

# Navigating Challenging Times

Sustainability report 2024



Spartalogistics

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## Foreword: A changing world

Logistics remains a cornerstone of connecting an increasing complex world. While it drives progress by facilitating trade and access to essential goods, it also presents challenges, particularly in addressing climate change, air pollution, and supply chain working conditions. At Sparta Logistics, we recognize this duality and are committed to being part of the solution. Transparency about our challenges and successes is a core aspect of our road ahead.

One of the most pressing issues is CO<sub>2</sub>-emissions from the transportation of goods. Innovations like electric trucks, rail freight electrification, and alternative fuels offer a path toward a future with less environmental impact. However, transitioning in a highly competitive industry is no simple task. Incremental progress, paired with focused investments, is crucial to achieve meaningful change. Our ESG strategy, “We Go the Extra Mile” will guide us as we continue to take actionable steps toward a more sustainable tomorrow.

In 2024, we eagerly anticipate the long-awaited delivery of our first electric trucks. To prepare for this milestone, we have already installed charging infrastructure, laying the groundwork for integrating electrified transportation options into our operations. Additionally, construction of our new state-of-the-art distribution hub at our new headquarter in Hørning is underway, ensuring we are ready to meet future demands.

This year, we reaffirm our commitment to openness by presenting our second sustainability report. This report highlights both the environmental and social impacts of our operations, while addressing the challenges and showcasing the solutions we are implementing. Step by step, we are on our way to build a brighter future for logistics.



Nikolaj Kock, General Manager og Partner

## Our strategy wheel in motion

With the launch of our strategy “we go the extra mile” last year, we have now set the wheel in motion to walk-the-talk on sustainability. However, big achievements don't happen overnight in our sector.



**Decarbonise out footprint:** We did not manage to meet the target to reduce our CO<sub>2</sub>-emission year-to-year in absolute terms. We are eagerly awaiting the approval of our electric trucks and are optimistic that they will be ready for deployment in March 2025. The trucks are ready and waiting to hit the road, and our charging infrastructure is already in place to support their operation. To further our commitment to low-emission alternatives, we have already secured grants for our first two electric trucks. This marks an important step in our transition to more sustainable transport solutions, reinforcing our dedication to reducing emissions and embracing new technologies in our logistics operations.

**Impact with customers:** The focal point to create lasting impact with our customers is the right combination of electric trucks and logistic optimization. We have some interesting cases in pipeline, but we need to get our two new electric trucks in operation to take the next step. Our customers are increasingly showing sincere interest in alternative solutions with less CO<sub>2</sub>-intensive transport and logistic optimization solutions.

**Get the basics right:** We have moved the needle forward on both Health & Safety, working conditions and our code of conduct. We have achieved zero accidents and near-by-accidents, have

improved our working conditions significant at our offices and have our code of conduct signed by all our suppliers.

The Sustainable Development Goals (SDGs) are more critical than ever in an ever-changing world. Achieving these ambitious targets by 2030 can for now seem unlikely, and it requires not only significant public support and investments but also hard work and dedication from businesses. With installation of charging stations for electrical trucks, investment in two electric trucks, a pipeline on partnerships around our electric transport and logistic optimisation, and implementation of our Code of Conduct we have actively supported the selected SDGs this year, but there is still plenty of work ahead of us, our partners and the global society.



Support the extension and supply of affordable and clean energy.



Take urgent action to combat climate change and its impacts.



Strengthen the means of implementation and revitalize the global partnership for sustainable development.

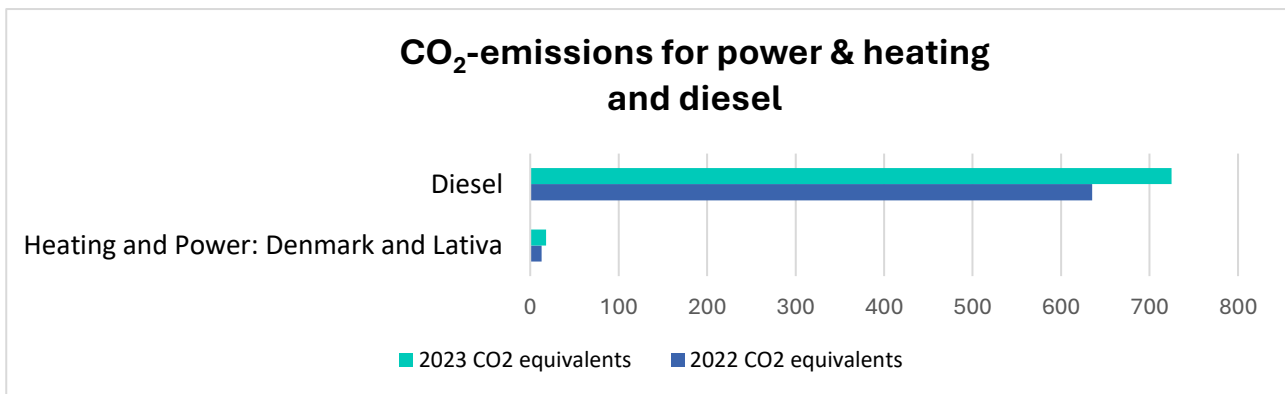


## Climate impact

Our approach to climate impact focuses on understanding, measuring, and mitigating our climate footprint. We assess our greenhouse gas emissions, energy use, and resource efficiency to drive reductions. Through innovation, collaboration, and responsible practices, we aim to align with global climate goals.

### Own emissions

This year, our CO<sub>2</sub> emissions have increased, primarily due to a rise in kilometres driven and the additional heating requirements from expanding our warehouse space by 4,400 square meters. However, we are optimistic about breaking the curve in 2025. The upcoming delivery of our electric trucks will mark a major milestone, substantially lowering emissions from our fleet and directly contributing to cut our customers' scope 3 emission reductions.



We have also taken steps to shift more freight to rail, especially in regions like Italy, resulting in a notable decrease in transport-related emissions. To further this transition, we are introducing new trailers in March 2024 that are better suited for intermodal transport, enhancing compatibility with railway systems.

While diesel use in our Euro 6 trucks remains the largest contributor to our emissions, we are committed to breaking the emissions curve. Aligning with our ESG strategy, we continue to prioritize investments in sustainable initiatives. Our solar panels, installed at our headquarters in Hørning, are another small step toward greener operations, and we eagerly anticipate analysing their energy contributions over a full year. These efforts reflect our dedication to reducing our environmental impact while supporting our customers in their sustainability journeys.

Greenhouse gas emissions are measured in CO<sub>2</sub>-equivalents (CO<sub>2</sub>e) and divided into "scopes" cf. the Greenhouse Gas Protocol. In Sparta Logistics, we include CO<sub>2</sub>e from scope 1 and 2 emissions based on the energy consumption from our sites in Hørning, Aarhus and Glostrup (Denmark) and Riga (Latvia) as well as from owned and leased vehicles. Energy sources include diesel (scope 1) as well as district heating and electricity (scope 2)<sup>1</sup>

### Emission from our value chain

Integrating scope 3 emissions into our climate accounts has proven more challenging than initially anticipated. Ensuring compatibility between our data and the chosen data system has highlighted unforeseen complexities. As a result, we are now exploring alternative solutions to address these challenges effectively. Our goal remains the same: To implement a globally recognized system aligned with EN ISO 14083:2023 for calculating scope 3 emissions across road, sea, air, and rail transport. This system will provide a standardized approach to reporting greenhouse gas emissions from logistics and enable us to offer our customers detailed CO<sub>2</sub> data for their shipments.

Despite the setbacks, we are committed to tackling our scope 3 emissions and using these insights to support our customers in reducing their transport-related emissions. This is a critical step toward achieving greater transparency and sustainability within our supply chain.



<sup>1</sup> Emission factors are based on Nowtricity.com 2023 factors (electricity), 2023 environmental declaration from Kredsløb (district heating Aarhus) and Skanderborg-Hørning Fjernvarme (district heating Hørning) and 2023 sustainability report from Rigas Siltums (heating in Riga).

## **A safe and healthy working environment**

In the logistics sector, sustainability and ESG efforts understandably focus on addressing climate emissions and air pollution. However, it is equally vital to prioritize our employees, and the people involved throughout our supply chain.

### **The safe way or no way**

At the core of our operations is a steadfast commitment to ensuring a safe and healthy working environment for all employees. This year, we are proud to report that we achieved zero lost time injuries (LTI) and recorded no near-miss incidents across our operations. This reflects our dedication to embedding safety as a core value and continuously improving workplace conditions.

Our light asset approach, with limited ownership of trucks, coupled with rigorous safety measures in our warehouses, has significantly minimized the risk of workplace accidents. To sustain this achievement, we remain focused on maintaining a Lost Time Injury Frequency (LTIF) of <1 and actively monitoring and enhancing safety protocols. Achieving zero accidents is not just a goal—it reflects our company culture, where "Safety First" is more than a slogan; it is a way of working. We remain dedicated to upholding this standard in the years to come.

### **Wellbeing and a healthy work environment**

At Sparta Logistics, we are committed to fostering a supportive and healthy work environment, recognising that our employees are our most valuable asset. As part of our ongoing efforts to enhance workplace well-being, we have engaged with a physiotherapist who visits our offices twice a month. This program is designed to address the physical challenges that often arise from desk- or warehouse work, offering our team members personalised care and preventive treatments.

By prioritising the health and comfort of our employees, we aim to reduce work-related discomfort, improve overall job satisfaction, and ensure that every individual feels valued and supported. We believe that a healthy and thriving workforce drives innovation and strengthens our ability to meet the needs of our clients. In line with this policy we have also opened a gym at our newly built headquarters. This facility is designed to support our team members in maintaining an active and healthy lifestyle, and we encourage all employees to take advantage of this resource, reinforcing our dedication to encourage a culture that prioritises both physical health and overall well-being.

### **Employee engagement and satisfaction**

In continuation of our strategy "We go the Extra Mile", we have decided to implement a more systematic approach to employee engagement, leveraging the GAIS (God Arbejdslyst Indeks Score) framework to assess and enhance workplace well-being. We conducted a comprehensive survey from November to December focusing on seven key factors of workplace well-being: Influence,



meaning, mastery, results, leadership, colleagues, and balance. The total baseline score was 78 out of 100 giving us a good starting off point to working more systematic with employee engagement and satisfaction.

We identified important areas for improvement ("leadership" and "colleagues") while maintaining momentum in high-performing areas like "mastery" and "results" indicating employees feel competent and see tangible outcomes from their efforts. Through the survey, our employees also provided actionable suggestions for improvement, such as internal communication, increasing information about company goals, and fostering an even more positive tone in interactions. Based on the results, our key priorities going forward is enhancing leadership recognition practices, fostering a supportive team culture, and ensuring balanced workloads.

### **Training and talent**

At Sparta Logistics, we believe in nurturing the next generation of talent through our commitment to hiring and training apprentices. By integrating apprentices into our workforce, we not only contribute to their professional development but also infuse our organisation with fresh perspectives and innovative ideas. Our apprenticeship program is designed to provide hands-on experience and comprehensive training, ensuring that each apprentice gains valuable skills and knowledge in the logistics industry. This initiative reflects our dedication to promote a diverse and inclusive workplace while investing in the future of our industry.

### **Expanding our distribution hub**

We are excited to announce the expansion of our distribution hub in Hørning, Denmark. The facility will be extended by an additional 2,000 square meters, providing enhanced capacity to meet growing demands. The expansion includes a new dock house with three loading ramps, designed to streamline operations and improve efficiency. As part of our commitment to sustainability, we are also exploring the possibility of obtaining DGNB certification for the operational phase of the hub. This reflects our dedication to integrating sustainable practices into our infrastructure, ensuring that the expansion not only meets functional needs but also aligns with our strategy and goals.



## Compliance and risk management

During last year, all our suppliers have signed our Code of Conduct, and all employees have received information on our ESG Policy. The Policy have also been integrated into our employee handbook and so have our whistleblower hotline.

Our Code of Conduct defines the standards and expectations we uphold for our suppliers, reflecting our belief that responsible sourcing and collaboration are essential to achieving both business and sustainability goals. The code specifies the principles we expect suppliers to follow, ensuring that our supply chain aligns with our core values and supports our ESG objectives.

An equally important component of our sustainability framework is our ESG policy. The policy serves as the cornerstone of our commitment to sustainable development, ethical conduct, and social responsibility. It outlines our approach to embedding ESG considerations into all aspects of our operations and decision-making. Covering key areas such as working conditions, human rights, environmental impact, climate action, and anti-corruption, the policy clarifies our responsibilities as a business and sets clear expectations for our stakeholders. Beyond showcasing our dedication to aligning with global sustainability goals, it illustrates our proactive role in fostering responsible business practices.

We review our ESG Policy and Supplier Code of Conduct annually and update the documents if necessary.





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