working to standardise our safety processes, documentation and training to further improve our safety record.

Considering the substantial growth of TIP Group in 2022, our EHS performance was strong. Nevertheless, we decided to elevate our health & safety ambition. In 2022, we recorded an OSHA standard incident rate of 1.0. We aim to keep this rate at a maximum of 1.0.¹⁷

¹⁷ Occupational Safety & Health Administration (OSHA) standard incident rate, calculated as follows: number of reportable injuries and illnesses during the year multiplied by 200,000, divided by total employee hours worked (the 200,000 figure represents the number of hours 100 employees working 40 hours a week, 50 weeks a year, would be expected to work).

Ambition Zero

During 2022, we started rolling out Ambition Zero – a set of initiatives to align the organisation and raise EHS standards to help TIP Group reach its goal of zero accidents. In doing so, we aim to build the most effective EHS function in the industry. Ambition Zero is a preventative approach, focusing on the causes of accidents:

- We're **making training more effective and accessible**, so it remains a central part of working at TIP Group. We've implemented 15-20 second micro trainings, available any time on our HR platform, or via QR codes and links.
- We've made monthly housekeeping inspections and thorough accident investigations part of regular **due diligence** to enforce EHS standards.
- As TIP Group continues to grow, we're harmonising processes through increased use of information technology to maintain minimum standards across our business.

For more information

Read more about our policies on health & safety on pages 43-44. Our Governance & Risk section also contains details on page 35 of how we act to minimize safety risks at our worksites.

Truck driver safety

We realise that truck stops can be dangerous and uncomfortable places for drivers, which is why we are creating safe and secure parking hubs. These will provide round-the-clock security and camera surveillance, a rest area for drivers, clean sanitary facilities, a restaurant, shower facilities and a laundry. We opened our first secure parking centre in Dourges in northern France – complete with 212 parking spots and a TIP workshop – and we are now considering additional sites elsewhere in Europe. With these additions, we will increase the number of safe parking places at our sites to approximately 25. We are also preparing these hubs for the energy transition of fleets, with electric charging solutions for heavy trucks to provide charging during the day and overnight. In addition, we are installing solar roofing to provide green energy.

Employee engagement

We conduct a yearly survey to track employee engagement and identify possible weaknesses in our human resources management. Our 2022 survey covered all operating countries, with the exception of the UK (which was surveyed and certified separately by Great Place to Work). Results showed an overall eNPS of +12, unchanged from 2021.¹⁹ Strong points included: respectful managers, teamwork and the company's prioritising of health & safety. The survey also identified several weaknesses: communications, personal development and growth, and working tools and methods. These will become our focus areas for improvement during 2023.

¹⁸ Source: Eurostat. Across all industries, the gender pay gap for the 16 EU countries in which TIP Group operates averages 14.3% (based on 2020 figures, weighted).

¹⁹ eNPS – Employee Net Promoter Score. This measures the extent to which employees would recommend TIP Group as an employer. Respondents are asked to rate this on a scale of 0-10; those scoring 0-6 are 'detractors'; those scoring 9 or 10 are 'promoters'. eNPS is calculated by subtracting detractors from the total number of promoters. Our 2022 survey had an overall response rate of 67% (compared with 58% the previous year), due mainly to efforts to increase participation, particularly among mechanics.



Beste Ausbilder Deutschlands (Germany)



Germany's Most Popular Employers (Germany)



Great Place to Work (UK)



Top fleet employer of distinction 2022 (Canada)

Alongside safety, we want to create a **supportive work environment** for our employees. We carry out regular performance reviews and talent assessments and offer learning and development opportunities to ensure employees have the skills they need to carry out their work. TIP Group is a UN Global Compact participant, which means we have rules guaranteeing minimum labour standards and working conditions. In 2022, we invested €664,171 in training and education programmes. We also created a new sales academy, started work on a dedicated ESG training programme, and launched specialist training courses for mechanics in France, developed jointly with vocational college LEA-CFI. This is particularly important because, over the past year, we have seen serious shortages of mechanics across our business.

At the same time, we are working to improve **gender diversity** across TIP Group. Doing so, we believe, will encourage talent, make us more competitive and attract more women into our workforce in what remains a very male-dominated industry. We realise this won't be easy. Currently, only 18% of our employees are women. At Executive Management Team level, that figure is just 16%, though at board level it goes up to 25%. To address this, we are aiming to hire more women in management positions. We are developing action plans and, in 2023, joined the Professional Women's Network (PWN) Netherlands, giving our

employees access to PWN's expertise, workshops and webinars. We are also committed to tackling the gender pay gap – our aim is to reduce this gap at TIP Group to less than 11%, below the current average for the EU countries in which we operate.¹⁸ In 2022, the pay gap stood at 8%.

Alongside health and safety, we invest in our **local communities**, part of our Stronger Together programme. We believe we have a responsibility towards these communities to help them prosper. In 2022, we donated a total of €92,531 to charities and other good causes. We encourage employee volunteering. Recent initiatives have included a clean-up of plastic in Amsterdam's canals, a charity bike ride in the UK to raise money for the Alzheimer's society and the Donna Louise hospice for children with life-shortening illnesses. Alongside these, one of our global initiatives is an annual food drive, which helps those most at risk – especially important in the current cost of living crisis. In addition, we donated money to the UN High Commission for Refugees (UNHCR) to help refugees from the war in Ukraine and victims of the devastating February 2023 earthquake in Turkey and Syria. We also participate in the Tent programme to connect refugees with work, enrolling refugees in Germany and the Netherlands into the TIP Group Mechanic academy. We plan to expand this to Canada, Denmark, France and the UK.



TIP Group Mechanic Academy



The severe skill shortage among mechanics is proving to be a significant challenge for our industry – especially with the work we must do to ensure a swift transition to EVs. In response, we are ensuring we have the talent in place to future-proof TIP Group, our growth, and the drive for a greener industry by investing in skills development in-house at the TIP Group Mechanic Academy.

We launched our academy in Canada, Denmark, France, the Netherlands and the UK in September 2023, with Germany to follow in 2024. It will develop trainees into TIP Group-qualified trailer mechanics within nine months via instructor-led, online and practical training. Trainees benefit from small class sizes of 8-12 students, which fosters focused training environments. Also, depending on location, trainees will receive various benefits during the programme, including healthcare insurance, holiday pay, retention bonus, and savings plans.

Upon completion, graduates will receive a TIP Group Mechanic Academy certificate. Graduation will make them eligible for a full-time position as a TIP Group qualified level trailer mechanic, in which they will be paid the equivalent salary to a fully qualified mechanic with a four-year education. Graduates of the Academy will have access to further training and advancement in the company.

TIP Group Mechanic Academy will develop trainees into TIP Group-qualified trailer mechanics within nine months via instructor-led, online and practical training. Upon completion, graduates will receive a TIP Group Mechanic Academy certificate and will be eligible for a full-time position as a trailer mechanic.

Reporting

To support *for Generations to Come*, we are expanding our ESG reporting. In 2021, we introduced a new reporting platform, Worldfavor, which will help us collect and analyse performance data. This is only the second year of our strategy and it is important that we collect reliable baseline data to support our targets and ambitions.

We have also improved our carbon data collection through a partnership with software-as-a-service platform Watershed. This collaboration enables us to calculate our scope 1-3 emissions so we can measure greenhouse gas emissions and implement targeted strategies to help reduce emissions across our entire value chain.

Expanding reporting will give us better access to potential investors and sources of green financing, as well as ensuring that we meet new regulatory requirements, particularly the EU’s planned Corporate Sustainability Reporting Directive (CSRD), due to come into effect from 2024.²⁰

During 2022, we continued to make progress in our Reporting programme. We have put in place an internal database to track sustainability projects and carried out an extensive analysis to identify possible reporting gaps with respect not only to the CSRD, but also the accompanying European Sustainability Reporting Standards (ESRS) and EU taxonomy.²¹

We have already taken steps towards compliance with the CSRD: notably, setting ESG targets, strengthening our disclosures on sustainability governance and incorporating ESG issues into our formal risk management. As a further step, we are publishing results in this report from our first full materiality exercise, in which we applied *the*

For more information
See pages 38-40 for more details about the CSRD. Results from our 2023 materiality exercise may be found on pages 39-41.

double materiality principle contained in the draft ESRS and the EU’s planned CSRD.

TIP Group regularly reports its performance against other international commitments. We issue an annual communication on progress against the UN Global Compact’s 10 principles. We have also incorporated these principles into our business strategy and day-to-day organisation. In addition, we disclose our contribution to the UN Sustainable Development Goals (SDGs); these goals were an important consideration in the development of our *for Generations to Come* strategy.

Our contribution to the UN SDGs

Out of 17 possible SDGs, we have identified five strategic goals for our company: Gender equality (SDG5), Decent work and economic growth (SDG8), Industry, innovation and infrastructure (SDG9), Responsible consumption and production (SDG12) and Climate action (SDG 12)*. These are the SDGs where we believe TIP Group has the most to contribute:

Goal		Relevant underlying target	How we contribute	
SDG5: Gender equality	5 GENDER EQUALITY	(5.5) Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life	• Target to close gender pay gap (page 24) • Encouraging more women into management positions (page 24)	
SDG8: Decent work and economic growth	8 DECENT WORK AND ECONOMIC GROWTH	(8.8) Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants and those in precarious employment	• Detailed Environmental Health & Safety policy and training (page 23) • Creation of safe, secure parking for truck drivers (page 24)	
SDG9: Industry, innovation and infrastructure	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	(9.4) By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities	• Expansion of low- and zero-emission fleet, including eLCVs and eReefers (page 18) • Investigation into alternatives to diesel in transport (page 18) • Expansion of digital services via TIP Insight to encourage more efficient driving (pages 18-19)	
SDG12: Responsible consumption and production	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	(12.5) By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	• Programme to refurbish trailers (page 22) • Introduction of new waste management routines and centralised procurement (page 20) • Target to reduce residual waste by at least 20% (page 22)	
SDG13: Climate action	13 CLIMATE ACTION	(13.2) Integrate climate change measures into national policies, strategies and planning	• Installation of solar panels and LED lighting at workshops (page 20) • Ambition to become carbon neutral by 2030 for our own operations and across our supply chain by 2050 (page 20) • Measuring and transparently reporting on our GHG emissions (page 29)	

- Goals to which TIP Group makes a direct, positive contribution
- Goals to which TIP Group contributes by reducing the negative impact of its business activities

* For the remaining SDGs, we may have a positive impact through business as usual, but we do not believe this impact is material in terms either of the SDGs themselves or their underlying targets. See <https://sdgs.un.org/goals> for more information about the SDGs.

²⁰ The CSRD will be phased in from 2024. Because TIP Group is not listed, the Directive will apply only from 2025 (i.e., for reports on performance in 2025, published in 2026).
²¹ See pages 29-31 for TIP Group’s EU taxonomy performance indicators

Green financing

As part of our strategy, we are looking to secure more sustainable financing. This will help fund our capital expenditure programmes, allow us to tap into more competitive borrowing rates and tie our *for Generations to Come* strategy more closely to our overall financing structure.

We had already linked TIP Group’s main credit facility to three ESG performance indicators:

- 1. Gender pay gap (part of our Corporate Social Responsibility programme)
- 2. Number of trailers refurbished (Circular Economy)
- 3. Number of units connected to TIP Insight (Sustainable Products)

Under the terms of the credit facility, if we perform ahead of target against these indicators, we will benefit from a lower interest rate (for targets, see table below). We have now extended this facility to the end of 2025 and added a new €75 million green financing revolving credit facility; this money will be used to finance investment in zero and low-emission vehicles.²²

At present, we are assessing whether investments in retrofitting assets to be more fuel efficient may be included in the scope of the loan. The facility is in line with Green Loan Principles published by the Loan Market Association (LMA), as well as the EU taxonomy of sustainable activities.

Agreed ESG performance indicators

Indicator	Baseline*	Actual 2022	Target 2022	Target 2023	Page ref.
Gender pay gap	<11%	8%	<11%	<11%	24
Number of units refurbished	1,069	1,376	1,100	1,265	22
Units connected with TIP Insight	12,000	17,550	15,000	21,000	18

*Based on 2021 performance

²² This facility runs until December 2025, but has an option for a two-year extension. Dutch banks ABN AMRO and Rabobank acted as joint coordinators for the loan. The total amount of the credit facility was increased in 2022 from just under €1.20 billion to €1.39 billion.

²³ Source: <https://natural-resources.canada.ca/energy-efficiency/transportation-alternative-fuels/greening-freight-programs/green-freight-program/20893>

Green financing: five objectives

Our green financing approach has five objectives to ensure we meet our ESG requirements and continue to return value to our shareholder:

- 1 That all our sustainability programmes should comply with necessary regulations (notably, the CSRD and EU taxonomy)
- 2 That these programmes should align fully with our overall business objectives
- 3 That our programmes achieve the lowest possible cost of funds
- 4 That they have sufficient size and scalability
- 5 That they are feasible to implement

We are currently incorporating green financing principles throughout our internal financial processes.

At the same time, we are also working on new financing opportunities: we are investigating available government or EU incentives for green projects, as well as similar programmes in Canada – such as the Green Freight Program, under which the Canadian government plans to invest almost \$200 million over five years to help freight companies reduce their fuel consumption and greenhouse gas emissions.²³

Outlook

Going into 2023, we remain very optimistic for our business. It is clear we will face challenges due in part to the current volatile economic environment, but we believe demand for lease renewals and rental will remain high and the trend towards a more sustainable, low-carbon transport industry will continue.

Forecasts suggest growth will slow in 2023, particularly in advanced economies – a result of inflation, higher interest rates and continued concerns over the war in Ukraine. Currently, the International Monetary Fund (IMF) estimates growth in the world’s most developed economies – in Europe, the U.S. and Asia – at just 1.3%.

Within the industry, operating expenses are likely to remain under pressure because of inflation and skills shortages in some areas, especially among mechanics and technicians. Shortages of truck drivers are expected to get worse with the inflow of new drivers unable to keep pace with the number retiring or leaving the industry.

In response, we will maintain strict cost discipline and continue to invest in recruitment, training, workshops and new fleet. Recent acquisitions, meanwhile, will allow us to further increase revenue and meet strong customer demand for our services.



We will also continue to invest in sustainability projects. We believe the fundamental trend within the transport and logistics industry towards sustainability will continue, particularly as regulators introduce new rules limiting the use of fossil fuels. As part of this, we will look to expand our zero- and low-emission fleet. We are conscious that, within the road transport industry, 95% of trucks still rely on diesel.

Strengthening our ESG reporting will remain a priority, which we will carry out by embedding materiality into our internal processes, prepar-

ing to introduce external assurance, and bringing our disclosures fully in line with the CSRD, ESRS and EU taxonomy.

With our sustainability strategy, we are now entering a new phase. We will continue to execute our seven sustainability programmes but, at the same time, we will put more emphasis on the commercial aspects of our strategy, going beyond our current Sustainable Products programme to position TIP Group as the preferred partner for customers and suppliers in their transition to sustainability.

TIP Group ESG performance indicators

Environmental			
Indicators	2021	2022	% change
CO ₂ emissions (tonnes of CO ₂ equivalent) ²⁴			
• Scope 1 ²⁵	8,282	17,521	111.6
• Scope 2 ²⁵	4,290	6,469	50.8
• Scope 3 Total	n.m.	713,797	n.a.
3.1 Purchased goods and services	n.m.	54,469	n.a.
3.2 Capital goods	n.m.	182,795	n.a.
3.3 Fuel and energy-related activities	n.m.	2,869	n.a.
3.4 Upstream transportation and distribution	n.m.	7,759	n.a.
3.5 Waste generated in operations	n.m.	1,372	n.a.
3.6 Business travel	n.m.	972	n.a.
3.7 Employee commuting	n.m.	3,539	n.a.
3.11 Use of sold products	n.m.	95,871*	n.a.
3.12 End-of-life treatment of sold products	n.m.	2,643	n.a.
3.13 Downstream leased assets	n.m.	361,508*	n.a.
Carbon offsets purchased	0	0	0
Other greenhouse gas emissions (NO _x , SO _x) ²⁶	n.a.	n.a.	n.a.
Total energy consumption (MWh)	60,223	71,780	19.2
• Energy intensity (KWh/€ in revenue)	0.06	0.06	0
• Renewable energy use (as % of total)	0.02%	2.36%	117
• Solar power produced (MWh)	53.82	53.82	0
Total waste generated (tonnes)	2,278	3,412	49.8
• Hazardous waste	45	320	612
• Non-hazardous waste	2,233	3,092	38.4
• Waste recycled (% of total waste)	56.8%	55.8%	-1.8
• Waste going to incineration or landfill (as % of total waste)	43.2%	44.3%	2.6
Number of units refurbished	1,069	1,376	28.7
Share of low-rolling resistance tyres (vs. total) ²⁷	75.8%	77.3%	-2
Revenue from sustainable products (€m)	1.3	2.5	93.3
Operating costs devoted to sustainable products (% of total)	0.87	0.91	4.3
Trucks/trailers sold or recycled	6,500	5,800	-10.8
Vehicles complying with EU emissions standards (% of total)	100%	100%	0
Fleet transporting fossil fuels (% of total capacity)	0%	0%	0
Amount invested in green projects (€m, as defined under the EU taxonomy)	n.a.	3.6	n.a.

*Figure only includes emissions from assets that directly consume energy during use.

²⁴ Based on Greenhouse Gas Protocol definitions. Scope 1 refers to direct emissions from the company's own energy sources, scope 2 to indirect emissions resulting from purchased energy and scope 3 to all other indirect emissions occurring in the wider value chain (both upstream and downstream) as a result of the company's activities.

²⁵ See page 20 for explanation of increase in scope.

²⁶ Not applicable as emissions have been calculated as CO₂e and therefore include other emissions.

²⁷ Low-rolling resistance tyres are designed to reduce energy loss while driving. Our goal is eventually to use 100% low-rolling resistance tyres.

Social			
Indicators	2021	2022	% change
Total number of employees (FTEs, at year-end)	2,808	2,759	-1.7
• Part-time employees (% of total FTEs) ²⁸	n.m.	7.3%	n.a.
• Employees on temporary contracts (% of total FTEs)	n.m.	63	n.a.
• Number of contractors ²⁹	n.m.	129	n.a.
Net job creation	n.m.	126	n.a.
New hires during the year	558	719	28.8
Gender diversity (% men/women)	82/18	82/18	0/0
Gender diversity among senior leadership team (% men/women)	94/6	94/6	0/0
• Gender pay gap ³⁰	9.9%	8.0%	-19.2
• Total wages and benefits paid (€m)	158.1	178.0	12.6
Employees receiving regular performance reviews	100%	100%	0
Employees eligible for variable pay	n.m.	879	n.a.
Employee turnover (%)	20.5%	19.0%	-7.3
• Voluntary	14.0%	13.6%	-2.9
• Involuntary	6.9%	5.4%	-21.7
Total spending on training and education (€)	224,818	664,171	195.4
• Proportion of employees receiving training	n.m.	86%	n.a.
• Average hours spent in training and education	3.50	5.06	44.6
• Total spending by FTE (€)	80.1	240.7	200.5
• Training by subject: Anti-corruption, Ethics, Sexual harassment	n.m.	3,402	n.a.
• Training by subject: Continuing professional education	n.m.	2,413	n.a.
• Training by subject: Cybersecurity	n.m.	4,564	n.a.
• Training by subject: Safety	n.m.	7,314	n.a.
• Training by subject: System training	n.m.	1,413	n.a.
• Training by subject: Technical training	n.m.	501	n.a.
Employees covered by collective bargaining agreements (% of total FTEs)	n.m.	27.9%	n.a.
Employee Net Promoter Score (eNPS)	12	12	0
Number of work-related injuries	29	35	20.7
• Fatalities during the year	0	0	0
• Total working days lost due to injury	632	495	-21.7
Employees taking parental leave ³¹	22.2	24.6	11.2
• Those returning to work after parental leave (%)	100%	96%	-4
Social security and pension expenses (€m at year-end)	29.7	33.0	11.1
Average total compensation ratio ³²	n.m.	0.07	n.a.
Cash donations to charities and other good causes (€)	8,000	92,531	1056.6

²⁸ Across TIP Group, part-time employees receive the same benefits as full-time workers (adjusted for hours worked)

²⁹ Not included in total FTEs above

³⁰ Calculated as average pay for men divided by average pay for women (expressed as % of average male pay), in line with definition used by the International Labour Organization (ILO).

³¹ We offer parental leave across TIP Group in line with regulations in force in our countries of operation.

³² Calculated as the ratio between the average total compensation for all employees and the annual total compensation for the company’s highest-paid individual (CEO).

Governance			
Indicators	2021	2022	% change
Suspected violations of company policies and standards with respect to: Corruption and bribery	0	0	0
Suspected violations of company policies and standards with respect to: Human and labour rights	0	0	0
Suspected violations of company policies and standards with respect to: Other topics	7	3	-57.1
Total fines resulting from non-compliance with laws and industry regulations	0	0	0
Total number of electric vehicles and trailers	71	110	54.9
• eReefers	4	4	0
• eLCVs (light commercial vehicles)	67	106	58.2
• Electric vehicles or units as % of total fleet	0.10%	0.12%	20
• % of units equipped with TIP Insight	11.5%	17.6%	53
Number of data security breaches	0	1	n.a.
Payments made to government (€m):	31.4	52.6	67.5
• Effective tax paid	7.2	21.4	197.2
• Employee taxes	21.2	28.0	32.1
• Road taxes	3.0	3.2	7.5
Total payments to suppliers (€m)	331.0	425.0	28.4
Dividends paid to shareholder (€m)	81.1 ³³	24.4	-69.9
Interest payments made to creditors (€m)	37.1	51.1	37.7
Original equipment manufactured according to sustainability principles (% of total spend on goods) ³⁴	n.a.	n.a.	n.a.
Investments in IT projects, digital and new technologies (€m), of which:	20.0	22.0	10
• Those to improve efficiency in (€m)	8.0	8.8	10
Direct economic value generated (€m)	955.4	1,133.6	18.7
• Economic value distributed (€m)	947.5	1,035.5	9.3
• Economic value retained (€m)	7.9	98.1	1141.8

n.m. — not measured
n.a. — not available

³³ Please note that this comprises two amounts: €10.5 million as an appropriation of profit for the period ending December 2020 and an additional €70.6 million as an appropriation of retained earnings from previous periods.

³⁴ Sustainability principles data calculated by assessing the share of suppliers who have signed Supplier Code of Conduct. Our Value Chain Due Dilligence programme will assist us in measuring this data in future.

Governance & risk



Governance & risk

Sustainability is incorporated into TIP Group's overall corporate governance framework. This ensures that we meet all regulatory requirements and take environmental and social issues into account when making decisions.

We also have controls and policies in place to manage sustainability risk and protect our customers, investors and creditors, employees, business partners, and the communities we serve. As part of our *for Generations to Come* strategy, we are implementing programmes to further strengthen both our sustainability management and reporting structures.

³⁵ The Management and Supervisory Boards have three joint committees: Investment Committee, Audit & Compliance Committee and Remuneration Committee. During 2022, the two Boards met officially four times. Membership of these three committees may be found in TIP Group's 2022 Annual Report – available online. Cube Transportation is privately-owned and publishes only limited information regarding its Supervisory Board (roles, responsibilities, diversity, process to select Board members etc.)



Our sustainability governance structures

Our Chief Operating Officer and ESG/EHS Director have joint responsibility for implementing our sustainability strategy. They are supported by an ESG Committee, established in 2021. This committee consists of members of our Executive Management Team, Internal Communications Director and our ESG/EHS Director. The committee's responsibilities include:

- Formulation of sustainability strategy
- Monitoring of performance and ESG impacts on stakeholders and society
- Management and oversight of ESG-related risk (including climate risk)
- Compliance with ESG-related laws and regulations

All committee recommendations must be approved by the Management Board (the company's highest executive body). Members of the Board and ESG Committee meet quarterly to discuss progress on our sustainability strategy. All four Board directors also sit on the ESG Committee.

The Management Board's work is overseen by the Supervisory Board of Cube Transportation, our shareholder. Supervisory Board members regularly advise directors on strategy and performance; at the same time, members of the Management Board are able to raise issues of concern via regular consultation between the two Boards.³⁵ Further details of TIP Group's corporate governance and ownership structures may be found in the company's 2022 Annual Report, available online.

Internal policies, controls and responsible business conduct

We have internal policies and controls in place relating to ESG matters; these help us manage ESG-related risk and maintain high ethical standards throughout our business. We have a Respectful Workplace Conduct Policy, setting out the standards of behaviour we expect of managers and employees.

Where relevant, our policies are based on international agreements (including the International Labor Organisation's fundamental rights, the UN Global Compact principles and Guidelines for Multinational Enterprises, published by the Organisation for Economic Cooperation and Development). We provide extensive training on these policies so that employees clearly understand their obligations and responsibilities.

Employees may report potential breaches to our Human Resources (HR) and Compliance departments. They can also raise concerns with our independent ombudsmen, trained to act impartially and to maintain confidentiality. Reports may also be made anonymously via our EthicsPoint platform or by calling a local hotline.

Alongside these policies and controls, we have core values, determining how we do business: with integrity, reliability, team spirit and passion for our customers and people. These values also underpin our work with stakeholders. We regularly engage with our main stakeholder groups. This engagement helps us identify risks and opportunities, as well as trade-offs and potential areas of improvement for our business.

Stakeholder group	Main methods of engagement	Key ESG issues
Customers	<ul style="list-style-type: none"> • Customer surveys and engagement programmes • Open feedback online • Regular feedback after specific milestones/anniversaries etc. (at least once a year with active customers) 	<ul style="list-style-type: none"> • Fleet decarbonisation • Digital services (including TIP Insight) • Environmental performance and reducing carbon footprint
Investors and creditors	<ul style="list-style-type: none"> • Dedicated Investors Relations team • Industry conferences, meetings and other external communications • Direct negotiations with banks and other creditors • Quarterly reporting and other disclosures 	<ul style="list-style-type: none"> • Sustainability-linked loan KPIs vs. agreed targets • Investment in green assets • Execution of <i>for Generations to Come</i>
Employees	<ul style="list-style-type: none"> • Employee survey • Consultation with unions and other local employee representative bodies • Internal communications • Annual performance reviews 	<ul style="list-style-type: none"> • Pay, benefits and working conditions • Training, development and recruitment to address skills shortages • Gender diversity
Contractors, suppliers and business partners	<ul style="list-style-type: none"> • Commercial negotiations and partnerships • Supplier relationship policy (setting out minimum ESG standards) 	<ul style="list-style-type: none"> • Embedding ESG standards in contracts and framework agreements • Environmental performance and reducing carbon footprint • Supply shortages
Wider society	<ul style="list-style-type: none"> • Engagement with local communities (through Stronger Together programme) • External communications • Sustainability rating agencies • Partnerships with business partners and other external organisations (e.g. PWN, ETB) • Executives Global Network (EGN) 	<ul style="list-style-type: none"> • Decarbonisation of wider road freight sector • Upholding minimum environmental and social standards • Support for local communities

A respectful workplace

Our Respectful Workplace Conduct Policy details expectations for all TIP Group employees. We require each employee to make a personal commitment to follow the guidelines set out in this policy:

- To be honest, fair and trustworthy in all of our activities and relationships
- To ensure the health and safety, as well as the fair and equal treatment of all employees
- To comply with all applicable laws governing our business, as well as the TIP Group Integrity Policies and the Respectful Workplace Conduct Policy
- Promptly to report any concerns about compliance with the law, or internal policies and controls
- To be as competitive and profitable as possible through accountability and compliance
- To do business only by lawful and ethical means
- To do nothing to compromise our commitment to integrity during work with customers and suppliers

ESG risk management

We operate a structured and rigorous risk management process, covering ESG-related risks, as well as other business, market and financial risks. Under this process:

- Our Management Board is responsible for overall risk strategy; this includes oversight of internal risk management and control systems.
- The Board is assisted by the Audit Committee of Cube’s Supervisory Board
- Operationally, our Executive Management Team has responsibility for all risk management processes and their effectiveness.
- Assurance is provided by our risk assurance and internal audit functions, working together. Internal audit is outsourced to a third party, independent of company management. It reports its findings directly to the Management Board and the Audit Committee of the Cube Transportation Supervisory Board.

Strict internal controls ensure risks are identified and assessed as part of ‘precautionary’ due diligence processes, and mitigation measures taken where necessary. We also provide regular training to employees to embed risk awareness and compliance into our company culture.

Risk	Description	Main mitigation measures
Safety	Failure to ensure adequate personal safety of employees and visitors to our premises (leading potentially to fines, loss of reputation etc.)	<ul style="list-style-type: none">• Embedding environmental health & safety (EHS) policy, training and reporting across operating regions• Ensuring regular inspections, site visits and EHS risk assessment• Performing job safety analysis and ensuring employees wear appropriate personal protective equipment (PPE)• Responsible management of chemicals and other hazardous substances
ESG risk	Failure to comply with stakeholder expectations with regard to environmental, social or governance issues, or to be adequately prepared for ESG-related external risks (leading potentially to fines, loss of reputation, non-compliance with regulatory requirements)	<ul style="list-style-type: none">• Ensuring ESG is fully embedded in TIP Group corporate strategy• Expanding reporting and monitoring of performance; bringing reporting into line with regulatory requirements (including CSRD)• Setting clear, science-based climate targets• Including ESG in risk management processes and internal cost-benefit analysis• Creating ESG Committee to strengthen governance and introduce TIP Group Environmental Policy• Acting to reduce carbon footprint, strengthening waste management and close gender pay gap• Securing new sources of green financing

Note on Ukraine war: our assessment of the Russian invasion of Ukraine is that it does not have a material impact on our business (given that we have no operational footprint in Ukraine, Russia or Belarus).

We have identified two principal ESG risks; these are fully incorporated into our risk processes. For both risks, we have developed detailed risk mitigation plans and included these into our broader sustainability strategy. Climate risk is included as part of overall ESG risk. For more details on our approach to climate risk, please see page 14, 18-20.

Note on availability of resources

To operate, our business relies on certain resources being available; these include access to funding, for example, and to skilled labour.

Changes in our operating environment may affect the availability of these resources. The main risks are listed below:

- Continued skills shortages, especially in mechanics for TIP Group and truck drivers for our customers, (which may affect our ability to grow our M&R business)
- Changes to economic conditions, including the effect of rising inflation on operating costs and higher fuel prices
- Difficulties integrating recent acquisitions into company’s standard processes and systems (which may increase integration costs)

IT management

Over recent years, TIP Group has been working to improve its back-office IT management. We have migrated our business applications to the Cloud, giving us more flexibility. As part of this, we’ve also moved most of our Process to Pay procedure over to Microsoft’s Dynamics 365 platform and relocated support functions to lower-cost countries, including Poland and India. From 2023, we will be investing more in our front-office to speed up customer service. We will also adopt lean processes and use IT to support predictive maintenance and product innovation. In 2022, we invested €22 million in IT projects – just over 18% of total operating expenses.

Our Executive Management Team



Bob Fast
(President & CEO, American)

Bob was appointed CEO of TIP in 2003. Additionally, in 2009, he became President and CEO of GE Equipment Services. Bob has twice led the sale of TIP: from GE to HNA Group Company Ltd. in 2013 and to I Squared Capital in 2018. He also led the integration into the I Squared Capital structures and processes. Bob joined GE in 1982 and held leadership positions in several GE divisions, including Finance, Sales, and Business Development. Based in the Netherlands, he was reappointed President and CEO of TIP in 2013 and was appointed to the Board in 2014.

Main responsibilities: strategy and business execution



Arjen Kraaij
(Deputy CEO, Dutch)

Arjen was appointed Deputy CEO of TIP in January 2021. He is based in the Netherlands and has been on the Board since 2018. Arjen joined TIP in 1997 and has held several international leadership roles since then, including general management and commercial leadership positions. More recently, he led the successful acquisition strategy and the sourcing and asset management functions globally.

Main responsibilities: daily business execution, commercial, sourcing, asset management, used equipment sales and M&A



Hans van Lierop
(Chief Financial Officer, Dutch)

Hans was appointed TIP CFO in May 2020, and joined the Board the same year. Before this, he held financial leadership roles at Diageo, Airtel, and Massmart Walmart, overseeing supply chain management and large capital expenditure programmes to fuel business growth and transformation. Based in the Netherlands, Hans has more than 25 years' experience in finance – 14 of which as CFO – across different countries and industries.

Main responsibilities: financing, treasury, investor relations, credit risk, planning, financial reporting, accounting and tax



Hiske Damhuis
(Chief Human Resources Officer, Dutch)

Hiske was appointed HR Director of TIP in 2006, and was promoted to HR Director of GE Equipment Services in 2009. She was also a board member of the GE Pension fund in the Netherlands and HR Council leader for GE's businesses in the Benelux from 2010 until 2013. She led the carve-out of TIP from GE from an HR perspective. Before TIP, Hiske worked for more than 10 years in various international HR roles. Based in the Netherlands, she was appointed to the Board in 2018.

Main responsibilities: people and employee communication



Paul Beadle
(Chief Operating Officer, British)

Paul first joined TIP Group as a trainee manager in 1986. He held several branch and regional management positions before becoming UK Operations Director in 2004. Two years later, he was appointed European Operations Director. He served as European Operations Director for GE Equipment Services for four years and was renamed as TIP Group's European Operations Director in 2013 following the sale to HNA Group Company Ltd. Paul was appointed as TIP Group's Chief Operating Officer in 2015.

Main responsibilities: operations, IT, BI, EHS, ESG, integration of TIP-acquired businesses and non-fleet sourcing



Gerard Berghuis
(Chief Legal Officer & Company Secretary, Dutch)

Gerard has more than 25 years' experience in the legal profession. He started his career at the law firm Rasker & Wibbens Advocaten. Since then, he has worked as legal counsel with a number of international companies. Gerard joined TIP Group in 2021 as the company's Chief Legal Officer & Company Secretary.

Main responsibilities: legal affairs, compliance, insurance, company secretary

Appendix



About this report

Purpose

This report provides an overview of TIP's Group sustainability strategy, management and performance. It has been written for the company's stakeholders, most notably its customers, employees, investors and creditors. Further information on our approach to sustainability may be found on the TIP Group website at: www.tip-group.com.

Content and scope

- All content in this report is based on extensive internal reporting. Where external sources are used, this is clearly indicated in the text. All content was reviewed by TIP Group's ESG Committee and Executive Management Team prior to publication.
- To decide content, we applied a materiality test – i.e., we favoured content with the most impact, or potential impact, on:
 - a. Stakeholders, people and the environment
 - b. Our company's financial performance (particularly in terms of cash flow and enterprise value)

This is in line with our own materiality assessment (see page 12) and the draft European Sustainability Reporting Standards (ESRS).
- Unless otherwise stated, this report covers all TIP Group businesses and consolidated entities (using the same scope as the company's Annual Report; for further information, see Note 31 in our 2022 Annual Report).
- Annual performance data relates to the company's financial year (January-December). All financial data has been taken from TIP Group's 2022 Annual Report, which is available online.
- All ESG performance data is collected centrally; this includes data provided by the company's workshops, suppliers and other businesses. Financial data is presented in euros (€), TIP Group's reporting currency. Where necessary, corrections or restatements are included in the text.
- Annual averages used in this report are based on month-end figures (management does not believe that using daily averages would make any material difference to these figures).
- Certain figures have been rounded – some percentages have also been calculated using rounded numbers.

Reporting requirements

This report has been prepared in accordance with the latest Global Reporting Initiative (GRI) Standards, published in 2021. Where possible, we have also worked to align our reporting with the future requirements of the CSRD, as well as the European Sustainability Reporting Standards (ESRS) and the EU taxonomy for sustainable activities. Further details of our approach may be found on page 26.

Internal review and assurance

All content in this report has been approved by members of the company's ESG Committee. The report was also reviewed by member of the Management Board and the Cube Transportation Supervisory Board prior to publication. This report is not subject to external independent assurance; we are however working closely with our auditors to move towards independent limited assurance by 2025 at the latest (in line with our obligations under the CSRD).

Our materiality assessment

In 2023, TIP Group conducted its first full materiality assessment; the purpose of this assessment was to identify the company's material topics – i.e., those areas where TIP Group can create most value for the company, its stakeholders and society. Results from this assessment will be used to guide our approach to risk, strategy development and stakeholder engagement. Our intention is to update our assessment each year.

Double materiality

To conduct our assessment, we applied the double materiality principle contained in the draft European Sustainability Reporting Standards (ESRS) and the EU’s planned Corporate Sustainability Reporting Directive (CSRD).

In line with this principle, topics were assessed according to two dimensions:

- Their impact, or potential impact, on people or the environment (known as ‘impact materiality’)
- And their impact, or potential impact, on the company’s financial performance, particularly its cash flow and enterprise value (‘financial materiality’)

All topics were assessed using three timeframes: short term (defined as 0-1 year), medium term (1-5 years) and long term (5 years and over).

Process

Our assessment comprised five basic steps:

1. We defined an initial ‘long list’ of topics (based on a comprehensive review of the company’s current operating environment, drawing on trend reports, research, media, and peer disclosures).
2. We conducted an internal double materiality assessment to reduce this long list to a short list of 15 topics.
3. The short list was then submitted to members of our Executive Management Team and representatives of our five main stakeholder groups:
 - Customers
 - Investors and creditors
 - Employees
 - Contractors, suppliers and business partners
 - Wider society

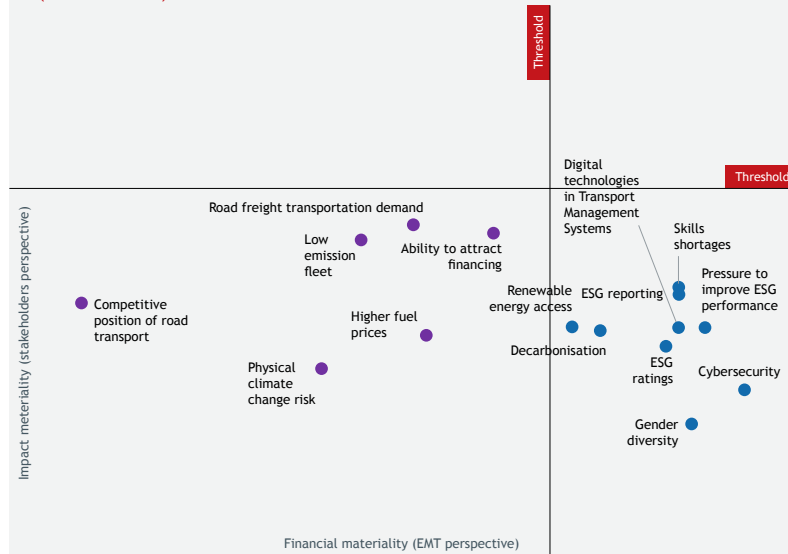
Both management and stakeholders were asked to rank the short-listed topics over the short, medium and long term — according to financial materiality in the case of management and impact materiality in the case of stakeholders. Final results were reviewed by management before publication.³⁶

Deliberately, we excluded ‘business-as-usual topics’ from our assessment. Business-as-usual topics tend to be static and common to all companies. As such, they provide little or no insight into TIP Group’s specific market, business or operating environment.

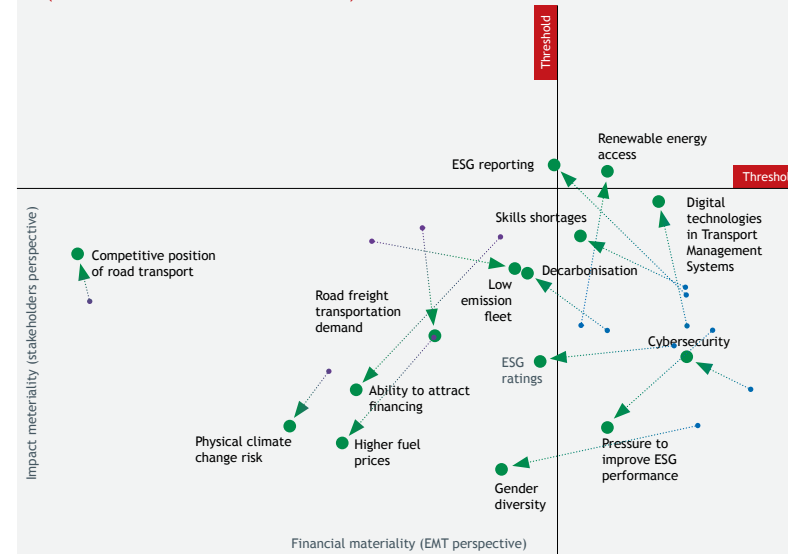
Results

Results from our assessment are shown in the charts below. We have provided results for the short term and a comparison of these results with the medium and long term. We applied a materiality threshold to our results to ensure consistency across the three timeframes (as indicated by the vertical and horizontal lines). Please find the detailed results on the following pages.

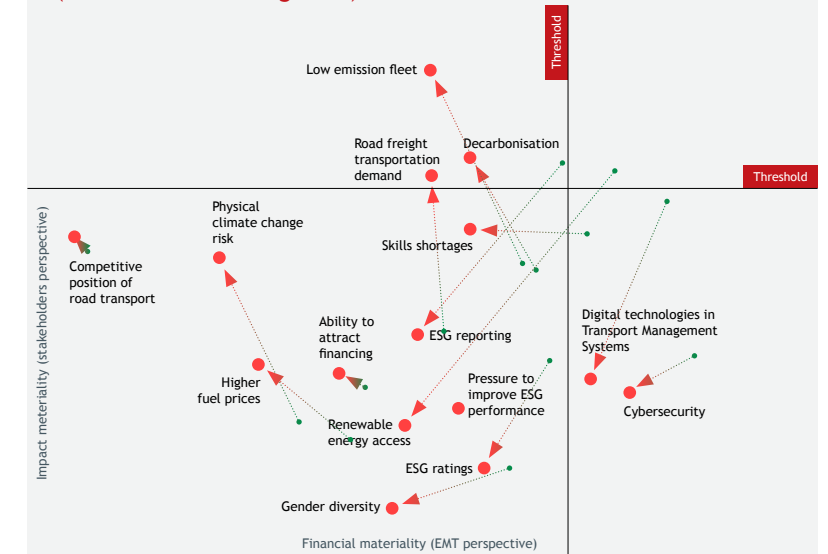
Our material topics (short-term)






Movement of material topics (from short to medium term)














Movement of material topics (from medium to long term)



In total, 11 of the 15 short-listed topics were identified as material (in the short, medium and/or long terms). The table below also provides full definitions used for each topic and an overview of our management approach to risks and opportunities arising from these material topics:

 short term
  medium term
  long term

Material issues	Increase in cybersecurity risk across the economy	Ensuring an effective approach to decarbonisation across TIP Group's operations	Application of digital technologies in Transport Management Systems	Maintaining TIP Group's position as a sustainability leader in the industry through ESG ratings	Companies' compliance with upcoming ESG reporting requirements (CSRD, EU taxonomy)
	  	 	  		 
Main opportunities	Strengthen cybersecurity defences, improve efficiency and overall operating performance	Save on costs by reducing energy use and increasing overall operational efficiency	Develop additional digital services for customers, diversifying revenues and supporting climate goals	Better reputation, resulting in easier recruitment and talent retention, as well as increased access to green financing	Ensure continued legal and regulatory compliance, access to green financing and insights for management into company performance and value creation
Main risks and trade-offs	Data breaches, resulting in loss of company, customer and/or business partner data	Loss of market share, reputation, access to financing and/or potential fines and penalties if fail to meet decarbonisation regulations	Loss of business through lack of digital services, increased exposure to cybersecurity risk, investment required in IT systems and product development, and need for digital skills in workforce	Significant investment in ESG projects, development of low-carbon business models and new, more sustainable products	Loss of confidence among investors and creditors, as well as potential fines or other penalties in case of non-compliance
Management approach	<ul style="list-style-type: none"> • Business continuity, disaster recovery and data loss prevention plans in place • Increase in cyber insurance cover and continued risk awareness training for employees 	<ul style="list-style-type: none"> • Carbon neutral aim set as part of <i>for Generations to Come</i> strategy • Initiatives across TIP Group to reduce energy consumption and carbon emissions 	<ul style="list-style-type: none"> • Continued roll-out of TIP Insight, including target set for number of trailers connected 	<ul style="list-style-type: none"> • Rated first time in 2022 by Ecovadis and Sustainalytics • Results show negligible ESG risk and rate TIP Group as leader in road freight sector 	<ul style="list-style-type: none"> • Reporting roadmap in place to address current gaps vs. new EU regulations • Bringing Sustainability Report into line with CSRD and EU taxonomy requirements
Definition of issue	<i>Increasing need to strengthen guards against cyber attacks and data breaches through safer IT system servers and data management</i>	<i>TIP Group's wider approach to decarbonisation, including efforts to decarbonise both the company's own operations and its value chain</i>	<i>Application of digital technologies in Transport Management Systems. This includes the application of telematics, artificial intelligence and the internet of things</i>	<i>Need for TIP Group to solidify its position as a sustainability leader in the industry by continuously achieving positive ESG (risk) ratings</i>	<i>Need to comply with new and upcoming EU ESG and non-financial reporting requirements, as well as to develop necessary performance indicators and data management systems</i>

Material issues	Improving gender diversity within TIP Group's workforce	TIP Group's transition to a low-emission fleet	Pressure to improve ESG performance from shareholders or funding partners	Access to renewable energy for companies and other users	Increasing overall demand for road freight transportation	Continued skills shortages across the economy
Main opportunities	Bring new perspectives into workforce, improve staff retention and widen potential talent pool	Offer greener, more sustainable options to customers, drive innovation, and become 'preferred sustainability partner'	'Future-proof' business model, improving overall reputation, employer brand and access to financing	Reduce carbon emissions and reliance on fossil fuels, strengthening long-term energy security of supply	Increased revenues and profits, providing resources for continued capital expenditure and new acquisitions	Increase investment in developing new skills internally to reduce reliance on wider labour market
Main risks and trade-offs	Failure to retain talented women in workforce, attract new candidates from outside TIP Group, or insufficient numbers applying for management positions	Failure to keep pace with peers, leading to loss in market share, as well as lack of charging infrastructure and technical difficulties replacing diesel in some applications	Increased repayments as a result of failure to meet performance targets under green financing, and reduced access to new investors and creditors	Need to invest in new infrastructure, potential supply pressures and lack of storage options for renewable energy, given current technology	Pressure to remain competitive in growing market, supply chain disruptions post-pandemic and potential loss of market share in case of failure to meet customer demand.	Rising cost of labour and recruitment, with possible impact on company operations, revenues and margins
Management approach	<ul style="list-style-type: none"> Target set to address gender pay gap Increased initiatives to recruit more women into management 	<ul style="list-style-type: none"> Currently expanding fleet of eLCVs and eReefers Investigating possible use of alternative fuels to diesel 	<ul style="list-style-type: none"> Sustainability strategy (<i>For Generations to Come</i>) now in place, supported by specific programmes, partnerships and targets 	<ul style="list-style-type: none"> Installation of rooftop solar panels at TIP Group workshops, branches and other sites Purchasing of energy from renewable sources 	<ul style="list-style-type: none"> Continued investment in new fleet and other equipment Refurbishment programmes for old trailers 	<ul style="list-style-type: none"> Extensive training and development programmes Launch of TIP Mechanic Academy as well as TIP Sales Academy
Definition of issue	<i>Need for greater gender diversity at TIP Group and systematic reduction of the gender pay gap</i>	<i>TIP Group's transition to a low-emission fleet including the roll-out of eReefers and alternatively fuelled vehicles</i>	<i>Increased focus on ESG strategy, performance and disclosures by shareholders and funding partners</i>	<i>Reliable access to renewable energy, for companies and other users (including wind, solar and hydro)</i>	<i>Increasing demand for road freight transport, partly because of e-commerce growth</i>	<i>Continued skills shortages across the economy caused by tight labour markets</i>

In addition to those above, four other 'non-material' topics were included in our short list, as defined below:

- Rising costs across business because of **higher fuel prices** triggered by the war in Ukraine
- Increasing **physical risk of climate change** for transport systems and infrastructure
- **Competitive position of road transport** (as compared to maritime, rail and air)
- Ability of companies to keep **attracting financing** amid rising interest rates and tighter lending rules surrounding green finance.

short term medium term long term

All results from our assessment have been mapped against our sustainability programmes (see page 12). Work will begin later in 2023 to align these results fully with our risk management approach and future strategy cycles.

Comparison with 2021 results

In 2021, we carried out an internal materiality analysis in preparation for our full assessment. This analysis identified six material topics. Our 2022 results are broadly in line with these topics:

- Compliance with the Paris Climate Agreement warming and net-zero objectives (equivalent in 2022 exercise: decarbonisation)
- Tighter environmental and climate regulations affecting the sector (decarbonisation, ESG reporting)
- Need to reduce adverse environmental effects across the company's value chain (decarbonisation, low-emission fleet)
- Labour and skills shortages throughout the road freight industry (skills shortages)
- Growing importance of diversity and equal opportunities (gender diversity)

In our 2021 exercise, we also included TIP Group's contribution to economic growth and recovery, post-pandemic. Based on our 2022 assessment, we believe this is no longer an urgent topic for management or stakeholders. Economic conditions, rising inflation and wage pressure were all included in the initial long-list assessment, however.



Internal ESG policies and controls

The table below shows our main ESG policies, guidelines and controls. For more information, please see our website and 2022 Annual Report, available online.

Policy	Overview of purpose & content	Approval date
Environmental Policy	Sets out approach to climate change and minimising environmental impact (includes ‘sub-policies’ on greenhouse gas emissions, waste management, biodiversity, water and chemicals management)	April 2022
Advocacy policy	Outlines the guidelines, principles and procedures that TIP Group follows when engaging in advocacy activities. This document is currently in draft phase and will be ready in time for the 2023 Sustainability Report.	Draft
Environmental Health & Safety (EHS) Policy	Includes TIP Group commitments relating to: <ul style="list-style-type: none"> • Safe and healthy working environment • Handling of hazardous materials • Employee training on EHS • Reducing adverse environmental impacts Also includes section on Customer Health & Safety	June 2022
Sustainable Procurement Framework	Outlines procedures and guidelines for TIP Group to integrate sustainability criteria into supplier selection, risk assessments, monitoring and capacity building — to manage ESG risks and drive improved performance across the value chain.	September 2023
Supplier Code of Conduct	Communicates TIP Group's standards and expectations regarding environmental sustainability, social responsibility, ethical business conduct and sustainable supply chain management for all suppliers. Complements the Sustainable Procurement Framework, with the purpose of promoting TIP Group's commitment to sustainability across its supply chain.	June 2022
Career Management & Training Framework	Sets out internal rules governing training of employees, career development and performance management	June 2022
Remuneration Commitment and Framework	Provides guidelines for competitive compensation (including principles of fair pay and fair treatment)	June 2022

Policy	Overview of purpose & content	Approval date
Social Dialogue Commitment and Framework	Commits TIP Group to respecting freedom of association and right to collective bargaining. Intended as complement to Respectful Workplace & Conduct Policy	June 2022
Travel and Living Policy	Outlines internal rules on travel costs, reimbursements to employees and tax treatment of expenses	September 2016
Respectful Workplace Conduct Policy	Contains provisions relating to workplace harassment, anti-discrimination, violence etc. as well as commitment to abide by international laws on forced/child labour and human rights	September 2019
Labour & Human Rights Commitment and Framework	<p>Contains TIP Group’s commitment to upholding international standards on labour and human rights (including forced/child labour, diversity and inclusion, freedom of association etc.) in line with the UN Guiding Principles for Business and Human Rights</p> <p>Please note: our Labour & Human Rights Commitment and Framework is intended to complement our Respectful Workplace Conduct Policy.</p>	June 2022
Financial Integrity Policy	Sets out rules on avoidance of bribes and improper payments, application of international sanctions, insider trading, political contributions etc.	March 2020
Conflict of Interest Policy	Contains rules on avoiding or managing conflicts of interest (ensuring that personal interest of Board members, employees and outside contractors do not interfere with their duties to the company; our policy also includes a duty to disclose clause)	March 2020

Compliance with Global Reporting Initiative (GRI) standards

TIP Group has chosen the GRI as its main non-financial reporting framework. Consequently, this report has been compiled in accordance with the current GRI standards. These standards comprise both General Disclosures and TIP Group's chosen material topic disclosures (based on our 2023 materiality assessment – see page 12). In the table on the right, page numbers refer to the present report unless otherwise stated.

General disclosures				
Standard	Disclosure	Page number	Notes	
	Organisation and its reporting practices			
2-1	Organisational details	9		
2-2	Entities included in the organisation's sustainability reporting	38		
2-3	Reporting period, frequency and contact points	38		
2-4	Restatements of information	38		
2-5	External assurance	38		
	Activities and workers			
2-6	Activities, value chain and other business relations	8, 10		
2-7	Employees	9, 30		
2-8	Workers who are not employees	9		
	Governance			
2-9	Governance structure and composition	33		
2-10	Nomination and selection of the highest governance body	33	See also annual report*	
2-11	Chair of the highest governance body	33	See also annual report*	
2-12	Role of the highest governance body in overseeing the management impacts	33, 34		
2-13	Delegation of responsibility for managing impact	33, 35, 36		
2-14	Role of the highest governance body in sustainability reporting	38, 39		
2-15	Conflicts of interest	44		
2-16	Communication of critical concerns	31, 33, 34		
2-17	Collective knowledge of the highest governance body		Not disclosed	
2-18	Evaluation of the performance of the highest governance body		See annual report*	
2-19	Remuneration policies	43	See also annual report*	
2-20	Process to determine remuneration	33, 43		
2-21	Annual total compensation ratio	30		
	Strategy, policies and practices			
2-22	Statement on sustainable development strategy	4		
2-23	Policy commitments	34, 43, 44		
2-24	Embedding policy commitments	23, 24, 34		
2-25	Processes to remediate negative impacts	18, 20-23, 40, 41		
2-26	Mechanisms for seeking advice and raising concerns	34		
2-27	Compliance with laws and regulation	31		
2-28	Membership associations	17		
	Stakeholder engagement			
2-29	Approach to stakeholder engagement	34		
2-30	Collective bargaining agreements	30		
	Material topics			
3-1	Process to determine material topics	39-41		
3-2	List of material topics	39-41		
3-3	Management of material topics	39-41		

*Available online at [TIP Group website \(tip-group.com\)](https://www.tip-group.com)

Material topics				
Standard	Disclosure	Page number	Notes	
	GRI 302: Energy			
302-1	Energy consumption within the organisation	29		
302-2	Energy consumption outside of the organisation		Not measured	
302-3	Energy intensity	29		
302-4	Reduction of energy consumption	29		
302-5	Reduction in energy requirements of products and services	18		
	GRI 305: Emissions			
305-1	Direct (scope 1) GHG emissions	29		
305-2	Energy indirect (scope 2) GHG emissions	29		
305-3	Other indirect (scope 3) GHG emissions	29		
305-4	GHG emissions intensity		Not available	
305-5	Reduction of GHG emissions	29		
305-6	Emissions of ozone-depleting substances (ODS)		Not measured	
305-7	Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	29		
	GRI 401: Employment			
401-1	New employee hires and employee turnover	30		
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		Not disclosed	
401-3	Parental leave	30		
	GRI 404: Training and Education			
404-1	Average hours of training per year per employee	30		
404-2	Programmes for upgrading employee skills and transition assistance programs	24, 28		
404-3	Percentage of employees receiving regular performance and career development reviews	30		
	GRI 405: Diversity and Equal Opportunity			
405-1	Diversity of governance bodies and employees	9, 36		
405-2	Ratio of basic salary and remuneration of women to men	24		
	GRI 406: Non-discrimination			
406-1	Incidents of discrimination and corrective actions taken		Not disclosed	
	GRI 418: Customer Privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	31		

Compliance with Task Force on Climate-Related Financial Disclosures (TCFD)

As TIP Group, we support the TCFD recommendations, which include disclosures relating to climate governance, strategy, risk management and use of metrics and targets.

Governance

Our ESG Committee oversees implementation of our climate strategy (as part of our broader *for Generations to Come* strategy); this Committee reports directly to the Management Board, TIP Group’s highest executive body. Climate and environmental issues are regularly discussed by the Board and Committee. Under its charter, the ESG Committee has responsibility for management of climate risks and opportunities. For further details, see page 33.

Strategy

Climate change is included in *for Generations to Come* (which is, in turn, part of TIP 2025, our corporate strategy). *For Generations to Come* is built around seven sustainability programmes. Of these, Sustainable Products, Carbon Footprint and Circular Economy relate directly to climate change and the environment. This report also includes details of current initiatives and projects to support these

programmes, as well as planned expenditure and management approach to related risks and opportunities. Our approach to climate is based on the objectives set out in the 2015 Paris Climate Agreement and is aimed at:

- Lessening our negative impact on the environment (through initiatives to reduce energy consumption/carbon emissions)
- Supporting customers and suppliers in their transition to low- or zero-carbon business models (through sustainable products)

Climate issues were also included in our 2023 materiality assessment (particularly decarbonisation, transition to low-emission fleet, and use of renewable energy). For further details, see pages 39-41.

Risk management

This report details our approach to risk identification, assessment and mitigation. We recognise that climate change brings specific risks to our business; these include higher energy/fuel costs, more stringent environmental/waste disposal legislation, loss of market, reputation and/or access to competitive financing (if we fail to adopt low-carbon business models). Climate and environmental risk is embedded in our

Our main risk pillars

Strategy	Financial	Operational	Compliance
<ul style="list-style-type: none">• Economic conditions• Market developments• Competition• Integration risk	<ul style="list-style-type: none">• Strategic financing• Credit risk	<ul style="list-style-type: none">• Company digitisation• Cybersecurity• People• Residual value	<ul style="list-style-type: none">• Laws and corporate governance• Safety

formal risk management processes, primarily under the Compliance risk pillar (as highlighted below). We have comprehensive internal policies and controls in place governing our approach to climate and environmental risk. This report also sets out details of our mitigation measures for our two principal climate-related risks (Safety, ESG Risk). For further details, see page 35.

Metrics and targets

We have set clear climate aims as part of our broader sustainability strategy: for our own operations to become carbon neutral by 2030 and to be carbon neutral across our value chain by 2050. These are supported by targets relating to our refurbishment programme, installation of LED lighting and roll-out of TIP Insight (two of which are also tied to our latest green financing facility). Aside from our targets, we also publish our CO₂ emissions and total energy consumption. In recent years, we have further strengthened our approach to environmental data collection. In 2023, we extended our carbon footprint reporting to include scope 3 emissions (we realise that our main contribution to climate change is indirectly through our value chain – i.e., through our business with customers, suppliers and other business partners). For further details, see pages 20-21.



Forward-looking statements

This Sustainability Report contains forward-looking statements, estimates and projections that are subject to significant risks, uncertainties and assumptions with regard to both internal and external economic factors. These statements include, but are not limited to, statements related to our expectations regarding net-zero greenhouse gas emissions goals. You can identify these forward-looking statements by the use of words such as “outlook,” “believes,” “expects,” “potential,” “continues,” “may,” “will,” “should,” “seeks,” “approximately,” “predicts,” “intends,” “plans,” “estimates,” “anticipates” or the negative version of these words or other comparable words. Such forward-looking statements are subject to various risks, uncertainties and assumptions. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements including, but not limited to, global socio-demographic and economic trends, energy prices, technological innovations, climate-related conditions and weather events, insurance applicability, legislative and regulatory changes, and other unforeseen events or conditions.

Notes and contact details

About TIP Group

TIP Group provides products and services for transportation and logistics customers through more than 136 locations in 18 countries worldwide. Our services include the lease and rental of trailers, trucks and other specialist equipment, as well as maintenance, repair and the sale and purchase of used assets. For more information, please see www.tip-group.com.

Terms and abbreviations used in this report:

CEO	Chief Executive Officer	ITF	International Transport Forum
CO ₂ e	Carbon dioxide equivalent	KWh	Kilowatt hour
CSR	Corporate Social Responsibility	LED	Light-emitting diode
CSRD	Corporate Sustainability Reporting Directive	LEZ	Low Emission Zone
DVSA	Driver and Vehicle Standards Agency	LMA	Loan Market Association
EHS	Environmental health & safety	M&A	Mergers and acquisitions
EIB	European Investment Bank	M&R	Maintenance & repair
eLCV	Electric light commercial vehicle	MSU	Mobile service unit
EMT	Executive Management Team	MWh	Megawatt hour
eNPS	Employee Net Promoter Score	NOx	Nitrogen oxide
ESG	Environmental, social and governance	OSHA	Occupational Safety & Health Administration
ESRS	European Sustainability Reporting Standards	PPE	Personal protective equipment
EV	Electric vehicle	PWNN	Professional Women’s Network Netherlands
ETB	European Transport Board	SDG	Sustainable Development Goal
FTE	Full-time equivalent	SOx	Sulphur oxide
GRI	Global Reporting Initiative	TCFD	Task Force for Climate-Related Financial Disclosures
HR	Human resources	TPMS	Tyre Pressure Monitoring System
ILO	International Labour Organisation	TRU	Transport Refrigeration Unit
IMF	International Monetary Fund	UNHCR	UN High Commission for Refugees
ISO	International Standards Organisation	WEF	World Economic Forum



Get in touch

We welcome feedback on our report.
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Colophon

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