

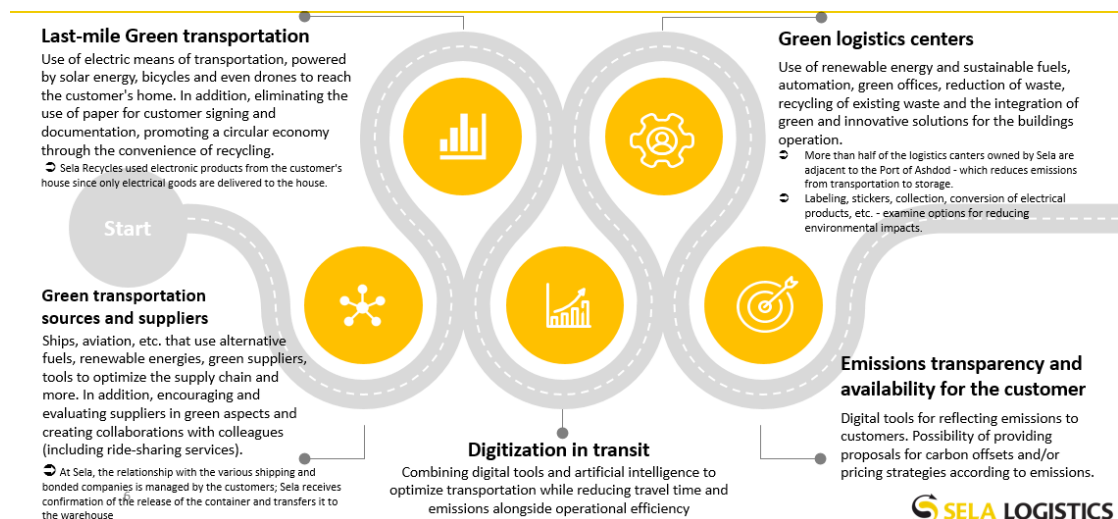
01 Reduce environmental impacts

Data show ¹that by 2050, emissions from the global transportation systems will increase by about 22%, while transportation is already **responsible for about a fifth² of greenhouse gas emissions**. The global urgency to reduce the environmental impacts on people, companies and countries motivated us to set goals and define a road map for a more urgent and accelerated reduction of our environmental impacts.

In addition, we have identified business opportunities in more responsible and efficient environmental conduct. For example, according to a [study by pwc](#), in the European Union, trucks travel empty about 20% of the distance they travel each year. Using digital markets can reduce this waste by 10-20%. Accordingly, pwc estimated that the delivery and shipping sector could save 1-2 billion euros and reduce CO2 emissions by 1-2 megatons. Another example is the use of autonomous trucks, which can remove limitations related to driver availability, skills and rest times, vacations and sick days, etc.

According to a [McKinsey article](#), decarbonization of logistics systems includes an opportunity to combine **pricing strategies** that offer transportation solutions according to their carbon emissions alongside better utilization of existing transportation assets, such as **transportation platforms and ride-sharing services**. The pressure created by the acceleration of e-commerce is resulting in last mile bottlenecks as increased volumes lead to slower delivery times, less flexibility and higher shipping costs along with increasing negative impacts on the environment. However, consumers are still willing to pay a premium for sustainable shipping

Opportunities we have identified to improve environmental conduct along our value chain:



¹Source: [statista](#)

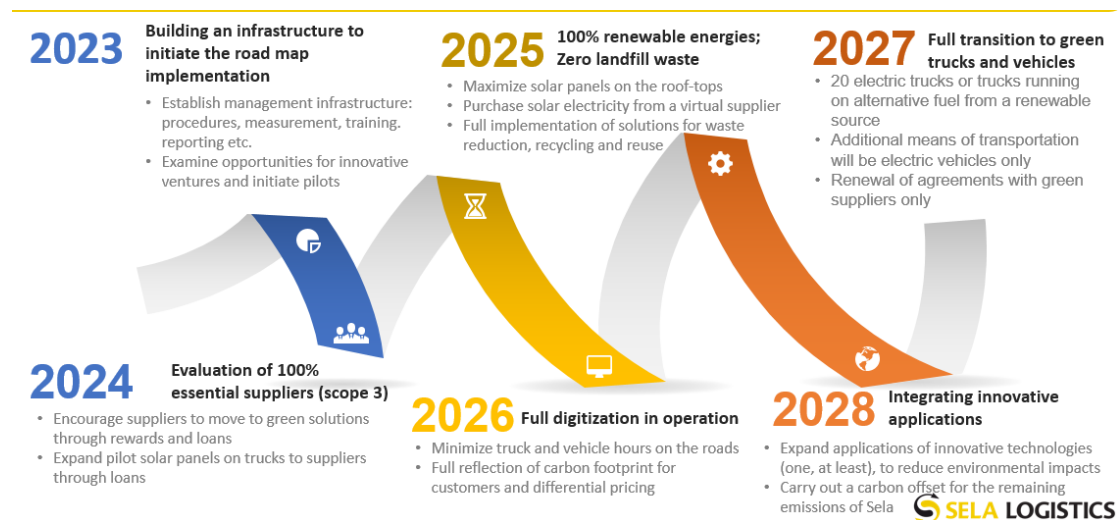
² Source: [The World Resource Institute's Climate Data Explorer](#) and *International Energy Agency (IEA)*

The goals we set ourselves to promote environmental sustainability:

- Reducing carbon footprint by 50% by 2035 (complex 1,2,3)
- Net Zero until 2050 (complex 1,2,3)
- At least one innovation venture will be in POC status each year
- 100% circularity (RRR) in waste treatment by 2030

We plan to achieve these goals according to a road map that we outlined to achieve the goal even before 2030, when a significant component of the plan is based on innovative technologies and applications that we are not yet familiar with.

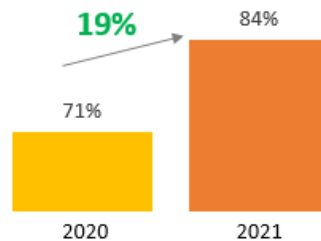
Below is the roadmap for implementing an environmental sustainability plan



We are proud of our progress in improving our environmental conduct, especially in the context of promoting the use of renewable energies.

To date, we have installed 1,167 kilowatts of solar systems (PV panels) on the roofs of our buildings in Sela 3, main logistic center and Bnei Darom, which produce about 1.8 kilowatts of electricity per hour. This production volume of renewable energy currently constitutes about **84%** of our total electricity consumption and it helped us reduce our carbon footprint (scope 2) by 18% between the years 2020 and 2021, despite the increase in consumption due to the expansion of our activities.

The rate of renewable energy
consumption of the total electricity
consumption



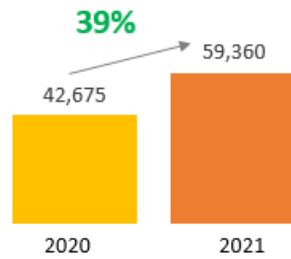
We are located close to the port of Ashdod in order to reduce the transportation of goods - both in terms of efficiency and emissions. Today, **68%** of our fuel consumption is intended for trucks in direct operation, with the Euro 6 standard. These days we are looking at ways to reduce the use of fossil fuels alongside launching a pilot to add solar panels to four of the company's trucks. In addition to that, all of the company's forklifts are electric (there are 6 that are diesel-powered, which constitute 4% of all forklifts, which will also be replaced soon).

Along with these achievements, sometimes the increase in activity, customers and employees, leads to an increase in the use of materials and waste produced. We are exploring ways to improve our conduct in this area as well. For example, **100%** of the cardboard left in our possession, **100%** of our office paper waste and **100%** of our wooden surfaces are recycled. Along with paper waste and wooden surfaces, we are proud that about **95%** of our waste is recycled (office waste is still sent to landfill).

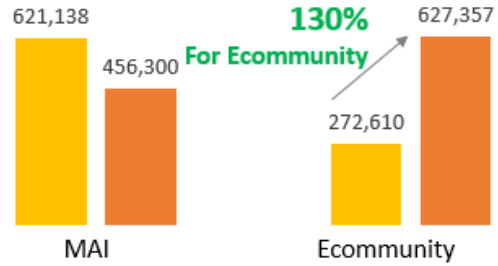
We try to ensure that some of the materials we purchase are also more environmentally friendly and contain recycled materials. For example, the cardboard crates we purchase contain recycled material and our new wood surfaces are recycled.

In addition, we divert electrical products from consumers' homes for recycling, and in this area, we expanded our activity by **39%** from 2020 to 2021 alongside increasing the volumes of activity with Eco-mmunity - a social business for electronic waste recycling that employs people with disabilities.

Removal of electronics and refrigerators for recycling (in units)



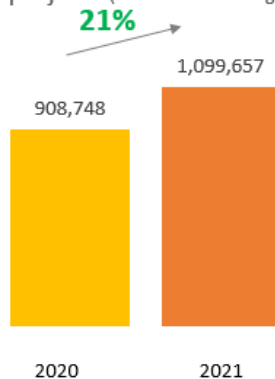
Removal of electronics and refrigerators for recycling (in NIS)



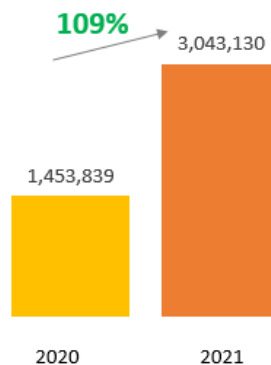
Our environmental conduct reflected in **zero** fines for environmental non-compliance.

Our commitment to the environment is reflected in our investment in the field along with a reward in the income received from these ventures:

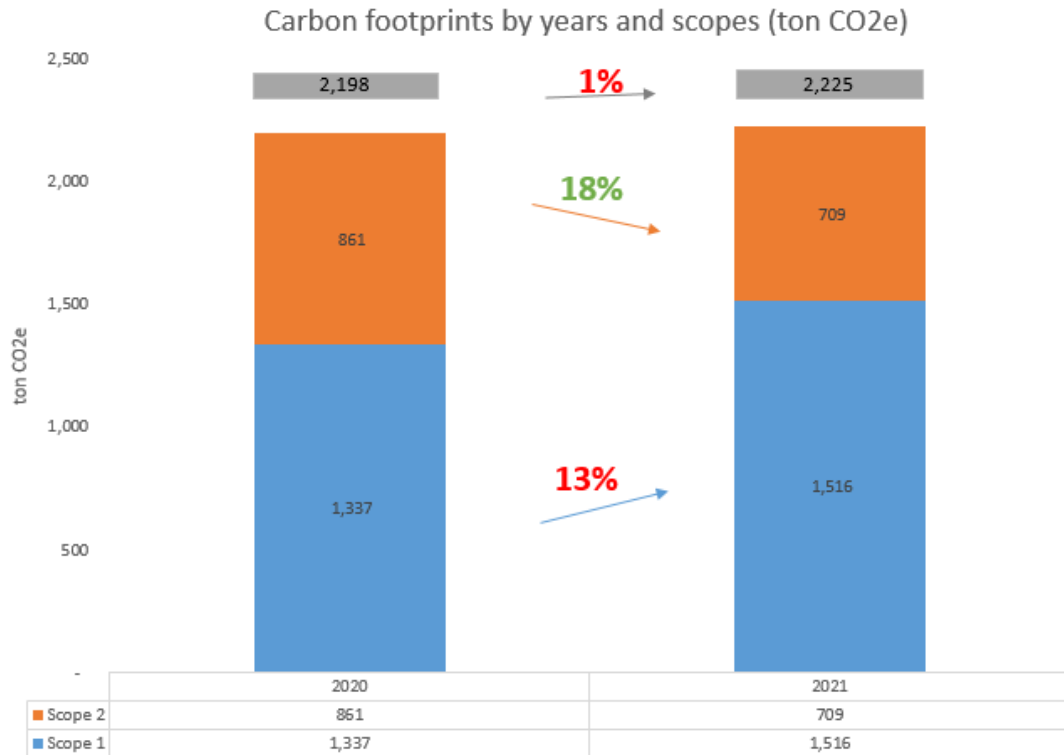
Total income from environmental projects (not incl. solar energy)



Total investment in environmental projects



Our total carbon footprint, despite the significant increase in our activity, increased by only **1%** between 2020 and 2021 and we are in the midst of moves that will bring significant improvement in the coming years.



These days we are in the middle of a pilot to examine the application of solar panels on the roofs of the trucks, which allows the use of renewable energy directly to charge the truck's battery. Learn more on the application on our [partner's website – APOLLO](#)



02 Lead responsible and environmental supply chain

As part of our procurement procedures, we implement several mechanisms to integrate sustainability with our suppliers as part of responsible supply chain management – socially and environmentally:

- Before contracting with the suppliers and subcontractors, we examine their conduct in several aspects – ethical, environmental and social conduct. This is through answering our pre-contracting questionnaire examining the existence of a Code of Ethics, guaranteeing human rights and fair and safe employment for employees, as well as a policy to reduce environmental impacts. In addition, we prioritize working with local suppliers.
- During the contracting phase itself – we ask the suppliers to confirm our Code of Ethics and sign an agreement that includes specific clauses regarding ethical business conduct, safeguarding human rights and fair and safe employment as well as sustainable environmental conduct.
- During our on-going work together with our suppliers and sub-contractors, we encourage them to promote ESG – through communications, trainings and conversations, as well as conducting an annual evaluation questionnaire to material suppliers.

Furthermore, we invite our subcontractors to propose ideas for innovative ventures for environmental sustainability and to improve our conduct in the field.

03 Ethical conduct, transparency and fairness

Ethical, fair business conduct with strict adherence to transparency and integrity is essential to Sela Trade and Logistics since its establishment and at the basis of our values such as loyalty, responsibility, commitment and transparency.

These days we are refreshing our Code of Ethics that presents our principles and values for our activities with all our stakeholders.

We are proud of the fact that no incidents of bribery, corruption, non-competition and violation of privacy were recorded against the company; Incidents of discrimination, abuse at work or harassment of any kind.

We comply with ISO 9001 quality assurance standards and ISO 27001 information security standards.

Our board is diverse - 33% women (2 out of 6). Moreover, we are proud that our board of directors' chairperson is a woman.

04 Empower and Promote people

Humanity is the first and leading value in the company's values and accordingly, we see importance in maintaining human rights, promoting fair and equal employment as well as creating a healthy, safe and respectful work environment for all our employees.

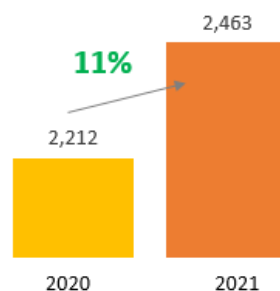
We give special attention to the personal and financial well-being of our employees, encourage them to promote creativity, achievement, teamwork and reward our employees accordingly.

The mutual loyalty and commitment between our employees and us are additional values on which our relationships with the employees in particular and the community that surrounds us in general - are based. Therefore, we make sure to nurture, enrich and empower our employees and make sure to support the community around us.

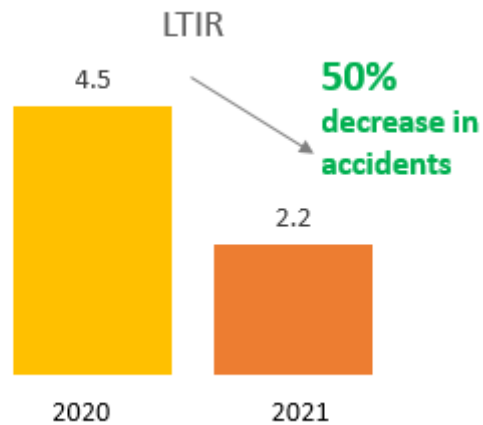
Our commitment to promoting diversity, equity and inclusion and our actions in the field in recent years bring us closer to the goals we set for ourselves - 50% women in the workforce and 25% over the age of 50. We are proud that our workforce is composed of **40%** woman and about **24%** of our employees are over the age of 50.

Our training activities focus on the health and safety of our employees. We invest about 7 hours of safety training per year on average per employee. An activity that has grown year by year in accordance with the increase in the number of employees. Safety trainings are also held for contractor employees.

Total hours of training on safety



Employees' health and safety is managed in a structured and regulated manner in the company with a safety and security management system, work according to an annual safety plan, preparation of incident reports, annual risk survey, trainings, trainings and more. We are proud of the improvement that reflects our efforts in the field when between the years 2020 and 2021 we decreased the scope of accidents and accordingly, the LTIR index decreased by **50%** from 4.5 to 2.2. We aim to reach the goal of LTIR 2 and maintain it over time.



We believe in the importance of local communities' resilience and maintain an open dialogue with them alongside investing in supporting solutions.

We contribute to the community in a variety of projects and are approaching the goal we have set for ourselves - to invest **1%** of our net profit (before tax) in strengthening and empowering the communities that surround us. Already today, we stand at a rate of 0.9% in financial donations to support the community.