

VACULUG SUSTAINABILITY REPORT 2023



TABLE OF CONTENTS

1	MESSAGE FROM OUR CHAIRMAN	8
2	SCOPE OF THE REPORT	12
3	THE VACULUG JOURNEY	16
4	OUR COMPANY VISION, MISSION & VALUES	30
5	RETREADING REDEFINED: CIRCULAR & RENEWABLE PRACTICES	38
6	TAKING CARE OF OUR FAMILY	46
7	COMMITTED TO MANUFACTURING EXCELLENCE, QUALITY, HEALTH & SAFETY	64
8	TAKING CARE OF OUR BUSINESS AND THE PLANET	74
9	GOOD GOVERNANCE FOR A RESPONSIBLE BUSINESS	90
10	DRIVEN BY INNOVATION	108
11	OUR SOCIAL IMPACT	118
12	CREATING SHARED VALUE & STAKEHOLDER ENGAGEMENT	140
13	THE WAY FORWARD	148
14	APPENDIX	152







An aerial photograph of a two-lane asphalt road with white dashed center and edge lines, winding through a dense, lush green forest. The road curves from the top right towards the bottom left. The trees are tall and closely packed, creating a vibrant green canopy.

1

MESSAGE FROM THE CHARMAIN

MESSAGE FROM THE CHAIRMAN

THE DECADE OF ACTION HAS BEGUN

This report is a testament to our unwavering progress to environmental responsibility, social progress, and sustainable business practices, reflecting the core values that define Vaculug.

In the spirit of transparency and accountability, we present this report as a comprehensive overview of our sustainability initiatives and achievements over the past year. At Vaculug, we firmly believe that a business can only thrive when it operates in harmony with the environment and contributes positively to the communities it serves. Our Sustainability Report serves as a guidepost, illustrating our progress and outlining the strategies we employ to navigate the evolving landscape of corporate responsibility.

As we navigate the challenges and opportunities presented by the dynamic global business environment, it becomes increasingly imperative for companies to integrate sustainable practices into their core operations. Our Vaculug Sustainability Report encapsulates our holistic approach to sustainability, demonstrating how we have embedded environmental, social, and governance (ESG) principles into the fabric of our organisational culture.

The year 2023 has been transformative for Vaculug as we embraced innovative solutions and strategies to reduce our environmental footprint. Our commitment to circular economy practices is reflected in our tyre retreading processes, which not only extends the lifespan of tyres but also contributes significantly to reducing raw material consumption. Furthermore, our investments in cutting-edge technology have enhanced the efficiency of our manufacturing processes, minimizing waste and energy consumption.

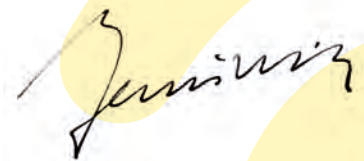
In alignment with our commitment to social responsibility, Vaculug has actively engaged with communities, fostering meaningful relationships and creating shared value. We believe that sustainable business practices must extend beyond the confines

of our operations and positively impact the societies in which we operate. Through initiatives such as skill development programs, community outreach, and employee volunteering, Vaculug seeks to be a force for positive change.

The Vaculug Sustainability Report 2023 is not merely a compilation of statistics; it is a narrative of our journey towards a more sustainable future. We recognize that our stakeholders – customers, our Vaculug family, and the wider community – are integral to our success. As such, we remain dedicated to open dialogue, inviting feedback and collaboration to continually improve our sustainability efforts.

In closing, I extend my gratitude to the entire Vaculug family for their unwavering dedication to our sustainability agenda. Our collective efforts have positioned Vaculug as a beacon of responsible business in the tyre industry, and we remain steadfast in our commitment to driving positive change.

Waheguruji!



Haarsev Kandhari

Vaculug, Chairman



2

SCOPE OF THE REPORT



SCOPE OF THE REPORT

Our 2023 Sustainability Report is our third annual publication which follows our sustainability journey over the past year. Since publishing our first Sustainability Report in 2021, we have made great strides towards becoming a more responsible business - for our people and for the planet. In this third edition, we report on the progress we have made and the initiatives we have underway as we continue on this journey. We will also provide an update on our commitments for the next 3 years.

In line with our Sustainability Strategy, which we developed in 2022 with the support of sustainability expert and scholar Paolo Taticchi, we defined clear targets that position us as a sustainable transition leader in our industry. To achieve the ambitious goals, that we set out in our strategy, in 2023 we enlisted the support of Tecno International, a third-party carbon assessment firm, to help us track and measure our impact through a comprehensive carbon assessment. The aim of the assessment was to establish our carbon footprint baseline (based on the year 2021). The assessment was completed in 2023 and confirmed for us the areas where we can make the most significant impact, such as focusing on reducing our carbon footprint and, more specifically, our Scope 1 and Scope 2 carbon emissions. Based on a rigorous scientific approach, the assessment informs our decisions and helps us determine where to dedicate our resources to yield the greatest return on our efforts.

We are serious about our commitment to leading sustainable transformation in our industry, and we understand that measurement is key. Equally important is transparency and sharing our progress with our stakeholders via our annual Sustainability Report. In addition to reporting on our progress, we remain steadfastly focused on the path forward.

In this report, we share our commitments that put us on a path to achieving the targets we set in alignment with the United Nations Sustainable Development Goals (SDGs), including becoming carbon net-zero by 2030. We also share the progress we have made to make a meaningful and positive impact on our surrounding communities.

We have come a long way on this journey. We are excited about the progress we have made, and even more excited about what the future holds - for our people, our partners, our communities, and the next generation.

At Vaculug, our company's core values of family culture, sustainability, and innovation serve as our compass. These values, combined with our Sustainable Thinking approach to business, inform every business decision and step on this journey. Guided by these values, no doubt we are on a path towards achieving our goals and realising our vision to make the world more sustainable for future generations.









3

OUR VACULUG JOURNEY



PEOPLE

We have donated more than 200,000 textbooks to schools in India through our Oneness Education Initiative.

Through our charity the Zenises Foundation, we have funded over 100 scholarships and educational opportunities to youth in India, South Africa, Spain, and the UK, including ten scholarships at the University of Oxford.

We fed more than 125 thousand people in need (an annual single-day event) through the Zenises Foundation.

In 2023, we employed 160 full-time employees and continued to foster a safe and happy workplace for all our people.

Listed as a Top Best Company to Work for in 2023.

PLANET

We have committed to carbon net-zero (Scopes 1 and 2) carbon emissions by 2030.

We submitted SBTi targets in 2023.

Completed our first carbon assessment and external audit in 2023 (based on year 2021).

We recycled over 4,227 tonnes of rubber and 928 tonnes of steel from end-of-life tyres in 2023 (saving 13,609 tonnes of CO₂ emissions).

PROFIT & RESPONSIBLE GOVERNANCE

Europe's largest independent retreader, celebrating 73 years of being a responsible and prosperous business.

Member of the UN Global Compact.

Building a responsible and growing business with over 242,000 tyres processed in 2023.

We joined the Tyre Recovery Association in 2023

We are the world's first and only independent retreader to align goals with the Tire Sector SDG Roadmap.

Vaculug was admitted into the Worshipful Company of Wheelwrights as a Gold member!

PEOPLE



COMMITTED TO ACHIEVING CARBON NEUTRALITY BY 2030



At **Vaculug**, we are strongly committed to become carbon neutral by 2030. This means that greenhouse gasses produced by our activities will be balanced by the amount removed from the atmosphere. By doing this, we recognise the importance of becoming more ecological every day.

OUR SUSTAINABILITY IN MOTION ROAD MAP

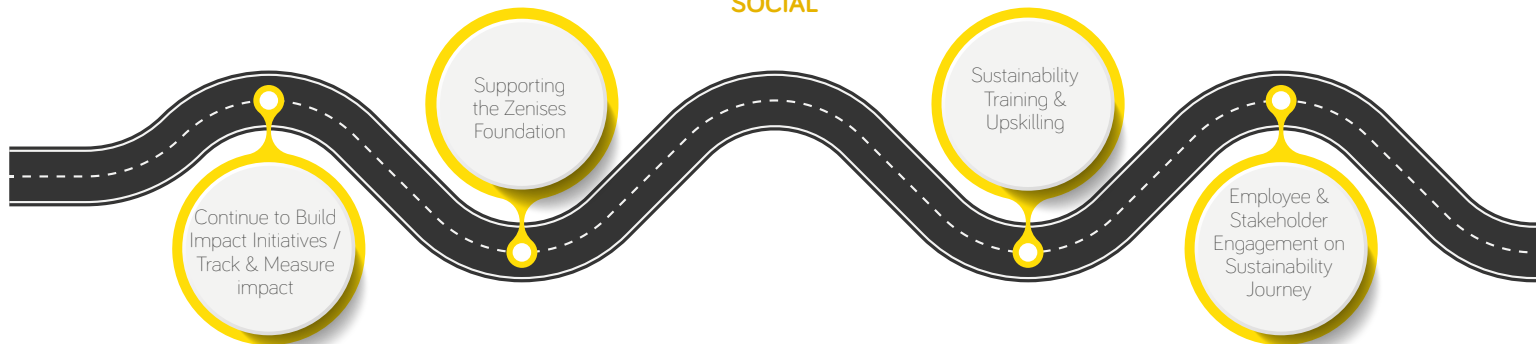
We are the first independent retreader in the world to align with the wider Tire Sector SDG Roadmap, led by the Tire Industry Project*. As a smaller organisation, with the bold ESG goals and commitments we have defined for the next 3 years, we are positioning ourselves among the larger players across the industry who are committed to contributing to the global SDGs.

As we continue on this journey towards creating a better world, in alignment with the industry-wide agenda, we have developed our **Sustainability in Motion Road Map** which will lead the way forward - for our Vaculug family, our stakeholders and our business.

ENVIRONMENTAL



SOCIAL



GOVERNANCE



* Source: https://sustainabilitydriven.info/wp-content/uploads/2021/05/WBCSD_TIP_Sustainability-Driven-SDG-Tire-Sector-Roadmap.pdf, accessed May 2023.

OUR VISION We want to make the world more sustainable for the next generations.

OUR CORE VALUES Family culture. Responsible business approach. Driven by innovation.

OUR APPROACH We integrate #SustainableThinking into our every day core decisions.

VALUE WE CREATE FOR PEOPLE, PLANET & PROFIT

PEOPLE

Taking care of our family **160** employees and growing



PLANET

Respecting the environment

Reduced our tyre carbon footprint by **20%** over the last two decades



PROFIT

Building a responsible business

Processed over 230,000 tyres in 2021, **up 6.5%** compared to 2018



OUR COMMITMENTS

- To be Carbon Net-Zero (scopes 1 and 2) by 2030
- Un Global Compact
- Align with Tyre Sector SDGs Roadmap
- Submitted Targets to SBTi in 2023
- Joined the Tyre Recovery Association in 2023



CREATING VALUE WITH OUR STAKEHOLDERS

Committed to quality & excellence



OUR COMMUNITIES

We support several community initiatives through our charity, the Zenises Foundation, supporting several initiatives aimed at improving quality of life for people and communities, near and far. Over 100 scholarships funded, in the UK and India, and over 125,000 people fed (at a single day event)



THIS IS SUSTAINABILITY IN MOTION.

THIS IS THE VACULUG WAY.





COMPANY OVERVIEW

We are Europe's largest independent retreading enterprise. Founded in 1950, Vaculug is a longstanding private and multi-generational family business that has been built on a foundation of family values. Our company's headquarters are based in Grantham, United Kingdom, and is located on 12 acres of land. We also have offices in Leicester and London. Built on a circular business model, our company produces high-quality retreaded tyres for fleets across the UK and Europe. We also offer industry leading fleet management solutions for our customers.

In addition to our retreading and fleet management operations, we have two additional business divisions: Grumac and TEC (Tyre Equipment Company). Grumac is a business unit that sells manufacturing equipment parts and supplies, and TEC is an e-commerce store where customers can buy retreading parts. In 2023, we employed 160 people across the organisation, and processed over 242,000 tyres. On the fleet management side of the business Vaculug manages over 500,000-wheel positions for vehicles belonging to over 200 fleet operators in the UK. The retreading division of our business generates 50% of our revenue, with the other 50% coming from our fleet management division.

In July 2018, our company's ownership transitioned and Vaculug became a part of the multinational leading Zenises Group. Under our new leadership we embarked on a journey of sustainable transformation. As we continue this journey, it is worth highlighting that in addition to being a responsible business, we are focused on being a prosperous one. The important work that we do through the Zenises Foundation depends on it. More than this, growing a sustainable business at a time when the UK economy is slowing - and costs of living are rising - is truly challenging. Despite the challenges we decided to stay the course and stay true to our commitments and our plans. Guided by sustainable thinking and our core values, we remained steadfastly focused on our vision and long-term goals for the company.

We are proud of the fact that this past year, despite a slowing economy and the UK retread market falling in 2023, we have increased our market share. We achieved this whilst not wavering from our sustainability strategy and commitments. In fact, this past year we stepped up our efforts to execute the plans that we have

mapped out for the next few years.

SUSTAINABLE THINKING APPROACH & LEADERSHIP

Our business is built on a foundation of our core values of family culture, sustainability, and innovation. We value the relationships we have established with our employees, our partners and our surrounding communities over the past 70 years. We firmly believe that to ensure the continued success of our business, it is imperative that we support, lift, and contribute to the prosperity of the people and communities around us. This belief underscores our commitment to social impact, which is reflected in the initiatives we support through our charity, the Zenises Foundation. Our commitment is also reflected through our dedicated investment and resources, with 10% of our profits going towards the Foundation.

We are in business for one single purpose: to fuel and support the important work we do through the Zenises Foundation and to realise our vision of making a better world for future generations.

"We firmly believe that the well-being of our business is intricately linked to the well-being of the people and communities around us. By supporting our people and surrounding communities, we are investing in the future of our business and our vision to create a better world."

Haarjeev Kandhari, Vaculug Chairman

The family culture we have fostered for the past 70 years is key to our company's success. This culture of family also extends to the relationships we have established over the last seven decades with our longstanding partners and customers.

Our dedication to caring for our employees and communities is closely tied to our ongoing commitment to operating as a responsible and sustainable company. Through our sustainable thinking approach to business, our leadership team remains firmly focused on reinforcing our position as sustainability leader in our industry.

In an effort to bolster our sustainability expertise and governance, in May 2023 we appointed sustainability expert, thought-leader and scholar Paolo Taticchi

to the role of Chief Sustainability Advisor. Paolo Taticchi is a Professor of Strategy and Sustainability at UCL School of Management (a top 10 global school). Paolo played a pivotal role in helping us design our Sustainability Strategy and Sustainability Reports.

With each decision and step we take on this journey, we are steadily advancing towards achieving our medium to long-term goals. With the unwavering support and contributions of our Vaculug family and partners - we are well on our way to realising our vision to make the world a better place for future generations.

Further to strengthening our governance structure, in 2023 we began the application process for B Corp Certification with the support of a sustainability consultant. B Corp Certification is a designation that is earned by businesses who meet high standards of verified performance, accountability, and transparency across a multitude of environmental and social factors. The verification process to obtain B Corp designation is comprehensive and requires the input of various stakeholders across an organisation. To achieve a B Corp certification, companies must meet specific requirements. These include demonstrating high social and environmental performance by achieving a B Impact Assessment score of 80 or more; making a legal commitment



by changing their governance structure to be accountable to all stakeholders; and committing to transparency by allowing their performance measurements to be made publicly available on the company's B Corp profile page online. Companies that receive B Corp Certification adopt a holistic approach to sustainability and have taken steps to not only improve their own environmental, social and governance performance, but to become industry leaders in each of these areas. We have made great strides toward elevating our ESG performance over the last few years, and we welcome the third-party assurance that a B Corp designation would bring to reinforce our efforts.

Our sustainability journey has been led and stewarded by our purpose-driven Chairman and leadership team. It is thanks to the dedication and passion of our leadership team, as well as the enthusiasm and support of our employees, partners, customers and suppliers that we have been able to make the strides we have made so far. We

look forward to continuing to collaborate with our stakeholders as we work towards achieving the goals we have set out for the coming years.

"We are excited about continuing to collaborate with our valued stakeholders as we collectively strive to achieve the ambitious goals set for the upcoming years. The momentum we have created together is propelling us towards creating a better world in line with our vision."

Haarjeev Kandhari, Vaculug Chairman

We are stronger together, and there is no doubt that together, we are poised to create a meaningful impact and accomplish great things.

#SUSTAINABLE THINKING INSIGHT REDEFINING LEADERSHIP IN AN ERA OF SUSTAINABLE GROWTH

A recent article by McKinsey re-defines leadership for a new era and offers five shifts that will be vital for the long-term success of organisations - and those leading them :

Beyond profit to impact: be visionary and generate impact for all stakeholders with a possibility mindset.

Beyond expectations to wholeness: be an architect that co-creates new value with an abundance mindset.

Beyond command to collaboration: be a catalyst of collaboration within empowered networks with a partnership mindset.

Beyond control to evolution: be a coach that fosters learning with a discovery mindset.

Beyond competition to cocreation: be human by our best selves with an authenticity mindset.

Source: <https://www.bcorporation.net/en-us/certification/>, accessed February 2024.

ON A JOURNEY TO NET-ZERO



At **Vaculug**, we are strongly committed to become carbon neutral by 2030. This means that greenhouse gasses produced by our activities will be balanced by the amount removed from the atmosphere. By doing this, we recognise the importance of becoming more ecological every day.





4

OUR VISION, MISSION & VALUES



VISION, MISSION AND VALUES

Our business is driven by our fervent commitment to improve the world. We are dedicated to realising this vision by incorporating our fundamental principles and a sustainability thinking mindset into all aspects of our operations. Above all else, our vision and mission are underpinned by our core values of family culture, sustainability and innovation.

Sustainable Thinking is our approach to building a responsible business. It embodies our approach to learning, upskilling, and sharing our knowledge with key stakeholders across the industry. As industry leaders, we are motivated to engage and inspire others to join us on this journey of sustainable transformation.

We value the power of education and the role it can play to help drive change. At Vaculug, we pride ourselves in fostering a culture that values continuous learning and professional development. To help us learn, grow and lead in sustainability, we have partnered with sustainability experts, universities, and consulting firms with the goal of improving our sustainability knowledge and performance. We have also extended these partnerships to our network of partners and customers, inviting them to join us on this journey. For us to achieve our goals, we need to bring our partners and customers along.

We aim to enhance the knowledge and performance of our industry by sharing our best practice at various industry events. We also share our sustainable thinking with thought-provoking articles that we publish throughout the year. Each month, our Chairman publishes an article that looks at world events and challenges through a sustainability-focused lens, shedding light on the impacts these events are having on businesses (See Appendix 5).

At Vaculug, sustainable thinking is more than a catchy phrase or a hashtag. It is a way of thinking that is applied to every decision we make and action we take on this journey towards building a more sustainable future.

OUR VISION

Our business is driven by our fervent commitment to improve the world. We are dedicated to realising this vision by incorporating our fundamental principles and a sustainable thinking mindset into all aspects of our operations. Above all else, our vision and mission

are underpinned by our core values of family culture, sustainability and innovation. We want to make the world more sustainable for the next generations.

OUR MISSION

Our mission is to build a responsible and prosperous business that creates shared value for our surrounding communities, near and far. We do so by respecting the planet, by supporting our communities, by innovating our offerings and services for our customers, and by fostering a family culture for our people.

Together, our vision and mission are driven by our commitment to supporting the vital work we are doing through our charity, the Zenises Foundation. By building a responsible and prosperous business, we are accelerating our efforts to make a positive impact for our surrounding communities, our people, and the planet.





THIS IS SUSTAINABILITY IN MOTION.

Together with our stakeholders, **we are on a mission to build a responsible business and sustainable future.**

We are leading the way on sustainability across our industry in the following ways:

- Sourcing renewable materials to produce high-quality, safe, first-class retread tyre ranges efficiently and responsibly.
- Using VMS, our industry-leading tyre fleet management system, to manage any fleet in a compliant, cost-effective, and comprehensive approach that meets all customer needs.
- Developing new and innovative products and processes to benefit operators in all sectors of the market.
- Advocating and promoting the environmental benefits of retreading through our sustainable thinking approach and leadership.
- Focusing on reducing our impact on the environment in everything we do by improving and optimising our processes.
- Investing in training and developing skills and knowledge of our people, partners and customers to elevate the sustainability performance of our business and the industry.
- Apply #SustainableThinking to our everyday business decisions and actions.

OUR CORE VALUES

Our business is built on a foundation of three core values:

- A FAMILY culture.
- A RESPONSIBLE approach to business.
- A past and future driven by INNOVATION.

A FAMILY CULTURE

As a multigenerational family business that has been operating for more than 70 years, fostering a family culture has been the key to our success. We recognise that our people are our greatest asset. We believe that a business will only be as healthy and as prosperous as its people.

The well-being of our people is paramount to our business. Every year we make a concerted effort to pause and celebrate our valued employees. This past year was no different. We celebrated several special

occasions such as retirements by our longest-serving employees, special milestone birthdays, festive holidays, and much more. It is through moments such as these that we strive to create a positive working environment that fosters a safe, healthy, and inclusive workplace for all. We also engage our employees through the various community-focused initiatives we support at Vaculug. Throughout the year our employees support and volunteer for local charities and initiatives that strive to enhance the well-being of our surrounding communities.

Our family values are the driving force behind the vital work that we do through our charity, the Zenises Foundation.

The work we do through the Zenises Foundation is fundamental to our business. The initiatives we support aim to improve the quality of life in our surrounding communities. This work is the reason we are in business - and it is what inspires us to continue to build a prosperous business for generations to come.



SUSTAINABILITY THINKING INSIGHT THE IMPORTANCE OF EMPLOYEE ENGAGEMENT

Our family values and the engagement of our employees is central to our approach to building a sustainable business for the future.

A study, by Gallup revealed that **purpose was the number one driver for employee engagement.**

An article by Harvard Business Review highlights **the three most important levers managers have to boost employee engagement :**

- Help employees connect what they do to what they care about.
- Make the work itself less stressful and more enjoyable.
- Reward employees with additional time off, in addition to financial incentives.

A RESPONSIBLE APPROACH TO BUSINESS

At Vaculug, being a responsible business means doing the right thing for our people, surrounding communities, and the planet.

By working together with all our stakeholders, both internally and externally, we are committed to building a responsible business for future generations.

Over the past year, we made strides towards improving our day-to-day operations to reduce our impact on the environment. At the same time, we seized opportunities where we could make a positive impact in our surrounding communities. We recognise that to realise our vision of creating a better world for future generations, we are on a journey of continuous learning and improvement. This journey begins with each one of us at Vaculug. To invest in the future of our business, we must first invest in our people through education, training, and well-being initiatives. We are committed to upskilling our people, systems, and processes with the aim of improving our products and services for our customers.



Our business model is circular by nature. Reducing, reusing, and recycling tyres is central to our operations, all of which aims to reduce our impact on the environment. At the same time, we know we need to do more. In 2021, we joined the UN Global Compact to contribute to the global effort to address the many environmental, social, and economic challenges facing the world today. To genuinely contribute to this effort, in 2022 we developed a sustainability strategy in alignment with the UN SDGs (Sustainable Development Goals), and we committed to becoming carbon net-zero by 2030. Reinforcing our commitment to sustainability, in 2023 we joined

the Tyre Recovery Association (TRA), an organisation that promotes responsible recycling of tyre waste in the UK. In 2023, we also established and submitted our long-term emissions reduction targets to the SBTi (science based targets initiative). As a company operating in a carbon intensive transportation industry, we believe it is our responsibility to do all that we can to minimise our impact and contribute to the global effort to create a more sustainable world. More than this, through our sustainable thinking approach to business, we recognise we have an opportunity to lead and inspire others across the industry to join this mission.



DRIVEN BY INNOVATION

With a more than 70-year history in the tyre sector, innovation has always been at the hub of our company's approach to business. Over the past seven decades we have built our business on a foundation of innovation, creativity, and ingenuity. We are proud to have imagined and engineered many industry firsts, such as our A-Rated tyre, the world's first A-Rated retreader that was verified as having a lower coefficient of rolling resistance; and our 5-rib PROTEKT+ dual sidewall protection system, an innovative solution that provides the best defence against kerbing damage, extending the longevity of the tyre. This past year, we also made strides in the area of renewables, where we are focusing our R&D efforts on sourcing renewable raw materials for our tyres and renewable fuel for our fleets. Committed to enhancing our products and services, over the past few years we have explored new technologies, including potentially leveraging AI to optimise our management and finance systems.

Driven by a can-do mind-set and entrepreneurial spirit that stems from our leadership team, when

faced with a challenge we look for the opportunity. Guided by a culture of innovation, our team of manufacturing experts are encouraged to push boundaries and lead the way towards greener manufacturing practices. At every step of the way, sustainable thinking is applied in the pursuit of new opportunities and innovative solutions for our customers.

Starting with our leadership team, sustainable thinking is in our DNA. It is what drives our day-to-day business decisions, and it is what motivates us to look at ways we can improve our processes and services every day.

These are our Vaculug core values.

Guided by these values we are taking a holistic approach to sustainability - whereby sustainability is integrated into all aspects of our business. As we continue this journey of sustainable transformation, we are committed to living our values and engaging our stakeholders along the way.







5

**RETREADING REDEFINED:
CIRCULAR & RENEWABLE PRACTICES**

REDEFINING OUR APPROACH TO BUSINESS

According to the latest report published by the Intergovernmental Panel on Climate Change (IPCC) in March 2023, human activities have unequivocally and indisputably caused global temperatures to rise due to an increase in greenhouse gas emissions.² What is also indisputable is the fact that if the world does not change course urgently - through meaningful actions that lead to reduced greenhouse gas emissions (GHG) - we will not be able to limit global warming to 1.5 degrees Celsius above pre-industrial levels within the 21st century.³

It is clear that the need for governments and organisations to accelerate efforts to reduce GHG emissions has never been greater. And while many nations and organisations have made commitments to reduce their impact, too many are falling short of fulfilling these promises.

To address the global challenges facing the world today, companies big and small need to re-think and re-define their approach to business.

We recognise that we are operating in a carbon intensive sector. The transport industry alone accounts for approximately 25% of global GHG emissions⁴. For the world to meet the targets that have been set, our industry needs to accelerate efforts to reduce our impact. The way business has been conducted over the last century is no longer sustainable. For companies to survive and thrive in the future – bold and urgent action is needed.

As Europe's largest independent retreader, we are prepared to do our part to contribute positively to the global targets that have been set, but we know our efforts alone will not be enough. We are encouraged by the fact that SMEs represent 99% of all businesses across the EU⁵. Individually, our

efforts may seem small compared to the challenges we are up against, but if SMEs around the world work towards adopting more sustainable business practices, together, we can significantly contribute to the global SDGs.

At Vaculug, we remain dedicated to leading and elevating the sustainability performance of our industry. We will continue to encourage collaboration, the exchange of knowledge and best practices, and sharing our sustainable thinking at every step.

Despite the global challenges we are facing, we remain optimistic and encouraged by the opportunities for growth and innovation. We are living in an exciting era that is being coined the “Green Industrial Revolution”. Today more than ever, industries are focusing on growing the economy while protecting our natural resources and reversing damage to the environment.⁶ We fully embrace this approach and remain committed to leading the way for our industry.

A CIRCULAR BUSINESS MODEL

By definition, the retreading industry is circular. A circular business model refers to an economic and operational framework that decouples economic growth from resource consumption. The concept of circularity is based on the principle of sustainability, which is defined as “meeting the needs of the present without compromising the ability of future generations to meet their own needs.” Circular business models are designed to support the UN SDGs, particularly SDG 8 (Decent Work & Economic Growth) and SDG 12 (Responsible Consumption and Production), by reducing resource consumption at the onset of a production cycle.

Although we are operating in a carbon intensive industry, our retreading business model, by definition, is a circular one.

²Source: <https://www.ipcc.ch/report/ar6/syr/resources/spm-headline-statements/>, accessed January 2024.

³Source: <https://www.ipcc.ch/report/ar6/syr/resources/spm-headline-statements/>, accessed January 2024.

⁴Source: https://www.un.org/sites/un2.un.org/files/media_gstc/FACT_SHEET_Climate_Change.pdf, accessed May 2023.

⁵Source: https://single-market-economy.ec.europa.eu/smes/sme-definition_en#:~:text=Small%20and%20medium%2Dsize%2Denterprises,targeted%20specifically%20at%20these%20enterprises., accessed February 2024.

⁶Source: <https://www.wmca.org.uk/what-we-do/environment/home-of-the-green-industrial-revolution/#:~:text=Leading%20the%20Green%20Industrial%20Revolution,reversing%20damage%20to%20the%20environment.>, accessed February 2024.

Retreading reduces the consumption of resources, diverts tyres from landfills, and contributes to the reduction of carbon emissions within the manufacturing sector. According to an article by the Earthbound Report, the remanufacturing industry in the UK, which includes the retreading sector, saves an estimated 10 million tonnes of CO2 every year.⁷

The UK government recognises the important role the retreading sector plays in reducing carbon emissions. However, according to the British Tyre Manufacturers' Association (BTMA), the government needs to do more to help the sector grow by incentivising customer behaviour towards adopting circular practices. The BTMA suggests two key areas for the government and customers to support:⁸

- Increased use of retreaded tyres vs new
- Improved care of tyres in service, which ultimately secures the supply of used tyres suitable for retreading)

As a business that is based on a circular model, we take into consideration the impact of our operations on both people and the planet at the beginning of our manufacturing process, rather than at the end. This commitment is reflected in our sustainable thinking approach to R&D, our manufacturing processes, and our fleet management systems.

Thinking about the quality and safety of the materials we use in our products, and how those materials can be sourced, recycled and re-purposed responsibly are all factors we consider as part of our day-to-day operations. As we progress on our path, we intend to broaden our approach, identifying additional areas within our organisation and across our value chain where circular practices can be implemented.

TRANSITION TOWARDS RENEWABLE RESOURCES

Our business is built on a circular business model

that continues to evolve with the emergence of new technologies and innovations. These aim to improve sustainability performance across our organisation as well as the sector. Part of this evolution involves exploring new avenues to sustainably source renewable resources that emit less carbon and are less harmful to the environment. Sustainable sourcing refers to the practice of attaining raw materials in a manner that promotes environmental, social and economic sustainability.⁹

Sustainable sourcing of raw materials is not only beneficial for the planet - it also makes good business sense. Responsible sourcing of raw materials enhances long-term economic growth through resource conservation and reduced environmental risks. Manufacturers that adopt sustainable sourcing practices can significantly reduce their impact on the environment by contributing positively to conservation efforts, reducing waste and energy consumption, and also by meeting the growing demand for environmentally conscious products.¹⁰

Amidst the calls for industries to transition towards renewable resources and race to achieve net-zero, an article by McKinsey & Company sheds light on another kind of transition that is taking place - a materials transition. A materials transition considers the practice of sustainable sourcing of materials combined with the adoption of circular economy business models to use and reuse these materials responsibly.¹¹ In essence, by combining the transition to renewable resources with a circular business model, the path to net-zero can be accelerated.

At Vaculug, over the past year, we have channelled our R&D expertise and efforts towards exploring and testing renewable resources that can reduce our impact on the environment while still maintaining our standards and commitments to quality and manufacturing excellence.

Driven by a culture of innovation, we set out to look at ways we can improve the sustainability performance of our operations - internally but also for our industry. Through a sustainability lens, we

⁷ Source: <https://earthbound.report/2014/12/11/what-is-remanufacturing/>, accessed May 2023.

⁸ Source: <https://btmauk.com/policy-positions/truck-tyre-retreading/>, accessed January 2024.

⁹ Source: <https://www.planettogether.com/blog/sustainable-sourcing-of-raw-materials-in-manufacturing-enhancing-production-planning-with-integrated-systems>, accessed February 2024.

¹⁰ Source: <https://www.planettogether.com/blog/sustainable-sourcing-of-raw-materials-in-manufacturing-enhancing-production-planning-with-integrated-systems>, accessed February 2024.

¹¹ Source: <https://www.mckinsey.com/capabilities/sustainability/our-insights/how-a-materials-transition-can-support-the-net-zero-agenda>, accessed February 2024.

PIONEERS OF SUSTAINABILITY SINCE 1950



At **Vaculug**, we are strongly committed to become carbon neutral by 2030. This means that greenhouse gasses produced by our activities will be balanced by the amount removed from the atmosphere. By doing this, we recognise the importance of becoming more ecological every day.

looked at everything from sourcing raw materials, to distribution, to collecting products at the end of their life-cycle so that they can be recycled responsibly.

We made immense strides in the area of renewable resources this past year. To help us reduce the impact of our rubber materials, we experimented with testing silica sourced from rice husks. If successful, we will look to implement the use of this material in our production processes.

In another example of renewable innovations, we also explored renewable fuel that can reduce carbon emissions from our fleet. Within our Scope 1 activities, our fleet represents the primary source of carbon emissions. A transition towards renewable fuel will significantly reduce our Scope 1 emissions.

Our sustainable thinking approach has guided and accelerated our transition towards renewable resources. As we look ahead, we will continue to explore ways to move towards renewable sources in line with our efforts to build a more responsible business. This approach, combined with our circular business model positions us well to achieve the ambitious goals we have set out for this decade.

ENVIRONMENTAL BENEFITS

There are several environmental benefits that come with the practice of retreading. Built on a circular model, retreading extends the life cycle of used tyres, often doubling or tripling the life-span of a single tyre. Additionally, retreading diverts tyres from landfill sites, as well as from urban and rural streets where they often end up when not disposed of responsibly. At Vaculug, when tyres reach the end of their life-cycle, they are sent to our recycling partner, Murfitts Industries. Murfitts takes the end-of-life tyres and repurposes them into various products, such as rubber surfaces for playgrounds or sports facilities.

Between our retreading and recycling efforts, we are proudly committed to being a zero-landfill business.

AVOIDED EMISSIONS

Given the industries efforts to reduce carbon emissions, we believe the retreading industry should be given credit for the carbon emissions that are avoided. Avoided emissions refers to the positive impact of GHG (greenhouse gas) emissions, relative to the situation where a product or service does not exist¹². In the case of the retreading industry, every retreaded tyre that goes back into circulation takes the place of a new higher-carbon emitting tyre.

Every time a truck or bus tyre is retreaded in the UK, approximately 30kg of rubber, up to 20kg of steel and 60kgs of CO2 are saved in the process¹³. Considering that in 2023 alone Vaculug processed more than 242,137 tyres - the amount of rubber, steel, and CO2 we have saved over the past year is significant.

“No doubt tyre manufacturing, including the retreading sector, is a carbon intensive industry. At the same time, with every tyre that is retreaded in place of a new tyre, a significant amount of CO2 is not being produced or emitted into the atmosphere. Currently the impact of avoided emissions on the part of the industry is not being considered by industry regulators, and it’s one I believe the industry should be credited for going forward.”

Haarjeev Kandhari, Vaculug Chairman

While avoided emissions are not yet factored into standard reporting frameworks or practices, the topic has gained traction in recent years. The CDP, a not-for-profit charity that runs the global disclosure system, announced in 2021 that it was considering factoring in avoided emissions (also referred to as Scope 4 emissions), into sustainability reporting standards in the future¹⁴. And while the change would be welcomed by many organisations, some industry experts caution that a clearer set of guidelines will be needed to mitigate greenwashing and misleading claims.

Although we have made progress in our efforts to

¹² Source: https://ghgprotocol.org/sites/default/files/standards/18_WP_Comparative-Emissions_final.pdf, accessed January 2023.

¹³ Source: <https://btmauk.com/retreading/>, accessed January 2023.

¹⁴ Source: <https://www.eco-business.com/news/explainer-avoided-emissions-and-how-not-to-overclaim-them/>, accessed January 2023.

reduce our impact on the environment, to achieve our carbon net-zero target (Scopes 1 and 2) by 2030, we know we need to do more. By working in collaboration with our stakeholders, we are confident we are on track to achieve the goals we have set-out in our strategy.

ECONOMIC BENEFITS

Beyond the many environmental benefits, the retreading sector generates many economic benefits. The sector provides decent and fair paying employment opportunities for workers. According to the British Tyre Manufacturer's Association, the retread industry supported 5,500 jobs across the region.¹⁵

Additionally, compared to new tyres retreaded tyres lead to significant financial savings.

The cost of a retreaded tyre is 40% less than the cost of a new tyre.

According to the British Tyre Manufacturing Association (BTMA), 85% of the used tyre is re-used in a retreaded tyre, significantly increasing resource productivity, and improving supply resilience¹⁶. Simply put, the savings in new materials translates into cost savings. Given the rise in costs of living, every dollar saved counts more than ever. At Vaculug, we are cognisant that every efficiency optimised during manufacturing allows us to offer our customers exceptional savings over time.

Furthermore, Vaculug's premium retreaded truck tyres offer a total life expectancy of over 375,000 miles – the equivalent of 15 trips around the world¹⁷.



¹⁵ Source: <https://btmauk.com/policy-positions/truck-tyre-retreading/>, accessed February 2024.

¹⁶ Source: <https://btmauk.com/tyres-and-the-environment/resource-efficiency/#1589453319635-7478031e-1ab4>, accessed January 2023.

¹⁷ Source: <https://btmauk.com/retreading/>, accessed January 2023.





6

TAKING CARE OF OUR FAMILY





Our people are our most valuable resource. Every business decision we undertake is influenced by our dedication to prioritise the health and well-being of our personnel. Driven by our family values, we strive to foster an inclusive culture that values and respects all individuals.

We are also committed to investing in our people to help them achieve their greatest potential. We believe in the power of education to drive positive change, in our business and our communities. Our dedication to support our people's growth stems from our company's approach to innovation and commitment to excellence.

OUR HR POLICIES

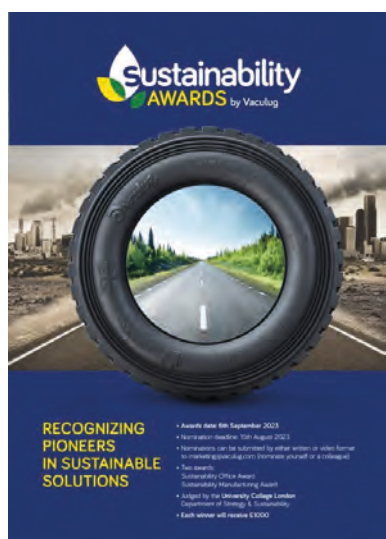
We are committed to delivering the highest quality products and services across our organisation. This can only be achieved by ensuring we have the highest standards of hiring and recruiting practices, which we have outlined in our internal 'Hiring & Recruitment' policy.

Prior to joining our organisation, all prospective employees are required to complete a selection procedure, in accordance with Quality Standards, which assesses candidates against a range of specified criteria. During this selection process, every

effort is made to ensure that potential employees, including those moving into new jobs within the company, fully understand the requirements of their roles.

Guided by our core family values, it is our belief that everyone deserves to be treated with respect. We also believe everyone should be fairly compensated for their work and contribution to the growth of the organisation.

In 2023, all employees received a company-wide salary increase of 5%.



To recognise employees who are going the extra mile to contribute to our sustainability goals, in 2023 we introduced our Vaculug Sustainability Awards. The Sustainability Awards is a new initiative that invites employees to nominate peers who they believe are going the extra mile to embrace our company's values and sustainable thinking approach to business. Two awards are presented through this initiative: one recognises the efforts of an office employee, while the other is awarded to a manufacturing employee. The awards also come with a financial incentive for additional encouragement.



Craig Caithness, our Maintenance Manager, was the proud recipient of our 2023 Manufacturing Sustainability Award

Jason Humphries, our Logistics Manager, was the proud recipient of our 2023 Office Sustainability Award.



SUPPORTING OUR CLIENTS WITH THEIR CARBON REDUCTION COMMITMENTS



At **Vaculug**, we are strongly committed to become carbon neutral by 2030. This means that greenhouse gasses produced by our activities will be balanced by the amount removed from the atmosphere. By doing this, we recognise the importance of becoming more ecological every day.



HIRING AND RECRUITING

We are committed to building a responsible and competitive business, and this starts with valuing our people and attracting the best talent to join our company. Our approach to recruiting and hiring is to select the best person for a position - regardless of sex, race, colour, religion, ethnic origin, age, disability, or sexual orientation. Our hiring procedures and policies are aligned with this approach and are clearly communicated in our internal Human Resources Recruitment & Selection document.

In November 2023, in recognition of our efforts to support our people and foster a positive work culture, we were listed among the Top 100 Mid-sized Best Companies to Work for 2023 Awards and Top 5 Manufacturing Company in the UK.

This industry-wide recognition underpins our ongoing commitment to supporting our people and creating a work culture that embodies our core values. It also reinforces our efforts to attract the best talent and remain competitive. We are incredibly proud of this achievement and even more proud of our Vaculug family - who express our core values every day.

EQUALITY & DIVERSITY

We are dedicated to building an inclusive corporate culture that respects and welcomes individuals from various backgrounds and cultures. Our HR policies are designed to create a safe and inclusive environment for everyone throughout the organisation, aligning with our commitment to Diversity, Equality, and Inclusivity (DEI) in our business practices.

In line with our commitment to build an inclusive workforce, our hiring process includes conducting a blind review of applications, whereby applications are reviewed without any names or identifiable characteristics attached. Since our ownership changed in 2018, we have made a concerted effort to recruit, hire and welcome more women and people from diverse backgrounds to our organisation. As of 2023, our workforce is comprised of 10-19% of racial or ethnic minorities and 20-29% of our management team is comprised of managers from

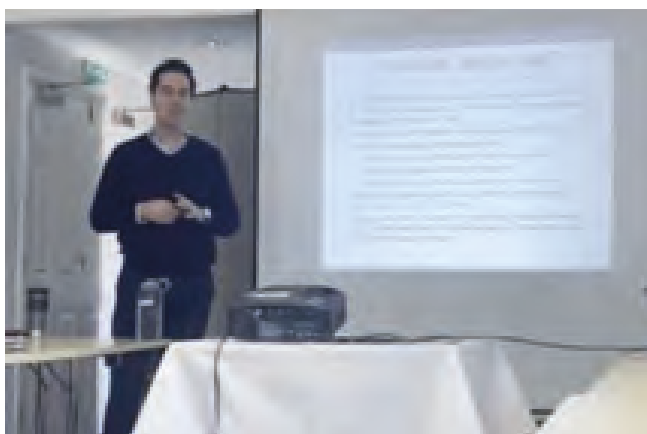
underrepresented social groups.

SUCCESSION PLANNING

A key part of planning a sustainable business is planning with the future in mind. In order to ensure our business remains sustainable for future generations, in 2023 we put in place a succession plan. Guided by this plan, our Vaculug family evolved with several new appointments in our Operations divisions, Sales & Marketing, OTR, IT and Finance departments. We also announced a newly appointed Chief Sustainability Advisor to strengthen our sustainability leadership and governance.

Looking ahead, we are also putting initiatives in place that will help us set our organisation up for long-term future success.

As a forward-thinking organisation, in early 2024 we invited Blaine Landis, Associate Professor of Organisation Behaviour at University College London (UCL) to conduct a succession planning workshop with our leadership team. Part of being a sustainable business involves investing in the professional development and growth of our employees. We remain committed to supporting our employees and to growing our organisation with the future in mind.



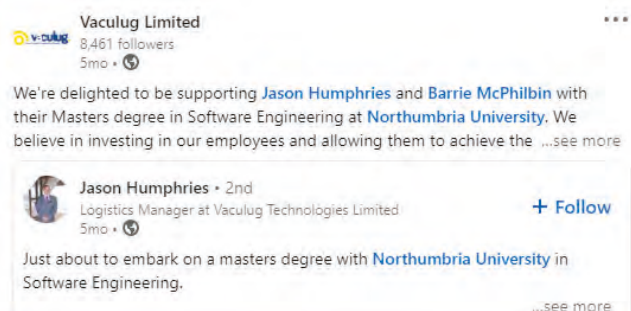
Blaine Landis, Associate Professor of Organisation Behaviour at UCL conducted a sustainability & succession planning workshop with our leadership team in February 2024.

CONTINUOUS EDUCATION

At Vaculug, we are committed to fostering a culture that values education and encourages a growth-mindset. We strongly believe in the power of

education to change the world. By actively investing in our people, we are investing in the future prosperity of our business, as well as the well-being of our communities and the planet.

We are dedicated to offering every employee the chance to enhance their skills and knowledge through ongoing educational and professional training programmes. Our employees are granted the opportunity to engage in development programmes that align with their individual goals and aspirations.



One example of how we are supporting our people is through professional development initiatives. In 2023, we invested in educational development programmes for two of our Vaculug team members at Northumbria University. Our Logistics Manager, Jason Humphries, is pursuing his master's in software engineering, and Barrie McPhilbin, our IT Manager, is pursuing his master's in cyber security. Additionally, Mike Evans, our Operations and OTR Director is pursuing a master's degree in business management at Oxford

University.

“Being offered this opportunity is allowing me to expand my professional development and implement and adopt new working practices into the business.” **Barrie McPhilbin**

We take pride in supporting our employees as they pursue their personal goals, interests and ambitions, and we appreciate the value and knowledge they

contribute to our company as they continue their professional development and educational journeys.



**Northumbria
University
NEWCASTLE**

CASE STUDY

Continued learning through our Vaculug University Series



We firmly believe in the power of education to inspire change. In this spirit, in 2021 our Chairman launched the Vaculug University Series, an initiative aimed at educating and inspiring employees to learn, grow, and unleash their potential.

Vaculug University is an inspiring initiative that offers a series of Masterclass-type online sessions with global business leaders, including the likes of Bill Gates, Tom Tugendhat, Chris Wigley, Mark Carney & Shai Weiss. In 2023, we

continued to develop and offer these inspiring VUS sessions, including a session with Amy Gallo, contributing editor at Harvard Business Review, workplace expert and best-selling author of “Getting Along: How to Work with Anyone (Even Difficult People)”.

Through this programme, each year we curate 12 modules covering various inspiring and thought-provoking topics for the year. At the beginning of each month, we share the first part of a module, and then towards the end of the month we share a summary for further reflection. For example, we shared a module titled “How Navy SEALs (and Successful Businesses) Create Self-Leading Teams That Win”, which summarises key learnings from Chris Mefford Culture Force Co-Founders, Retired US Navy SEAL and Kyle Buckett, Vice President of the Dave Ramsey Organisation (see Appendix 1).

It is through initiatives such as Vaculug University that we aim to create a culture that values education and embraces a growth-mindset. We also aim to inspire, inform and engage our employees. Vaculug University is open to all employees across the organisation and has been greatly appreciated by all who have participated.

Vaculug University Series (VUS) is another example of how we are actively investing in and nurturing the growth and development of our people.

Over the past year we have also collaborated with educational institutions in the UK to enhance our knowledge in the field of sustainability, as well as to share our sustainable thinking and best practices.



This past year, together with Professor Paolo Taticchi and UCL School of Management, we developed a case study which tells our story of sustainable transformation and purpose-driven leadership. The case study, which was published in May 2023, is being used internationally in prestigious business schools' programmes, corporate events and industry summits across the UK, China, Italy and Spain. In particular, it has been included in MBA programmes at UCL School of Management and Imperial College London in the UK, Peking University in China, SDA Bocconi in Italy and EADA in Spain. The case study has also been included in executive training programmes, including Imperial College Corporate MBA for Saudi Aramco in KSA (Kingdom of Saudi Arabia), as well as at various corporate events with managers and entrepreneurs in Italy that were

organised by The Ambrosetti House. The case study sheds light on real-world challenges facing SMEs today and offers tangible guidance and insights about how to overcome those challenges.



Professor Paolo Taticchi showcased our Vaculug Case Study at Bocconi University in Milan, Italy

UCL created this case study to emphasize our distinctive competitive stance as an SME taking the lead in sustainability within the tyre industry. By sharing our journey - our efforts to build a more responsible business, share best practices, and become industry leaders are being studied and recognised internationally. This initiative and recognition of our efforts is a testament to our commitment to driving positive change for a sustainable future. It is through endeavours such as these that we aim to inspire other SMEs and business leaders as they navigate their own paths towards building more sustainable and thriving businesses for the future.



Professor Paolo Taticchi included our Vaculug Case Study as part of the Imperial College Corporate MBA programme for Saudi Aramco in KSA

SUSTAINABILITY & SKILLS TRAINING

Closely linked to our commitment to education is our commitment to training, developing and upskilling our





Vaculug family. This applies to our employees as well as our customers. Over the past year we have put several training initiatives in place that are designed to educate our employees, customers and partners on the topic of sustainability.

To enhance our stakeholder's knowledge and understanding of sustainability, in 2023 we enlisted the support of a sustainability consultant, Antimo Matano, to develop specific sustainability-focused training modules for our employees, customers, and industry partners. The training modules focused on the topic of sustainability for our stakeholders. The second session focused on DEI (diversity, equity, inclusivity) in our workplace. The modules were designed to educate our stakeholders about the foundations of sustainability, while also emphasising the important role that each of our stakeholders play on this journey.

Throughout 2023, we organised several training sessions for our Vaculug family focused on enhancing knowledge and skills across different areas of our business. Each department tracks training sessions using matrix documents.

Committed to excellence, we ensure that our employees participate in training sessions that are dedicated to developing their skills and enhancing their knowledge on industry best practices. Training takes place in our on-site production facility, where all manufacturing employees go through comprehensive sessions led by our internal team of experts. The training sessions are designed to focus on specific functions, skills, and health & safety for each department.

In November 2023, our Logistics Manager Jason Humphries travelled to India for a training opportunity that would see him working alongside our software development team. Equipped with the skills and knowledge gained from this in-depth training experience, Jason is leading the development of new apps and projects that are underway back in our Grantham facility. It is this kind of cross-departmental and cross-border collaboration that enables our team to develop innovative solutions and efficiencies for our operations and employees, whilst elevating the quality of our products and services for our customers.



Part of our commitment to excellence is ensuring we have a healthy and happy workplace. We strive to foster a fun and engaging work environment for our employees. This dedication is apparent in the multitude of community engagement initiatives in which our employees actively participate and take a leading role in organising throughout the year.



FOSTERING A VACULUG FAMILY CULTURE

Nurturing a family culture is core to our business. As we have done for the past 70 years, last year we made a concerted effort to foster and promote a family culture that celebrates our people and our diversity. Throughout 2023, we took time to celebrate special occasions, milestones and festive seasons.

Through our employee engagement initiatives, we are focused on fostering a culture of sustainable thinking across our business. Every employee

training programme, customer event, and community project is developed to create a sense of shared responsibility amongst our employees, customers, suppliers and partners. Our team is not just part of a company, they are part of a community and movement that is focused on building a more sustainable future.

In support of SDG 3 (Good Health & Well-being), we have implemented initiatives to support the health and well-being of our employees. For example, we have developed a partnership with a local gym for employees to receive a discount. Additionally, over the past year, we conducted an employee satisfaction and engagement survey. The survey is a formal check in that enables us to gauge the well-being of our employees, and ensure we are providing the support they need to perform at their best. In 2023, the survey revealed that 90% of our employees are satisfied and engaged.

Each of these initiatives showcase how we are living our core values and prioritising the health, happiness and well-being of our employees throughout the year.

Celebrating Chinese New Year



In true Vaculug family style, and as part of our ongoing partnership with Westlake, we continued our annual tradition of celebrating Chinese New Year together with our employees. Chinese New Year is a time to celebrate new beginnings and wish good fortune for the year ahead. 2023 was the Year of the Rabbit, which represents humility, elegance and kindness – all traits we encourage and support

through our core values. To celebrate the occasion, employees were treated to a delicious Chinese buffet-lunch.



Celebrating International Women's Day 2023

To mark International Women's Day on 8th March 2023, we celebrated the remarkable women who are integral to our Vaculug family with a celebratory lunch. Although women are still underrepresented in the tyre industry, we are passionate about offering equal opportunities and ensuring our culture is inclusive.



Celebrating Special Vaculug Family Milestones

Driven by our family values, we once again took time to celebrate special moments and occasions together with our Vaculug family, including milestone birthdays and retirements. We are grateful for the hard work and dedication of all of our employees, and we are delighted to be able to celebrate these special moments together. Below are just a few snapshots of the many milestones we celebrated in 2023.



Jemma Gibson's
40th Birthday



Paul Farrington's
50th Birthday



Bob Towle's
60th Birthday



Graham Bristow's
60th Birthday



John Wray's
60th Birthday



Mark Fardell's
50th Birthday

Our Managing Director **Jorge Crespo** and Vaculug Chairman **Haarjeev Kandhari** also shared their birthday celebrations with the team.

Proud of Our Multi-Generational Family Connections

We are proud to have within our Vaculug family several multi-generational family members who have been part of our company for many years. Their dedication, knowledge and experiences combined have spanned decades. We are truly grateful for their contribution to making Vaculug a longstanding company that has been built on our family-based values.



Chris and Lily Watson (with Vaculug since 1985 and 2023, respectively)



Dave and Kerry Gibbs (with Vaculug since 1997 and 2023, respectively)

BUILDING LONGSTANDING RELATIONSHIPS

Taking time out to build upon long-lasting relationships with our partners and customers is key to our business.



In this spirit, this past summer we marked our long-standing partnership with Hankook Tyre UK by celebrating during a joint golf day. We organised for a trophy to match the one we awarded them 20 years ago which sits in their head office in Korea and the one from summer 2023 will sit in their UK office. The Arabic coffee pot trophy is a symbol of hospitality and generosity and is often used to welcome guests and forge bonds.

CULTURAL CELEBRATIONS WITH OUR VACULUG FAMILY

Celebrating Brazilian Day with Vipal

Keeping with tradition, in September 2023 we celebrated Brazil's Independence Day for the 2nd year running with our longstanding partner, Vipal. Together with our colleagues at Vipal, we hosted a wonderful day that celebrated Vipal's Brazilian history and culture. The day also provided the opportunity to celebrate our long-time partnership of 16 years. Employees from both companies were treated to a lunch and participated in fun activities, such as go-karting and laser tag. Showing our appreciation to our customers and employees alike has been crucial when building sustainable partnerships.



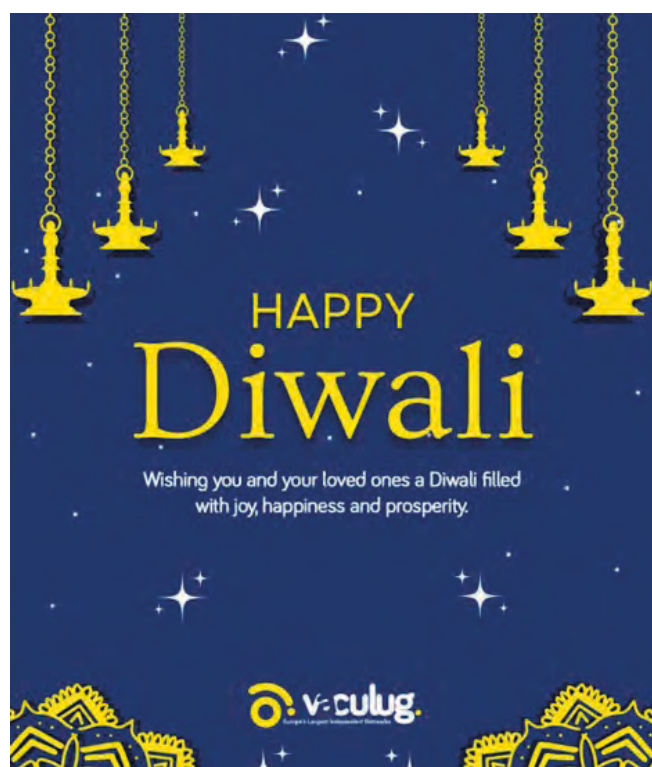
“We have had a solid business partnership with Vaculug for several years. A celebration of this type further expands the bond between our teams and strengthens our relationship with a retreader that does an excellent job in the UK and has very great synergy with Vipal Rubber.”

*Frederico Schmidt,
Vipal’s General Manager in Europe*

Celebrating Diwali

In November 2023, we celebrated Diwali & Bandi Chor Divas with our Vaculug family.

We believe diversity in the workplace is essential as it helps to foster a culture of inclusivity and respect. To celebrate this festive occasion, we enjoyed traditional Diwali sweets, and many of our employees brought in traditional foods from home to share and enjoy together!



Celebrating Christmas

At the end of 2023, we celebrated the festive season with an employee Christmas Party! We are incredibly grateful for every one of our Vaculug family members. In addition to spreading joy and fun, the event gave us the opportunity to wish everyone a joyful festive season, as well as a healthy & prosperous New Year!



OUR COMMITMENTS TO OUR PEOPLE	HOW WE ARE TRACKING
We will continue to upskill our Senior Management Team and employees with sustainability focused education and training sessions.	<p>Developed/conducted training sessions in 2023 with our employees and leadership team.</p> <p>Three employees have been studying higher education – these are all in areas we have highlighted as being important for ensuring the business remains sustainable in the future.</p>
We will continue to provide and track training on environmental, social and governance (i.e., ESG policies; Equality, Diversity and Inclusion training).	Ongoing.
We will explore providing training for mental and physical health and well-being for our employees.	Explored in 2023 and will be finalised in 2024.
We will introduce sustainability-focused employee awards to be awarded annually.	Launched our Sustainability Awards in 2023 (1 for office and 1 for manufacturing division).
We will continue to introduce, track and measure employee engagement opportunities, such as dedicated community volunteering days.	Our employees spent 1600 hours volunteering for various initiatives this past year (includes paid and unpaid time), including a dedicated volunteer day at our local Bhive Community hub where we supported their Coronation celebrations and planting in their sensory garden. We aim to increase this by 15% in 2024.
We remain committed to building our business as a family business and fostering an environment where our employees feel safe, healthy, and happy.	We host several events to engage our employees and we live our family values every day.







7

COMMITTED TO MANUFACTURING
EXCELLENCE, QUALITY, HEALTH & SAFETY

Paramount to our business is that our efforts ensure a safe and healthy workplace for our people, which we aim to achieve through the health & safety procedures and policies we have in place.

Since 2018, we have had no injuries occur across our organisation.

Our **'Vaculug Limited Quality, Environmental, Health & Safety Policy'** outlines our commitments to quality and safety. This policy is shared with all team members through our onboarding and training processes and is displayed on signs across our premises. We expect our employees to take considerate care of themselves and others by complying with the policies that have been put in place.

The commitments outlined in this policy include:

- Providing customers with a first-class retread product and service manufactured in a safe and efficient manner.
- The production of the environment, the prevention of pollution and environmental impacts related to our business.
- Communication, participation, and consultation with Vaculug team members

The 'Vaculug Limited Quality, Environmental, Health & Safety Policy' also outlines our efforts to maintain and audit our management system on an ongoing basis. Additionally, the policy is supported by our Risk Assessments, Environmental Aspects, Technical Schedules policies, which apply to all company activities.

In line with these efforts, we are committed to maintaining the standards required by ISO9001 and ISO45001 (See Figures 2 and 3). Vaculug is also confirmed as a member of the Safety Schemes in Procurement (SSIP) Forum, which validates the company has demonstrated its compliance with the forum's core safety criteria.

In addition to ensuring the health and safety of our employees, we remain committed to prioritising the health and safety of our customers who use our products. In line with this commitment, we have updated and enhanced our Fleet Management System so that we can offer the highest quality service and products to our customers.

Part of being a responsible business is doing our part to ensure the health, safety and well-being of our surrounding community. As an industry leading retreader, we believe it is our responsibility to not only deliver safe retreads to our customers, but it is also our responsibility to drive awareness about road safety and the role tyres can play in reducing serious injuries or incidents. According to TyreSafe, the UK's tyre safety charity, 159 people are killed or injured due to incidents involving defective tyres each year (UK annual average)¹⁸

To help drive awareness about road safety and the importance of tyre management, in 2022 we established a partnership with the Metropolitan Police, which enabled us to host Road Safety and Tyre Awareness workshops with key stakeholders. Our first workshop, which took place in October 2022, covered road safety issues, including mobile phone laws, bridge strikes, load security, and tyre safety.

In 2023, we built on this partnership with the Metropolitan Police by conducting two additional workshops, which took place in April and October. In addition to these events, we also conducted smaller workshops specifically for our customers. The objective of these sessions was to educate our stakeholders on all aspects of road safety, more specifically the vital role that tyres play in keeping people safe and in preventing serious incidents on our roads. Many of our employees and customers participated in the sessions, and everyone walked away with a better understanding of tyre and road safety.

We also collaborated with the Driver & Vehicle Standards Agency (DVSA) on this initiative.

Our road safety initiative is aligned with SDG 3 (Good Health & Wellbeing), and more specifically SDG indicator 3.6.1, which is to reduce the death rate caused by road traffic injuries.

¹⁸ Source: <https://www.tyresafe.org/tyre-safety-infographics/>, accessed January 2024.



Richard Wenham CMILT M.IMI-CAE from Metropolitan Police addresses customers at our 3rd Road Safety and Tyre Awareness workshop which was held in Grantham in October 2023.

Following each event, attendees received a Tyre Checking Sheet to help them monitor the safety of their tyres. The fact sheet was translated into approximately eight different languages that are native to many drivers that are employed by our customers. The sessions were well received and appreciated by all who attended.

“The Road Safety and Tyre Awareness meeting yesterday was one of the best informed and well delivered awareness days, both Andy and I have been to. Thank you.”

**Peter L Tod, Group Logistics Compliance Manager,
JG Pears Holdings Ltd.**



In line with our Health & Safety policies, we have several certifications that ensure we comply with industry standards and regulations (see Figure 2).

In 2023, we became a proud member of the Tyre Recovery Association (TRA). The TRA represents the UK's tyre recovery sector, which processes over 40 million used tyres every year. A key objective of the association is to promote best practice across the sector and to provide a responsible and legally compliant tyre collection and recovery service for operators that generate tyre waste in the UK. TRA members are fully accredited by the scheme associations Responsible Recycler Scheme, which guarantees that all tyres collected, recycled or

reprocessed by the association are disposed of or reused in an environmentally friendly manner¹⁹.

Additionally, Vaculug was admitted into the Worshipful Company of Wheelwrights Corporate Affiliate scheme as a Gold Member in 2023. The programme supports activities related to corporate social responsibility, environmental, sustainability, community outreach and many other mobility-related activities.

To uphold our Health & Safety practices and certifications, our production team participated in training in line with our ISO audits. Our Maintenance Manager underwent training for noise monitoring to ensure our facility was operating at optimal noise levels for our employees.



Figure 1: Summary of Health & Safety Certifications

HEALTH & SAFETY CERTIFICATION	HOW WE ARE TRACKING
OHS 45001:2018	<p>Sets out the criteria for an Occupational Health and Safety Management System that an organisation can use to protect employees and visitors from work-related accidents and diseases.</p> <p>Certifies that Vaculug complies with the requirements of ISO 45001:2018 (SSIP) for the following scope:</p> <p>Remoulding of tyres and associated activities.</p> <p>This certification replaced OHAS 18001:2017.</p> <p>BSI also confirms as a registered member of the Safety Schemes in Procurement Forum, that the organisation has demonstrated its compliance with the core criteria for organisational capability as specified in Appendix 1 of SSIP’s rules and bylaws for all relevant duties as detailed within the scope above.</p>
Alcumus Safe Contractor	<p>Certificate of SafeContractor Accreditation for the following services:</p> <p>Work Categories; Ability to Subcontract; Ability to Subcontract Supplier & Service Provider; Supplier Industry Roles; Non-Construction Contractor, Supplier Category Related Activities; Ladders / Step Ladders, Selection & Control of Subcontractors, Working at Height.</p>

¹⁹ Source: <https://tyrerecovery.org.uk/about-tra/>, accessed January 2024.

TOGETHER WE CAN ACHIEVE A SUSTAINABLE FUTURE



At **Vaculug**, we are strongly committed to become carbon neutral by 2030. This means that greenhouse gasses produced by our activities will be balanced by the amount removed from the atmosphere. By doing this, we recognise the importance of becoming more ecological every day.



WE ARE COMMITTED TO QUALITY & EXCELLENCE

We are unwavering in our commitment to producing and delivering the highest quality products for our customers.

To ensure we are delivering the highest quality of products and services, our 'Vaculug Limited Quality, Environmental, Health & Safety Policy' outlines the following commitments:

- The continuous improvement of our Management Systems, performance, and products
- To meet and maintain all the standards required by ISO 9001 and ISO 45001 (see Figures 1 and 3)

In support of our commitments to quality and safety, our professional repair service team carry out repairs

on all sizes of commercial vehicle tyres in line with BS AU 159f. Our team also services off-the-road (OTR) tyres. Our process involves taking a worn tyre of good structural integrity, and completely renewing the tread and sidewall rubber. This process is followed by a comprehensive examination for quality and safety. Our retreading process includes the following six key steps: initial inspection, buffing, preparation, building, curing and final inspection. For the final inspection stage, we perform eight quality checks (more than what a new tyre endures), to ensure the rebuilt tyre has no defects and is fully fit for service. Our retread tyres are produced to ECE109 standards, which is the same as a new tyre. Our systems provide a complete record of each stage of remanufacturing, and we have invested in the latest retreading technology, including 12-segment, high pressure moulds and inflation testing to 150 psi.

In line with our commitment to quality & excellence, we became ISO 9001 certified in 2015, which certifies



that we operate a quality management system in compliance with the standards set in relation to the manufacturing of retread tyres for commercial, industrial and earth moving vehicles, as well as the repair and polyurethane filling of tyres for such vehicles (see Figure 3). Furthermore, 100% of the products we produce come with a formal warranty or guarantee for our customers.

Part of our approach to sustainability involves maintaining and investing in our manufacturing equipment to ensure we can deliver the highest quality products and services over the long run. Our autoclave machine, which is used for curing off-the-road (OTR) tyres, has been in operation since our business first opened in 1952. It serves as just one example of how we invest in maintaining and extending the life of our equipment, in line with our sustainable thinking and approach.

A LOOK AHEAD – COMMITTED TO HEALTH & SAFETY OF OUR EMPLOYEES, AND DELIVERING QUALITY & EXCELLENCE TO OUR CUSTOMERS

To ensure the health & safety of our employees and delivering quality and excellence for our customers, we will continue to explore ways we can continue to improve our practices and policies. We will also continue to invest in training and developing our people, ensuring they have the resources they need to achieve their greatest potential.

OUR QUALITY, HEALTH & SAFETY COMMITMENTS	HOW WE ARE TRACKING
We will reinforce our existing ESG policies by continuing to improve and integrate ESG issues into our HR and Management policies.	Formalised and published our ESG policy and Code of Ethics policies in 2023.
Maintain our commitment to fostering a healthy, safe, and zero-injury work environment.	Zero-injuries reported since 2018. Health & safety certifications.
We are committed to continuing to make Quality & Excellence training a priority across our business operations by formalising our training processes.	Ongoing.
We will formalise our communication around the training and development opportunities and expectations for our employees.	Ongoing.

OUR ECOLOGICAL TRANSFORMATION STARTS NOW



At **Vaculug**, we are strongly committed to become carbon neutral by 2030. This means that greenhouse gasses produced by our activities will be balanced by the amount removed from the atmosphere. By doing this, we recognise the importance of becoming more ecological every day.







8

TAKING CARE OF OUR BUSINESS AND THE PLANET

REDUCING OUR IMPACT ON THE PLANET

We remain resolute in our commitment to being a responsible business that respects our people, communities, and the environment.

The practice of retreading is central to our business. At its core, retreading is a circular and sustainable business model that keeps millions of tyres in circulation and out of landfill sites each year.

We are committed to being a zero-landfill operation. Through our day-to-day operations, we divert unusable tyres and rubber-waste from landfill sites and send them to be repurposed for other uses that benefit our surrounding communities.

TRACKING OUR ENVIRONMENTAL PERFORMANCE AND IMPACT CARBON FOOTPRINT

We remain committed to becoming a carbon net-zero (scopes 1 and 2) company by 2030.

Our efforts to reduce carbon emissions have mostly been achieved through the process of retreading itself, which generates 70% less carbon dioxide than producing a new tyre.

Our retreading and recycling efforts contribute to minimising our overall environmental impact. Over the last year, we have made strides to fully understand our carbon footprint, as well as identify the specific actions that we need to make in order to reduce impact.

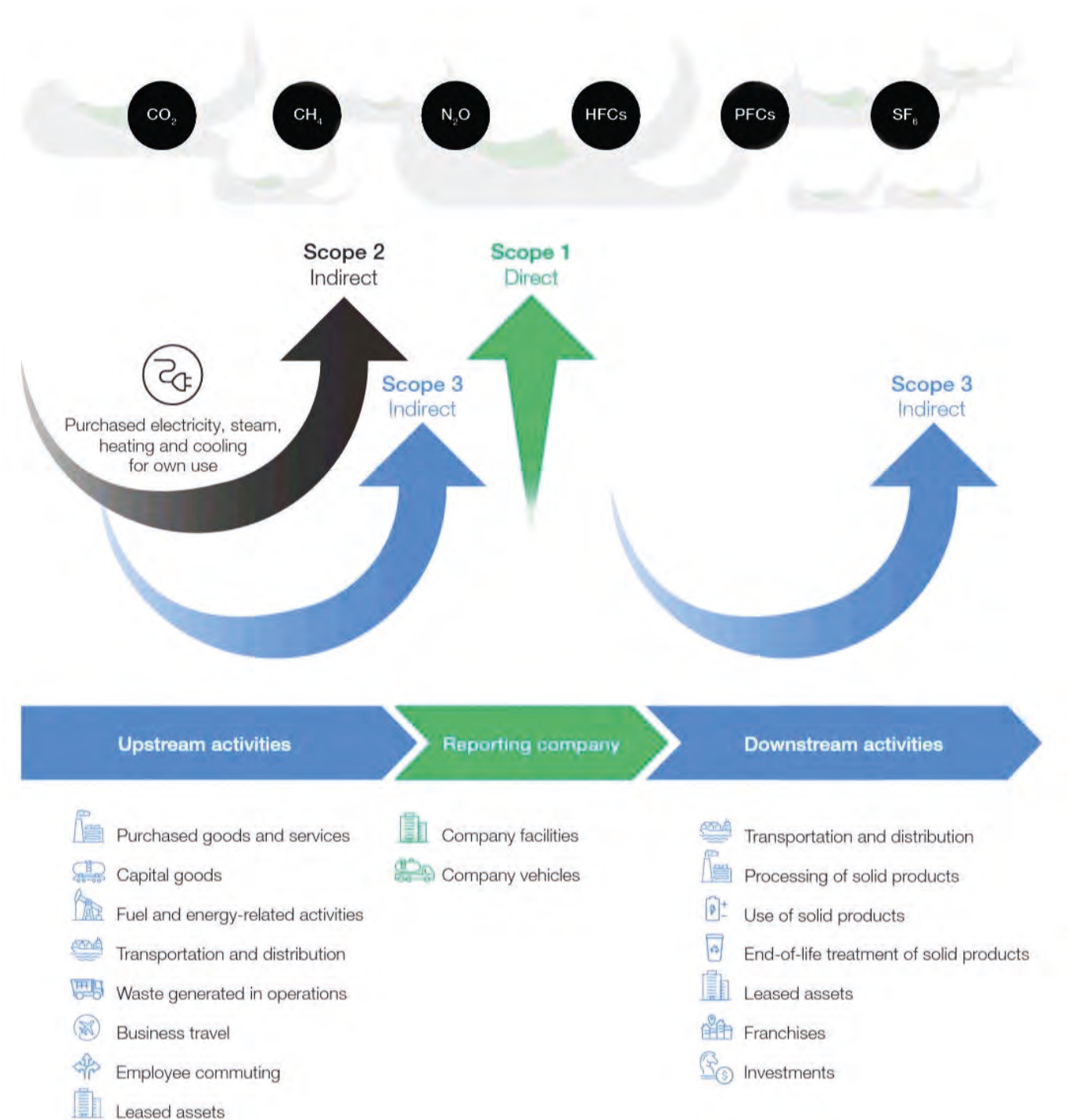
We recognise the importance of tracking and measuring our impact and progress on this journey. In 2023, we collaborated with Tecno International, a carbon assessment consulting firm who specialise in assessing the carbon impact of companies in line with the GHG (Greenhouse Gas) Protocol. The GHG

Protocol is a corporate accounting and reporting standard developed by the World Business Council for Sustainable Development. The GHG Protocol divides emissions into three different scopes, which are referred to as Scopes 1, 2 and 3 (see Figure 2).

This past year, Tecno International performed a comprehensive assessment of our Scope 1 and Scope 2 carbon footprint, based on our activities between January and December 2021. The assessment set out to establish our baseline which we will use to measure against going forward.



Figure 2: Overview of Scopes 1, 2 and 3



Source: US Environmental Protection Agency

The methodology used to conduct this assessment involved the collection of data for specific activities (e.g., litres of fuel, kWh of energy, smc of gas, etc.) within the boundaries of our Scopes 1 and 2 activities and operations.

The results of our baseline assessment, which was based on our 2021 activities, confirmed that most of our carbon emissions stem from our indirect Scope 2 activities, which accounts for 87.4% of our emissions (GHG emission of 8.89E+05 kg CO₂ eq). Within Scope 2, the majority of our carbon emissions come from the energy we purchase and consume. The remaining 12.6% of our total GHG emissions (1.28E+05 kg CO₂ eq) is attributed to our Scope 1 activities, with the main source being the consumption of diesel and petrol for our fleet of company vehicles.



“We are excited to work with Vaculug on their ambitious decarbonisation agenda. We are impressed by the commitment and ambition of a smaller manufacturing company operating in what is often deemed a carbon-intensive sector. We look forward to continuing to support Vaculug as they pursue their journey towards carbon net-zero.”

Salvatore Amitrano, Director, Tecno International

Based on these findings, with Tecno International’s support, in 2023 we designed a comprehensive decarbonisation strategy aimed at helping us achieve carbon net-zero by 2030. In parallel, we also engaged with a third-party auditor to verify our assessment.

Following the external audit, in 2023 we defined and submitted our long-term emission reduction targets in line with climate science from the Science Based Targets initiative (SBTi). The SBTi is a global association that helps businesses to set ambitious emissions reductions targets in line with the latest climate science. Science-based targets inform organisations how much and how quickly they need to reduce their greenhouse gas emissions to prevent the effects of climate change. The SBTi has accepted Vaculug’s science-based target of achieving net-zero by 2030. This is a significant step that positions us closer to achieving our ambitious carbon net-zero goal.

Establishing and committing to the SBTi is just one of the many ways we are integrating sustainable thinking across our business.



Conducting a comprehensive carbon assessment was an essential step for our organisation. If we are to take our commitments seriously, we need to first understand where we have the greatest impact, and where we can make the most significant improvements. While we are dedicated to building a responsible business, we also acknowledge that our resources are finite. Therefore, making informed decisions that will yield the greatest results will be key. With our baseline established, we can now effectively track our progress and, perhaps even more importantly, identify the areas we need to focus on improving.

The findings of the assessment highlighted that a key contributor to our Scope 1 emissions is our

fleet. In an effort to reduce the impact of our fleet, in 2023 we transitioned our heavy vehicles to be fuelled by Hydrotreated Vegetable Oil (HVO), which is a next generation low-carbon diesel fuel. HVO is derived from cooking oils, residue animal fats from food processing, tall oil and non-food grade crops. Although it is more expensive than regular diesel, it is a renewable fuel that is better for the environment. This transition was implemented in 2023 and we will be closely monitoring the impact in terms of reduced emissions over the next year.

Another step we took to reduce our Scope 1 emissions was to transition our fleet to become fully hybrid by 2025. In 2023, our fleet was made up of 80% hybrid vehicles, in line with our decarbonisation plan. We also invested in eight fast-charging stations which were installed on our Grantham site at the end of 2023.

In addition to reducing our own emissions, helping our customers to decarbonise and improve their own performance is a key part of our journey. Many of our customers are small-to-medium-sized businesses whose resources are finite, and while they understand the need to transition in line with the global sustainability agenda, many lack the resources or expertise needed to transition quickly. To support our customers on this journey, on June 1st 2023, we launched an initiative that allows our customers to offset their carbon emissions from their Vaculug retreaded tyres within the UK. For less than 70 pence per retread, our customers can sustainably offset the carbon emissions from the production of their retreads. Going forward, we will continue to track and measure our activities, with the aim of making incremental improvements along the way.

We realise there is more work to be done to reduce carbon emissions across our operations, as well as within our fleet. Over the past year, we explored renewable energy solutions that we will look to adopt in the coming years. The transition to HVO fuel is one example of the progress we are making. It is these types of sustainability-focused solutions that we will continue to explore, trial and adopt as part of our R&D and decarbonisation efforts in the coming years.

To further support our carbon reduction efforts, we have put a policy in place that requires all business-related flights by our employees to be carbon compensated. We are also continuously working with our customers to reduce our footprint and find efficiencies where possible. For example, our newly developed Casing App enables us to collect used tyre casings at the same time as making deliveries to our customers, thereby reducing fuel usage. We also review our delivery routes every year to ensure we

are continuously improving and optimising the most efficient routes.



Contributing to our overall efforts to reduce our carbon footprint and to make a positive impact for the planet, we are proud Patrons of One Life One Tree - The Sequoia Project. Through our partnership, we purchased a Giant Sequoia tree which was planted in the Brecon Beacons. We are encouraged by the idea that the next generation will be able to enjoy the shade created by this tree.

"The one who plants trees knowing that he or she will never sit in their shade, has at least started to understand the meaning of life."

Rabindranath Tagore

WATER CONSUMPTION

In line with our sustainability strategy, we are making efforts to reduce our water consumption every year. As a tyre manufacturer, the majority of our water usage can be attributed to our manufacturing processes. In 2023, we consumed 3,166 cubic litres of water. This is a notable reduction compared to 2022 (3,856 cubic litres of water used in 2022). The reduction may be a result of the slight reduction in tyres processed over this past year.

ENERGY CONSUMPTION

In 2023, our energy consumption across our Scope

2 operations was 2,270,040 kWh, which resulted in a decrease compared to 2,428,760 kWh in 2022. This ultimately means that we have seen a decrease in our energy consumption of 6.13% since our baseline year in 2021.

This decrease, compared to our 2021 baseline year, is a result of a number of sustainability-focused initiatives we put in place in recent years. This includes the installation of special thermal insulation systems for our tyre presses, which was developed in-house by Vaculug's R&D team. We also invested in a new heating control mechanism and advanced production techniques which reduced cure time and energy used during the production process. Additionally, we replaced our lighting to LED lightbulbs throughout our facilities.

Alongside the carbon assessment that we conducted with Tecno International in 2023, we also performed a Life Cycle Assessment (LCA) for our VIP Tyre, a new product that will be launching in 2024. The assessment, which was based on ISO 14040 and 14044 standards, measured the VIP Tyre's impact on the environment and involved calculating indicators required for the Product Carbon Footprint. The LCA follows an analytical and systematic methodology that examines and assesses the environmental footprint of a product or service throughout its full life cycle. This covers everything from the extraction phases of the raw materials used through to manufacturing, distribution, use and final disposal. Once the LCA is completed, it will allow us to calculate the carbon footprint of each individual VIP Tyre. Following this assessment, we have purchased carbon credits to offset each individual tyre. Even though retreads are inherently carbon positive, the current environmental calculations do not account for avoided emissions. As such, we have decided to voluntarily purchase carbon credits to offset the entire carbon footprint of our VIP Tyres. A carbon credit is a tradable certificate equivalent to one tonne of CO₂ not emitted or absorbed.

Over the past year, we also explored different ways that we could reduce our energy use related to our manufacturing processes. Currently we have three compressors that need to be serviced so that they can last for another ten plus years. The alternative option is to replace the older units with new compressors that are more energy efficient but are more costly than repairing the existing equipment. Following this assessment and in line with our sustainability strategy, we have decided to invest in the new energy efficient compressors, which will replace the older equipment in early 2024.

Three new energy efficient compressors that

we explored in 2023 and put in place in our manufacturing site in early 2024.



Another initiative that we introduced in 2023, that was aimed at reducing our energy consumption and engaging our employees, was our 'Turn off the light, keep the future bright' energy saving initiative. Shining the light on the simple ways that we can incrementally improve our environmental impact, the campaign encouraged employees to actively contribute to our efforts to save energy, reduce costs and operate more efficiently on a daily basis. Employees were invited to nominate team members who were saving energy, and each quarter an employee would receive a £25 voucher to show our appreciation for their efforts.



WASTE MANAGEMENT & RECYCLING (MANUFACTURING WASTE, FOOD WASTE)

We recognise the important role the retreading industry plays in keeping end-of-life tyres from piling up in landfill sites around the world. Retreading contributes significantly to the SDGS, namely SDG 12 (Responsible Consumption and Production). More specifically, the practice of retreading supports SDG target 12.5 (substantially reduce waste generation through prevention, reduction, recycling, and reuse).

As part of our retreading operations at Vaculug, we buy used tyre casings, sell retreaded tyres and we pay to recycle our unusable tyres and rubber waste materials that would otherwise end up in landfill sites. We abide by industry-standards for the reuse of tyres and the recycling of those which are beyond further use. Additionally, we reduce, reuse, and recycle our materials whenever possible.

Although it costs us more to recycle end-of-life tyres in comparison to sending them to landfill, we have consciously chosen to act responsibly by opting to recycle our rubber waste.

Thanks to our recycling partnership with Murfitts Industries, we ensure that our leftover rubber does not go to waste. Murfitts Industries are the UK's leading tyre collector and manufacturer of rubber granules worldwide. A sustainability focused company, 100% of the tyres Murfitts collects are recycled and repurposed for a variety of products, including artificial turf infill, rubber mulch used on children's playgrounds, carpet underlays and road surfaces, just to name a few. As a member of the Tyre Recovery Association, we are confident that Murfitts recycling processes are responsible and in compliance with industry regulations.

In 2023, we recycled over 4,447 tonnes of rubber and 928 tonnes of steel from end-of-life tyres. Combined, this saved 13,609 tonnes of CO2 emissions last year.

Our recycling efforts are central to our circular

business model. Currently this process involves us sending our end-of-life tyres, as they are, to Murfitt's to be recycled. As we look at ways to further improve and optimise every aspect of our business, this past year we explored the feasibility of cutting our own rubber from the end-of-life tyres before transporting the materials to be recycled. This approach would enhance efficiencies by allowing us to fit more materials in the recycling collection trailer, leading to a reduction in the number of collections needed throughout the year. In turn, this approach would also lead to a reduction of fuel consumption, carbon emissions and costs. We are continuing to explore this option with the aim of implementing it within the next year. This is yet another example of how we are applying sustainable thinking to our business every day.



Image courtesy of Murfitts Industries

All of our end-of-life tyre rubber is sent to our recycling partner, Murfitts, to be recycled and repurposed.

Once our recycled materials arrive at Murfitts recycling plant, located in Lakenheath, England, it is destined to be used in one of two ways. The first way sees our recycled rubber being turned into rubber crumb, which is then used to make various products, such as sports surfaces.

The second scenario sees that the rubber crumb made from our recycled tyres is sent back to tyre manufacturers, who then use it to make new tyres. In both scenarios, our end-of-life tyre rubber that was otherwise destined for landfill is put to good use.

As part of our recycling efforts, we have also ensured that the packaging materials for our products are certified to meet independent standards for

environmental impact. Additionally, all of the packaging materials are recyclable.

In addition to recycling our tyre waste, we are proud to state that 100% of our non-tyre related waste is also recycled in line with our 'zero general waste to landfill' policy, which is monitored by our EMS (Environmental Management Systems) Certification.

To ensure we are implementing waste management best practice across our operations, in 2023 our Health & Safety manager completed an Operator Waste Return course. The course aided our team's efforts to support and correctly monitor the waste that leaves our site.

Additionally, in support of our mission to keep tyres out of landfill, our internal team of experts developed a Casing App that helps us track casings with our customers, ensuring they are returned to our site to be re-processed or recycled in a responsible way.

With this technology, our goal is to encourage our customers to return tyre casings to us once they have reached the end of their life cycle, at which point they become waste. For every casing that isn't returned, our customers are charged a fee.

In addition to being a zero-landfill retreader, our retreading processes use 76 litres less oil and raw materials than what is required to produce an equivalent new tyre.

Through our recycling and waste-management efforts - combined with our decarbonisation efforts - we are determined to reduce our environmental impact and grow a responsible business at the same time.



Image courtesy of Murfitts Industries



561.84



462.93



our efforts + collaboration
to ensure a sustainable
future for all.
For further information,
please contact us at
info@lufthansa.com



152.68



743.06

219.98

ENVIRONMENTAL CERTIFICATIONS

As a responsible manufacturing company, we have earned and maintained several environmental and quality standards certifications. We are ISO 14001:2015 certified for our Environmental Management System, which verifies our compliance with standards related to the remoulding of tyres and associated activities (see Figure 3). We also have ISO 9001:2015 certification for our Quality Management systems, which affirms that we are following the highest standards and regulatory requirements with our retreading process.

Over the past year, 25-49% of the products we sold had a certification that assesses the environmental impacts of those products and/or their production process.

Our environmental certifications verify that, at a minimum, we are operating to industry standards.

We see it as our responsibility, however, to lead beyond the standards, to share best practice, and to help advance the industry's sustainability performance. For this reason, we develop a Carbon Footprint Assessment Report for each of our customers every year. The report is a tool that helps our customers to better understand their own impact and identify areas for improvement. In 2023, we continued this practice and delivered this Annual Report to each of our customers.

“At Vaculug, being a responsible business and a prosperous business are not viewed as being two mutually exclusive ideas. To the contrary, being a responsible business is precisely how we intend to build and grow our business for the future.”

Haarjeev Kandhari, Vaculug Chairman

Figure 1: Summary of Health & Safety Certifications

ENVIRONMENTAL CERTIFICATION	DESCRIPTION
ISO 14001	<p>Sets out the criteria for an Environmental Management system that an organisation can use to enhance its environmental performance.</p> <p>Certifies Vaculug and operates an Environmental Management System which complies with the requirements of ISO 14001:2015 for the following scope: Remoulding of tyres and associated activities.</p>
ISO 9001:2015	<p>Sets out the criteria for a Quality Management system that an organisation can use to demonstrate the ability to consistently provide products and services that meet customer and regulatory requirements.</p> <p>Certifies Vaculug operates a quality management system which complies with the requirements for the following scope: The manufacture of retread tyres for commercial, industrial and earth moving vehicles, as well as the repair and polyurethane filling of tyres for such vehicles.</p>



OUR APPROACH TO REDUCING OUR ENVIRONMENTAL IMPACT

We remain committed to reducing our carbon footprint over the course of this decade. With our carbon reduction strategy, we are on a path that will lead us to becoming carbon net-zero by 2030.

Our commitments to the environment are regularly monitored through independent auditing. Through our environmental management system, we have committed to:

- Minimise waste, make efficient use of energy and reduce carbon emissions into the atmosphere.
- Consult with our employees on matters affecting the environment.
- Be a good neighbour and to hold regular review meetings with local authorities concerning our impact on the environment.

- Ensure all reject casings are disposed of via registered Tyre Disposal Agents and, wherever possible, we ensure that this waste is recycled.
- Develop procedural policies to encourage suppliers to address their own environmental issues.
- Address environmental issues relating to products that we distribute.
- Consider the impact on the environment in any capital purchase of equipment.
- We are testing polymers and increase efficiencies in relation to product performance.
- Apply our #SustainableThinking approach to all operational and business decisions.

From an industry perspective, the primary governing body is the UK Governments Environmental Agency.

In 2022, the Environmental Agency awarded Vaculug an A-Rating for the company's compliance with environmental standards and regulations, making us the only retreader in the world to have an A-Rating from the Environmental Agency.

As part of our medium to long-term targets, we committed to improving our procurement processes and policies in alignment with our sustainability strategy. In 2023, we established a policy that ensures our marketing merchandise is obtained from sustainable resources and made from recycled materials where possible.

On the manufacturing side of our business, in 2023 we explored and sourced raw materials that aim to minimise our environmental impact without negatively impacting the quality and performance of our tyres. We set out to test silica in our production process. Silica is a renewable resource that is sourced from rice husks. If successful, we will integrate silica into our retreading process in the near future.

When it comes to procurement and engaging our supply chain, we will continue to look at ways to improve our processes and contracts, with the aim of engaging suppliers who share our values and approach to sustainability.

Vaculug paves the way for sustainable tyre innovation: Silica from rice husk technology in testing phase

In November 2023, Vaculug announced a bold stride towards sustainable manufacturing with the initiation of a production process that is testing the use of silica, composed by two parts of a rice husk. This progressive and innovative experiment underscores Vaculug's commitment to environmental responsibility and technological advancement. Vaculug aims to harness the benefits of silica to enhance the performance and environmental profile of tyres.

Rice husk, also known as rice hull, is the outer cover of the rice grain that is removed

during the milling process.²⁰ This natural by-product provides an eco-friendly dimension to the tyre production process. Furthermore, with rice being one of the most important food crops, finding productive uses for this by-product not only improves the make-up of tyres, but it also ensures the by-product does not lead to more waste being produced during the food manufacturing process.²¹

Should the testing phase prove successful, and show no signs of negatively impacting tyre processing, quality or performance, Vaculug is prepared to integrate the silica technology into its standard production procedures. The testing phase is a pivotal step in Vaculug's ongoing efforts to introduce innovative and eco-friendly alternatives without compromising on the high performance and quality that customers expect from Vaculug tyres.



²⁰ Source: <https://www.sciencedirect.com/topics/engineering/rice-husk>, accessed January 2024.

²¹ Source: [https://www.sciencedirect.com/science/article/pii/S1878535222004026#:~:text=Ltd.%2C%20India\)%20is%20used,used%20to%20improve%20silica%20dispersion.,](https://www.sciencedirect.com/science/article/pii/S1878535222004026#:~:text=Ltd.%2C%20India)%20is%20used,used%20to%20improve%20silica%20dispersion.,) accessed January 2024.

A LOOK AHEAD - OUR ENVIRONMENTAL PROMISES FOR THE WAY FORWARD

To further reduce our impact on the environment, we will continue to focus on improving and formalising our processes related to waste management, natural resources, and recycling. In relation to how we work with our supply chain, we are reviewing and updating

our procurement policies to ensure our suppliers are operating in alignment with our ESG standards.

By the end of 2025, we will aim for at least 50% of our procurement contracts to be spent with suppliers that operate in accordance with a verified ESG policy.

OUR ENVIRONMENTAL COMMITMENTS	HOW WE ARE TRACKING
We are committed to achieving carbon net-zero (scopes 1 and 2) across our business operations by 2030.	Ongoing. We have a strategy and action plan in place to work towards this target.
We are committed to completing our baseline carbon assessment by June 2023.	We completed our assessment in March 2023.
We are committed to completing a third-party audit of our carbon assessment by August 2023.	Completed in 2023.
We are committed to submitting science-based targets (SBTi) by August 2023.	Completed in August 2023.
We will have a full hybrid fleet of company vehicles by 2025.	Our company vehicle fleet is now 80% hybrid. We are still committed to making this 100% by 2025.
We will invest in eight fast-charging stations (in 2022).	Completed, we now have eight fast-charging stations that were installed in 2023.
We will continue to measure and track our water consumption with the aim of reducing our usage year over year.	Reduced our water usage by 18% in 2023 (compared to 2022).
By 2025, we will target at least 50% of procurement spent with suppliers with a verified ESG policy.	Ongoing.
In 2023, we will aim to support SDG 15 (Life on Land) through various biodiversity initiatives.	Ongoing.
We will aim to further improve our sustainable facilities & manufacturing practices by exploring renewable energy options, such as solar panels and/or more efficient practices, such as installing batteries that charge overnight.	Ongoing. We are testing renewable resources (raw materials and fuel). We have also explored and invested in more energy efficient manufacturing equipment.
We will continue to improve our industrial processes to earn energy certifications.	Ongoing.





An aerial photograph of a dense evergreen forest, likely spruce or fir, with sunlight filtering through the canopy, creating a dappled light effect. The trees are tall and conical, packed closely together.

9

GOOD GOVERNANCE FOR A RESPONSIBLE BUSINESS

We began our journey of sustainable transformation under the leadership of our purpose-driven Chairman. Supported by our leadership team, and with our sustainability strategy in hand, we are on a clear path towards achieving the goals we set out for this decade.

Our sustainability strategy serves as our guide towards achieving our medium to long-term goals. Key to any business plan, however, is ensuring we have the proper governance structure in place to see that plan through.

We know that bold commitments require bold actions.

Our first 2021 Sustainability Report outlined our ambitious targets for the coming years, notably becoming carbon net-zero by 2030. We remain unwavering in our commitments to achieve the ambitious goals we have set out. Part of this involves ensuring we have the proper governance structure and expertise to guide us on this journey.

Over the past year we have strengthened our governance structure to support our strategy. In 2023, we formalised policies with the publication of our ESG Policy and our Code of Ethics. We collaborated with sustainability experts and a third-party firm that specialises in carbon assessments to track and measure our carbon emissions.

WE APPOINTED PAOLO TATICCHI AS OUR CHIEF SUSTAINABILITY ADVISOR

We recognise the importance of strong governance to achieve the goals we have set out for the next few years. When we began our journey of sustainable transformation in 2022, we set out to strengthen our governance structure by partnering with industry experts to support and guide us on this journey.

In May 2023, we appointed sustainability expert, thought-leader and scholar Paolo Taticchi to the role of Chief Sustainability Advisor. Paolo is a Professor of Strategy and Sustainability at UCL School of Management (a top 10 global school). Paolo supported us in the development of our Sustainability Strategy and with our first ever Sustainability Report, which we published in 2022.





Paolo's area of expertise and research is focused on the sustainable transformation of businesses. As our expert advisor, Paolo is passionate about helping businesses integrate sustainability across their operations.

Paolo will continue to support us with the implementation of our sustainability strategy. Under Paolo's guidance, our leadership team remains steadfastly committed to achieving our ambitious goals and to growing a responsible, competitive, and prosperous business for the future.

Paolo Taticchi, OMRI, Professor in Strategy and Sustainability & School Deputy Director (MBA, Global Engagement, Executive Education) at UCL School of Management joins Vaculug as Chief Sustainability Advisor.

In May 2023, we formally welcomed Professor Paolo Taticchi as our Chief Sustainability

Advisor. We are delighted to have Paolo on board as we continue work towards our ambitious medium to long-term goals.

Highly active in executive education, Paolo has trained thousands of managers and executives of Fortune Global 500 companies and is a sought-after speaker, who is regularly invited to give keynote talks at world-class academic, governmental and industry events.

Paolo's research on corporate sustainability and performance measurement is internationally recognised. Paolo's latest books are titled "Disruption" and "Sustainable Transformation Strategy", both published in 2023. Paolo is also the host of the #InLoveWithBusiness podcast. This channel is dedicated to exploring the fascinating world of business, where passion meets profession.

Outside of the academy, Paolo has significant consultancy experience in the fields of strategy, education, and sustainability. He has worked in this capacity for firms of various sizes, and in a range of different industries. Today, he advises (or serves in the advisory board) influential organisations and is one of the scientific advisors of the Ministry for the Ecological Transition in Italy. He has received numerous awards for the impact of his work. His projects, quotes and opinions have been featured over 350 times in international media outlets. In 2021-2023, Paolo was indicated by Italian's leading business daily Sole 24 Ore as the most influential Italian under the age of 40.

"I am excited to join Vaculug as their Chief Sustainability Advisor. Vaculug is not only a leading retreading company in the UK and Europe, but it is a company that has made a real commitment to sustainability. The company has set ambitious objectives for the coming years, which really sets it apart from other organisations in the sector. I look forward to continuing to work with Vaculug as they continue to work towards their mission to change the world for better."

Paolo Taticchi, Professor of Strategy & Sustainability at UCL School of Management

We remain fully committed to our environmental, social, and governance goals and vision for a better future. With Paolo's guidance, we will continue to sharpen our focus on the areas where we can make the greatest improvement and impact. By strengthening our knowledge and understanding of what it means to be a responsible business, we remain fully devoted to accelerating our efforts to achieve the ambitious goals we have set out for the coming years.

To effectively govern and action our sustainability agenda, we understand the importance of tracking and measuring our activities. To help us

effectively measure our impact over the past year we partnered with Tecno International, a leading carbon assessment consulting firm that specialises in assessing the carbon impact of companies in line with the GHG (Greenhouse Gas) Protocol. In addition to conducting a comprehensive carbon assessment in 2023, based on our 2021 activities, Tecno International also supported us with the development of a decarbonisation plan that puts us on a path towards achieving carbon net-zero by the end of this decade.



To help us implement our sustainability agenda, in January 2023 we welcomed Dianne Agbayani to our Vaculug family in the role of Sustainability Associate. In this newly created role, Dianne is focused on implementing the various initiatives we have outlined in our sustainability strategy. Dianne's key responsibilities include conducting research, collecting and analysing data, and assisting in gathering data for our sustainability reports. In her role, Dianne is also actively engaging our stakeholders on sustainability and fostering a sustainability-focused culture across our organisation.

In 2023, we also leaned on the expertise of external sustainability consultants to help us implement our plans. Sustainability and Risk Management expert Antimo Matano supported us with program management and implementation of key ESG activities. Antimo developed our Code of Ethics and our Sustainability & DEI focused training for employees and senior management. Antimo also supported us with various certification application processes, in line with our ESG strategy and commitments.

CASE STUDY

VACULUG UNVEILS INNOVATIVE NEW WEBSITE FOR A SEAMLESS ONLINE EXPERIENCE!

Vaculug, a leading tyre retreader, is thrilled to announce the launch of their new website, designed to revolutionise the online tyre shopping experience. The website showcases modern and user-friendly features, making it easier than ever for customers to find the perfect tyres for their vehicles.

The new website has been delicately crafted to enhance the customer journey and to provide a comprehensive resource for tyre information and purchases. For example, the website features an extensive catalogue of Vaculug's high-quality tyres, including a wide range of sizes, tread patterns and applications suitable for various industries. Its user-friendly search tool allows customers to quickly filter and find the right tyres for their specific vehicle, ensuring a hassle-free shopping experience. This streamlines the shopping process, making it convenient for users to find the right product.

The launch of their new website is a milestone in Vaculug's mission to expand their online presence, following the successful development of their #sustainablethinking campaign. As well as this, customers can access informative guides and resources to help them make informed tyre choices, which will improve safety and performance.

Haarjeev Kandhari, Chairman of the Board at Vaculug, expressed his excitement about the new website, emphasizing that it represents a "significant step forward in their online presence and demonstrates their commitment to meeting the evolving needs of their customers".

VACULUG BECOMES GOLD MEMBER OF WORSHIPFUL COMPANY OF WHEELRIGHTS

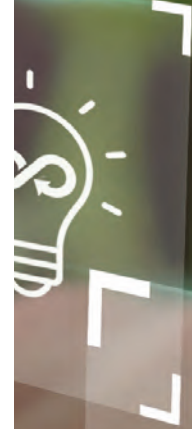
At Vaculug, sustainable thinking is the driving force behind our tyre retreading and fleet management solutions. We continuously invest in innovative technology and materials that extend tyre lifespan, reducing the need for new tyre production. This not only helps reduce the environmental footprint of the industry but also offers economic benefits and aligns with consumer demands and regulatory requirements.

In recognition of our ongoing sustainability efforts, this past year Vaculug was admitted into the Worshipful Company of Wheelwrights as a Gold Member. Incorporated by Royal Charter in 1670, The Wheelwrights started as a regulator for tyre manufacturing. Today, the company is primarily a philanthropic entity. The organisation is dedicated to Corporate Social Responsibility initiatives pertaining to environmental issues, sustainability, community outreach programmes, education, and various mobility-related activities. We are proud to become a Gold Member and to support these important programmes for our communities.



We also engaged a sustainability consultant who supported us with our annual Sustainability Reporting and disclosure efforts. Part of responsible governance involves transparency in the form of reporting and communicating our progress, as well as the areas we need to improve. We do this with our annual Sustainability Report, but we recognise an annual report is not enough. Committed to keeping our stakeholders informed on our progress throughout the year, we make a consistent effort to actively communicate our efforts through our communication channels, including on LinkedIn and our newly designed sustainablethinking.earth website which we launched in November 2023.

Our new website domain sustainablethinking.earth underscores the core values that drive our company. We are fully committed to promoting sustainable thinking in every aspect of our business, and we hope to inspire others to join the change along the way.



CODE OF ETHICS, HR AND ESG POLICIES

In line with our sustainability-focused approach to governance, at Vaculug we believe it is the responsibility of every employee to embody our company's values, and to apply sustainable thinking across all of our operations.

Our recruitment and hiring policies, outlined in section 6 of this report, set out our expectations for how we conduct our business day-to-day. This policy also helps us to attract and hire people who share our values. In line with our hiring practices, our Code of Ethics clearly outline our expectations around conduct for all of our employees.

In March 2023, we formalised and published our Code of Ethics policies for all of our employees (see Appendix 3). Our Code of Ethics covers the following areas: our values; compliance with laws and regulations; sustainability; human rights; fair labour practices and working conditions; discrimination and harassment, health, safety & environment; fair competition and business conduct; anti-corruption; gifts and hospitality; security, protection and proper use of company assets; confidentiality, information

security, proprietary information and intellectual property; anti-fraud; conflict of interests and privacy, personal data and protection.

Each of the policies outlined in our Code of Ethics are written in line with our company's values. Through the business relationships we have forged with our customers, partners, and suppliers, we are committed to acting ethically and with integrity in all our business dealings. We are also dedicated to ensuring modern slavery is not taking place anywhere in our own business or across our supply chains.

We have a zero-tolerance approach to modern slavery and human trafficking.

In addition to our Code of Ethics, to establish a safe & healthy working environment we have in place standalone 'Quality, Environmental, Health & Safety' policies, standards, and procedures. Upon joining our organisation, all Vaculug employees are expected to adhere to each of our policies and processes.

CASE STUDY

.....

We are proud to announce that we were nominated at the 2023 Recircle Awards in the categories of Best Truck & Bus Retreader and Best Company Director. These nominations reflect our dedication to excellence and sustainability in the industry.

Our Managing Director, Jorge Crespo, received a well-deserved nomination for Best Company Director. This recognition honours his steadfast leadership and unwavering commitment to our sustainability agenda. Jorge's vision and guidance have been instrumental in steering our company towards innovative and environmentally responsible practices. His nomination not only highlights his personal achievements, but also underscores the collective efforts of our team in pursuing sustainable solutions.

These nominations are a testament to our commitment to sustainability and our continuous efforts to set new standards in the industry. We remain dedicated to advancing our sustainable practices and leading the way in creating a more environmentally conscious future.

.....

Our company's vision, mission and core values serve as our north star, guiding our approach to building a responsible business. We fundamentally believe that by taking care of our people and communities first, the business will be taken care of (and will prosper) in return.

We are committed to taking a holistic approach to building a sustainable business. Over the past few years, we have put in place several policies aimed at improving our governance, processes, and good business practices. Building on this effort, in 2022 we began the process of formalising our policies with a Code of Ethics, which we published in early 2023.

In June 2023, we published our formal ESG Policy (see Appendix 4). The aim of the policy is to provide information about our ESG approach, and to elevate the awareness and understanding about ESG across our organisation, including our efforts related to reporting, disclosure, business practices, policies, procedures, investments, board activities, stakeholder engagement and investor relations.



As of 2023, industry regulations requiring disclosure of environmental, social and governance (ESG) practices have not yet been mandated in the UK. To date, there are no ESG laws or regulations that require companies in the UK to disclose their non-financial environmental, social and governance performance metrics. The UK's Companies Act does however mandate that large UK companies that have more than 500 employees or exceed £500 million in annual turnover disclose some sustainability details in their annual reports²². At present this requirement does not extend to SME's, but this is likely just a matter of time.

Although the UK has not yet introduced mandatory ESG compliance, the EU has imposed several regulations that will have an impact on non-EU companies that want to continue doing business within the region. As Europe's largest independent retailer, we are determined to lead and remain ahead of impending ESG regulations that will be imposed across the region in due course.

While regulations are not yet mandating disclosure for SMEs, we understand the importance of transparency. By sharing our goals, progress and areas we need to improve upon, we hope to lead and elevate the sustainability performance of our sector.

²² Source: <https://www.azeusconvene.co.uk/blog/esg-regulations-in-the-uk#:~:text=At%20present%2C%20the%20UK%20has,exist%20is%20the%20Companies%20Act.,> accessed February 2024.





OUR ORGANISATIONAL STRUCTURE

Our current organisational structure is led by our Chairman and Senior Management team.

Our sustainability agenda is steered by our Chairman.

As outlined in our 'Vaculug Limited Quality, Environmental, Health & Safety Policy', our Managing Director is responsible for ensuring our company is operating in compliance with the standards and procedures outlined in our policies and certifications.

In addition to our sustainability-driven leadership team, we value the important role that every employee plays in implementing our ESG policies. To stay true to our policies, we are committed to educating, training, and empowering our managers and employees across the organisation. This commitment aims to ensure that responsible governance and leadership expectations are not only communicated but also actively implemented throughout our organisation and across our entire value chain.

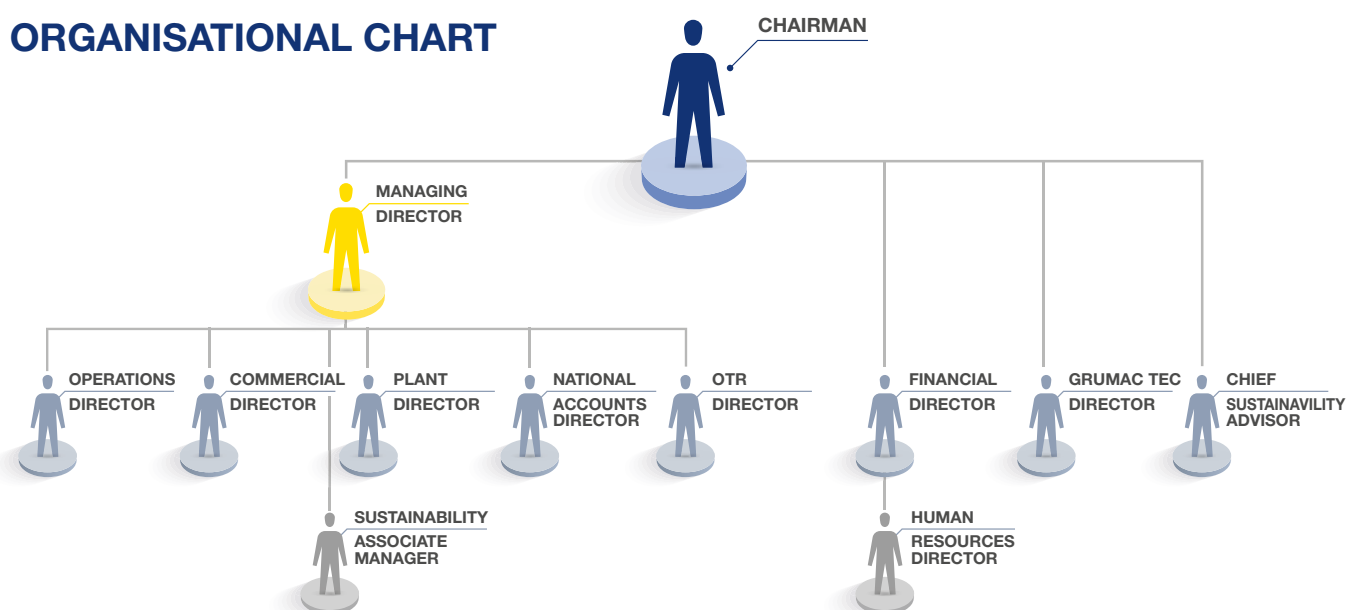
At times, good governance can come at a cost, or with a certain level of risk that needs to be carefully assessed. It is during times such as these that leaders are tasked with making difficult and swift decisions.

When the war between Russia and Ukraine broke out in early 2022 - despite any short, medium, or long-term impacts to the business - our Chairman made a bold announcement: Vaculug would no longer be sourcing raw materials from Russia - ever again. Given Russia is one of the largest suppliers to the global rubber industry, this was no small decision.

Our Chairman's resolute decision exemplifies how our business is guided by our values - above everything else.

Our values are also what drove our leadership team's decision to introduce a policy in response to the conflict in the Democratic Republic of the Congo in 2022. The policy, titled Conflict Minerals and Cobalt Sourcing, outlines our company's commitment to protecting and respecting human rights, and to ensuring that no minerals or cobalt sourced from conflict zones are used in our products.

ORGANISATIONAL CHART



OUR ESG LEADERSHIP

Our sustainability strategy outlines our ESG goals in alignment with the Tire Sector SDG Roadmap, making us the first and only independent retreader in the world to align with larger multinational organisations across the industry²³. The approach we took to identify and define our goals involved assessing the synergies between our current path and that of the industry, as well as the gaps.

With this 2023 Sustainability Report, we reaffirm our commitments and efforts to contribute to the global SDGs, with a particular focus on SDGs 1, 2, 3, 4, 8, 9, 10, 12, 13 and 17.

Through our various ESG initiatives, we have demonstrated how we are contributing to each of these goals. This report aims to not only disclose the progress we have made in each of these sustainable

development areas, but also the work that still needs to be done.

We hold the view that transparency is pivotal for effective governance in any organisation. Despite not being currently required by industry regulations, our commitment to keeping stakeholders well-informed and being accountable for our promises is demonstrated through the publication of our annual Sustainability Report, as well as through our sustainable thinking approach to business.

We also believe in the importance of sharing best practice and knowledge across the sector. We are unwavering in our determination to lead sustainable transformation for our industry. This determination is what propelled us to develop our Sustainable Thinking Forums. The Forum brings together our employees, partners, customers and industry experts to discuss issues impacting our industry. The sessions are designed to help elevate the knowledge and understanding of our industry on the topic of sustainability. It is through collaborative initiatives such as these that we are supporting and creating value for our customers and partners on this journey.



²³ Source: https://sustainabilitydriven.info/wp-content/uploads/2021/05/WBCSD_TIP_Sustainability-Driven-SDG-Tire-Sector-Roadmap.pdf, accessed May 2022.

Sustainable thinking in motion: Vaculug introduces industry first sustainable thinking forum

In 2023, we held our first two Sustainable Thinking Forums. The first Forum took place in Grantham in March, and the second event took place at the Oxford and Cambridge Club in London in October. These were exclusive invitation-only events that focused on addressing environmental impacts in the industry.



Guy Heywood, Vice President of Sales, Marketing and Business Strategy at Hankook discussed decarbonisation, advanced technologies and the long-term views of

the industry with attendees at our inaugural Sustainable Thinking Forum. We were grateful to have Hankook on board as a sponsor of this exciting industry-leading initiative.



Also speaking at our second Sustainable Thinking Forum was Peter Taylor from the Tyre Recovery Association (TRA). Peter discussed the duty of care with regards to tyre recycling, as well as how retreading can be seen as a “shining” example of a tyre’s life cycle.

As a British manufacturing company that has been operating for more than 70 years, we value what it means to be part of a community. Our community is made up of many valued stakeholders including our

employees, our partners, and our customers. Our sustainable thinking mindset fuels the work that we are doing together to elevate sustainability across our industry.

ADVOCATES FOR OUR INDUSTRY

With its Net Zero Strategy and Net Zero Growth plan, published in 2021 and 2023 respectively, the UK government has committed to reaching net-zero by 2050.²⁴ Together, the plans outline several strategies the government is implementing that promise to build the economy while addressing climate change, offering financial incentives to support low-carbon sectors and emerging low-carbon technologies. As a sustainability-driven SME, we support the governments ambitions to fuel a green industrial revolution. At the same time, as an industry-leader we also see it as our responsibility to advocate for greater recognition and support for our industry. Despite the many circular benefits the retreading industry generates, the industry receives little in the form of support and recognition from various levels of government. For its part, the BTMA has astutely highlighted the various ways governing bodies can support the industry, such as incentivising customers to make greener choices at point of purchase. If customers understood the many environmental and economic benefits a retread offers compared to a new tyre, they might opt for the greener alternative when it comes time to purchase their next set of tyres. This is one example of how collaboration between governments, industries and organisations - if channelled properly - could help drive the green industrial revolution forward.

This past year, we reached out to our political leaders to provide greater support for our industry. In May 2023, we wrote letters to our Member of Parliament Gareth Davies and Prime Minister Rishi Sunak to emphasise the important role the retreading industry plays in supporting the circular economy and contributing to the UK's sustainability goals. Beyond recognition, we advocated for greater support and investment to help grow the market and keep more retread tyres on the roads (see Appendix 2).

We also appreciate the role we can play to promote our industry and the work we are doing to be better corporate citizens, for our communities and the planet. This involves engaging with our local council in Grantham to support projects in our surrounding communities. We have also taken different steps to advocate for our industry to get more support from various levels of government. We have written several letters to our local politicians, to advocate for greater support for our industry given

the pivotal role retreading plays in contributing to the UK governments green agenda through our decarbonisation and waste reduction efforts.

Being advocates and fostering relationships with our politicians is part of our approach to leading on important issues that are impacting our industry. As a leading British manufacturing company, Vaculug was chosen to be the backdrop for one of the UK's most significant political moments in history. In July 2022, Rishi Sunak's campaign to become the UK's next Prime Minister kicked-off at our Headquarters in Grantham. It was a fitting choice for a Tory leadership race, with Grantham being the birthplace of former UK Prime Minister Margaret Thatcher. Rishi Sunak's campaign was built on a promise to 'Restore Trust, Build the Economy and Reunite the Country'. This promise resonated immensely not only with Vaculug and the manufacturing sector - but with all SMEs who represent the backbone of the British economy. We were proud to represent the manufacturing sector during this important event.



"So humbled that you came to Vaculug to launch your campaign. We were delighted to be able to support what is arguably the most important campaign in British political history. Not only will you be the first PM of Asian descent but the youngest. God Bless You and your family."

Haarjeev Kandhari, Vaculug Chairman, in a comment to Rishi Sunak during his campaign to become the UK's next Prime Minister

²⁴ Source: <https://commonslibrary.parliament.uk/research-briefings/cbp-9888/#:~:text=Download%20full%20report-,The%20UK%20is%20committed%20to%20reaching%20net%20zero%20by%202050,warming%20and%20resultant%20climate%20change.,> accessed February 2024.

OUR GOVERNANCE COMMITMENTS	HOW WE ARE TRACKING
We remain committed to updating and publishing our Sustainability Report on an annual basis, to report on our progress and to inform our stakeholders along the way.	Published our annual Sustainability Reports for 2021, 2022 and 2023.
We are committed to strengthening our governance structure with the appointment of our Chief Sustainability Advisor.	Appointed in May 2023.
We are educating and training our employees on sustainability, and we are working with third-party advisors to implement our Sustainability Strategy and Road Map, which outlines our 3-year plan (2022-2024).	Conducted several training and sustainability focused workshops for employees, customers and partners.
We will continue to monitor the alignment of our work with the Tire Sector SDG Roadmap.	Ongoing.
We are committing to tying performance on key ESG metrics to executive remuneration from 2023.	Ongoing.
We will put processes in place to coordinate and collect ESG data, for the purpose of developing annual sustainability assessments and reporting.	Ongoing.
We will continue to develop, improve, and implement our standalone ESG policies, starting with our Code of Ethics.	Formalised and published in March 2023.
We will put processes in place to ensure due diligence on the part of our suppliers and business partners all along our value chain.	Ongoing.

A MORE SUSTAINABLE ENVIRONMENT IS POSSIBLE



At **Vaculug**, we are strongly committed to become carbon neutral by 2030. This means that greenhouse gasses produced by our activities will be balanced by the amount removed from the atmosphere. By doing this, we recognise the importance of becoming more ecological every day.





10

DRIVEN BY INNOVATION



“Innovation has been ingrained in our cultural DNA for the past seven decades. It is what sets us apart and it is what will lead us towards creating a sustainable and prosperous future”.

Jorge Crespo, Managing Director of Vaculug

A culture of innovation has been at the heart of our business for the past 70 years. When our company’s ownership transitioned in 2018, this culture was fuelled by our values and sustainable thinking.

Over the past seven decades, Vaculug has pioneered several industry-first products and solutions that showcase our commitment to manufacturing quality and excellence.

In 2018, we decided to embark on a journey of sustainable transformation that we believe will take our business to new heights. We decided to do this not because we are mandated to do so – but because it is the right thing to do.

Driven by our culture of innovation, we are motivated to look at challenges through a sustainability-focused lens.

Guided by our sustainability strategy, we remain focused on ensuring the products, services, and solutions we put forward do not have a negative impact on people or the planet.

Our highly skilled team of manufacturing experts have contributed to the creation of several industry-first products that showcase our culture innovation and experimentation. Each of these innovations began with an issue that needed to be resolved, and resulted in a product that ensures the highest quality standards for our customers.

Under the guidance of our leadership team, we have a team of industry experts who are focused on improving our operations in a responsible way. Our team is equally focused on delivering the highest quality of products and service to our customers through sustainable and innovative thinking.

To ensure we remain in a leadership position in the



industry, we are invested in the latest manufacturing technology and software for our fleet management systems. By improving our fleet management systems and services, we are providing our customers with the highest level of service and assurance they need to operate at their best.

Over the past year, we have explored several new and innovative projects aimed at improving our operations, products and services.

One example of how we combined our innovation and our sustainable thinking approach can be seen in the form of a new financing tool we developed this past year.

In 2023, we became the first retreader in the world to raise Sustainability Linked Financing. We raised financing from Queens Road Capital (Hong Kong) in a world first Sustainability Linked Financing Package (“SLFP”) for any retreading company. We will use these proceeds to fund our company’s significant expansion and growth plans in the coming years.

“Under its new leadership, Vaculug has always been extremely laser-focussed on making sure that it is constantly looking at ways to improve its environmental impact. In fact, it is a key component of our Corporate DNA. So, when I was looking at financing options, I thought why not put our money where our mouth is and financially commit to these targets. And whilst doing good for the environment and the community do some good for the company as well!”

Nimesh Purshottom, Finance Director of Vaculug

At a time when interest rates were at an all-time high, as was the case in 2023, our leadership team leveraged innovative financing techniques to reduce our company’s overall cost of funding. We agreed to reach certain KPIs on metrics linked to environmental impact, social contribution and governance metrics.

Should we meet this criteria within the set loan period, Vaculug will receive a discount of 75 basis points on its overall cost of funding. If, however, we are unable to meet our commitments, we will be required to pay an additional 75 basis points over the cost of our funding. While the agreement is by no means risk-free, it demonstrates our commitment to continuously seek solutions that benefit our business, our stakeholders, and the planet.

“When Vaculug approached us with this innovative structure we were intrigued! It was a win-win for us. If Vaculug reaches its metrics, then we benefit the environment. If it does not, then we benefit our bottom line. Either way we win! We hope this is the first of many sustainability linked financings that we do.”

Jason McQueen, Head of Lending Operations at Queens Road Capital

Our innovative approach and commitment to sustainability is also what led us to set-up Vaculug Ventures (VV) in January 2023. VV focuses on investing in sustainability-focused start-ups that support the UN SDGs and are committed to advancing the goals of the UN Global Compact. Our approach to doing business responsibly is based on fully integrating environmental, social and corporate governance factors across every part of our investment process. In addition to providing our portfolio of companies with financial investments, we will also provide start-ups and entrepreneurs our expertise, advice and access to our customer portfolios. The first company VV invested in is Nappitilus Battery Labs (NBL). NBL provides sustainable hybrid battery solutions using carbon and organic waste nanomaterials to deliver fast charging lithium-free sustainable batteries. We are excited about the potential applications and future growth opportunities for NBL, and for all the companies we look to support through this exciting venture.

We also drew inspiration from our Sustainability Forums this past year to experiment and launch new and innovative initiatives. During our first Sustainability Forum, which took place in March 2023, the need for a new retorque app was raised. Up to this point there was only one retorque app available industry-wide, and it was no longer being updated by the provider. Our Re-Torque app provides Original Equipment Manufacturers’ wheel nut torque recommendations, making it extremely simple and convenient to use.

Leaning on the knowledge and expertise of our highly skilled manufacturing team, we decided to address this issue by developing our own retorquer app in-house, which we made available to be used across the industry.

This past year, we unveiled an innovative tread compound that is developed specifically for electric waste vehicles. The specialised tread compound is being developed at our R&D facilities in Grantham in collaboration with our partners Vipal Borrachas R&D team based in Brazil. The new material will be integrated into our Protekt System, which is designed exclusively for retread tyres used on electric vehicles. As urban areas continue to prioritise eco-friendly waste management solutions, electric waste vehicles are becoming increasingly prevalent. Recognising the unique demands placed on these vehicles, we set out to develop a tailor-made tread compound that combines durability, performance and sustainability.

Key Features of the new tread compound include:

- 1. Enhanced Durability:** The specially formulated tread compound is engineered to withstand the rigorous demands of urban waste management, ensuring extended tyre life and reduced frequency of replacements.
- 2. Optimised Traction:** The Protekt System integrated into the tread design enhances traction, providing electric waste vehicles with improved stability and control, especially in challenging urban environments.
- 3. Fuel Efficiency:** The innovative compound contributes to increased fuel efficiency, supporting the overall environmental objectives of electric waste vehicles by reducing energy consumption during operation.
- 4. Sustainability:** Vaculug remains committed to sustainability, and the new tread compound is no exception. It is crafted with eco-friendly materials, aligning with global efforts to reduce the environmental impact of tyre manufacturing and disposal.
- 5. Cost-Effective Retreading:** The design of the tread compound ensures that tyres can be retreaded multiple times, offering a cost-effective solution for fleet managers and contributing to a circular economy.

"Our team is proud to present a tyre solution that not only meets the unique demands of electric waste vehicles but also addresses the critical need for sustainable practices in our industry. The integration of the Protekt System further emphasizes our commitment to safety, performance and sustainability."

Brian Barron, Plant Manager at Vaculug

Through innovative solutions such as this ground-breaking compound, we are dedicated to developing more sustainable compounds for both our pre-cure and hot cure tyres.

When it comes to innovative thinking, we are determined to go the extra mile for our customers. Driven by a manufacturing process that values quality and excellence, our R&D efforts led to the production of a new tyre that can deliver extended performance for our customers. The VIP tyre is an innovative tyre we are in the process of developing that will deliver improved rolling efficiency for our customers, meaning less energy is required to put the wheels of a truck in motion. In developing this tyre, we conducted a Life Cycle Assessment (LCA) that calculates the tyre's impact on the environment, as well as the impact of its production process. More information about the LCA can be found in section 8 of this report.



We are continuously looking at ways to improve our products and services for our customers, while also reducing our impact on the planet. Both of

these objectives were the inspiration behind the development of our new KT01 truck tyre, which we launched in October 2023. With its excellent rolling resistance, this tyre saves on fuel and carbon emissions.

Over the past two years, we have been exploring new technology to improve our management systems. For example, we are looking at integrating Microsoft AI to improve our invoice processing system. The AI model will extract key invoice data and automatically input this into the accounting system. This enhanced process will significantly reduce the time spent on manually inputting invoices into our systems, as well as reduce the administration time required to process the invoices.



Looking ahead, we will continue to invest in technology that will advance our efforts to achieve carbon net-zero by 2030.

This past year, we also invested in R&D software to improve our retreading processes. For example, as mentioned in the waste management section of this report in Section 8, our team of internal experts developed a Casing App which helps us

to ensure tyre casings make their way back to our site in Grantham. When tyres are removed by our customers, the app enables us to track the casings and encourage our customers to return the casings for re-processing. This gives us a closed loop casing system on all our managed contracts. Furthermore, it helps us keep casings out of landfill sites, in line with our 'zero general waste to landfill policy'.

Fuelled by a manufacturing process that prioritises quality and excellence, with our innovative approach to R&D we are committed to making continual improvements across all our products and services. This effort is evident in the many industry first initiatives we have pioneered over the years.

We remain the first and only retreader in the UK to utilise high-pressure, 12-segment matrices which are used to produce our Logistik range. We applied the same technology used from aircraft retreading technology, leading to the idea for the 12-segment matrices.



This innovation has resulted in tyres which exhibit both excellent wear characteristics and lower rolling resistance. In addition, our Duramold range now houses the 245/70R17.5 WXY2, a tyre with a specially developed kerbing band to provide extra sidewall protection to urban vehicle tyres which often become worn from sustained kerb damage.

Driven by our entrepreneurial spirit, we were the world's first retreader to accept cryptocurrency. The move positions our company to be ready for any future growth potential in the cryptocurrency space.

Additional industry-leading achievements to date include:

- The creation of a fully A-rated tyre (achieved due to the reduction of fuel usage during the production process).
- The Z-Brand tyre - an industry and world first that earned us a Guinness World Record!
- Protekt Plus - sidewall protection improvements with the addition of a groove structure that extends the durability and life of a tyre.
- We have developed a special thermal insulation system which reduces gas consumption by 27% and carbon emissions by 950 tonnes per annum.
- The creation of tyre jackets, which are used for the safe delivery and transportation of our newly produced retreaded tyres.

CASE STUDY

VACU-LIFT TECHNOLOGY

Working in collaboration with an Italian manufacturing company, we have been exploring developing machinery with the health and safety of our employees being top of mind. The machine will quite literally help our employees with the heavy lifting that is required when handling our tyre moulds, which can weigh up to 30 kgs each.

Currently the process is a manual one, and with this machine we are exploring the possibility of making the process automatic. From an R&D perspective, the machine would be an industry first. The R&D process began in December 2022 and is on track to deliver in 2024. With this industry leading development, we are supporting our efforts to enhance Health & Safety practices for our employees working in our manufacturing plant.

A LOOK AHEAD - DRIVEN BY INNOVATION

Our culture of innovation and sustainable thinking combined with our zest for creative ingenuity enables us to meet the many global challenges we are facing today. Moreover, our forward-thinking approach positions our business to be more resilient, agile and future-ready.

OUR INNOVATION COMMITMENTS	HOW WE ARE TRACKING
We will keep investing in R&D and innovation projects with a focus on improving materials, products, and processes.	Ongoing.
We will activate new partnerships with suppliers and research institutions with the goal of enhancing our innovation capabilities.	We have collaborated with sustainability experts, carbon assessment experts and universities on various projects.
Working in collaboration with our rubber suppliers, we will aim to explore new and improved compounds that are more sustainable, and that perform better in terms of noise level and grip.	We have sourced and are testing silica as a renewable resource for our tyre manufacturing process, as well as renewable fuel for our fleets.
We will also continue to invest in the maintenance and upkeep of our manufacturing equipment, with aim of making it sustainable for long-term use.	Ongoing.



#SUSTAINABLETHINKING INSIGHT THE IMPORTANCE OF INNOVATION IN BUSINESS

An article by Harvard Business School Online highlights three key benefits of innovation in business :

- **Adaptability:** unforeseen challenges in business are unavoidable; innovation can help companies adapt to overcome challenges.
- **Fosters growth:** being stagnant is bad for business; innovation is a catalyst for organisational and economic growth.
- **Competitive advantage:** innovation can help a business stand out from competitors in highly-competitive business landscapes.







"It is our belief that the true value of a company is in the benefit it brings to those who really need it."

Haarjeev Kandhari, Vaculug Chairman

OUR SOCIAL IMPACT: EMPOWERING CHANGE, INSPIRING HOPE

We are on a mission to realise our vision of creating a better world for future generations. In line with this mission, through our social impact initiatives we strive to improve the quality of life for people living in underprivileged communities, whether they are in distant places such as India, or closer to home here in the United Kingdom.

We believe in the power of education to change the world, and we are devoted to opening doors by providing educational opportunities to children and communities that do not otherwise have access to quality education. We also believe every person should have access to healthy food. Our mission to create a better world is the catalyst behind our ambition to build a prosperous business that fuels the important work and projects we are supporting through our charity, the Zenises Foundation.

OUR CHARITY - THE ZENISES FOUNDATION



Through our charity, the Zenises Foundation, we are focused on addressing two main issues: Education and Food Security.

Driven by our mission, the social impact work we do with the Zenises Foundation contributes to the global SDGs, namely SDGs 1, 2, 4, 8 and 17 (which represent no poverty, zero hunger, quality education, decent work and economic growth and partnerships for the goals, respectively), with a particular focus on SDGs 2 and 4.

Since 2018, we have partnered with the Zenises Foundation, to which we donate a significant portion of our profits to make a positive impact. This purpose-driven partnership aids us on our mission to create a better world for future generations.

"Children are some of the most imaginative people on the planet. We need to help them find a passion or purpose that is uniquely theirs. Once they do that then they can imagine the world they want to live in. Their passionate mind will then help them create that world."

Haarjeev Kandhari, Vaculug Chairman.

OUR SOCIAL IMPACT WORK

While the world strives to address the global challenges caused by climate change, it is the most vulnerable communities that are feeling the greatest impact. As corporate citizens, if we are serious about addressing these global challenges in line with the SDGs, we believe we must first and foremost help the most vulnerable communities that surround us to become sustainable. Only when all children have access to quality education, and all families can afford to put food on their table, can we accelerate our collective efforts towards addressing the global challenges that are threatening our planet.







EDUCATION

We fundamentally believe that the power of education can change the world. In line with this belief, through our work with the Zenises Foundation we are on a mission to provide sustainable and quality education for those in need.

We remain wholeheartedly dedicated to providing access to high-quality education within our communities, in alignment with Sustainable Development Goal #4 (Quality Education).

To date, we have provided over 14 scholarships to those in need at the University of Oxford, and more than 100 scholarships to those in need in India.

CASE STUDY



Vaculug helps fund new section of library and Choral Scholarship at Oxford University's St. Peter's College

In 2023, Vaculug continued to support Oxford University by helping fund the new section of the Library at St Peter's College. With a strong belief in the transformative power of education and access to information, we hope our support will help build a haven of learning and discovery for individuals of all ages and backgrounds.

We pride ourselves in having an inclusive and diverse culture, so we were delighted to hear that the Choral Scholarship that we sponsor was awarded to Luke. Luke will be the first transgender person to ever be awarded the Choral Scholarship at St Peter's College. Along with the choral scholarship, we also sponsor an additional 13 scholarships at Oxford University.



Juan Bandres completed a mentorship with our Accounts, Marketing and Sales Teams

Additionally, to support students on their educational and professional journeys, we have established the Mark and Rosie Damazer Mentorship Programme. This initiative offers students the chance to collaborate with c-suite executives for one week, immersing them into a professional setting where they can gather invaluable insights directly from industry experts and leaders. In 2023, we were pleased to welcome Juan Bandres and Jack Andersen as participants in this programme. Juan worked within various different departments and Jack worked with our Marketing department. The experience gained and the knowledge exchanged was incredibly valuable and rewarding for mentees and mentors alike. We look forward to continuing this enriching programme going forward.

“Without that support (of the Zenises Foundation) we would be doing much less work on a whole variety of aspects... and it's unusual to have an automotive and tyre industry so closely associated to philanthropy, and education in particular. On behalf of the home College, I just want to say how enormously grateful we are.”

Mark Damazer, CBE, Master of St. Peter's College



Jack Andersen completed a mentorship with our Marketing Department

To support our efforts to provide underprivileged communities with access to quality education, in 2022 we introduced the Oneness Education Initiative, a programme that aims to deliver an education to children in India who cannot access one. We continued to support this initiative over the past year during World Quality Week, which took place in July 2023.

Alongside our core values, quality is in our DNA at Vaculug. To commemorate World Quality Week in 2023, and to help provide quality education to those in need, we donated £100 for every tyre we sold during the week to the Oneness Education initiative in India. Additionally, through this initiative we have committed to donating £1 for every tyre sold throughout the campaign.

“At Vaculug, we fervently believe every child deserves and has the right to a quality education – and this belief is at the heart of the work we are doing through the Oneness Education Initiative.”

Haarjeev Kandhari, Vaculug Chairman.

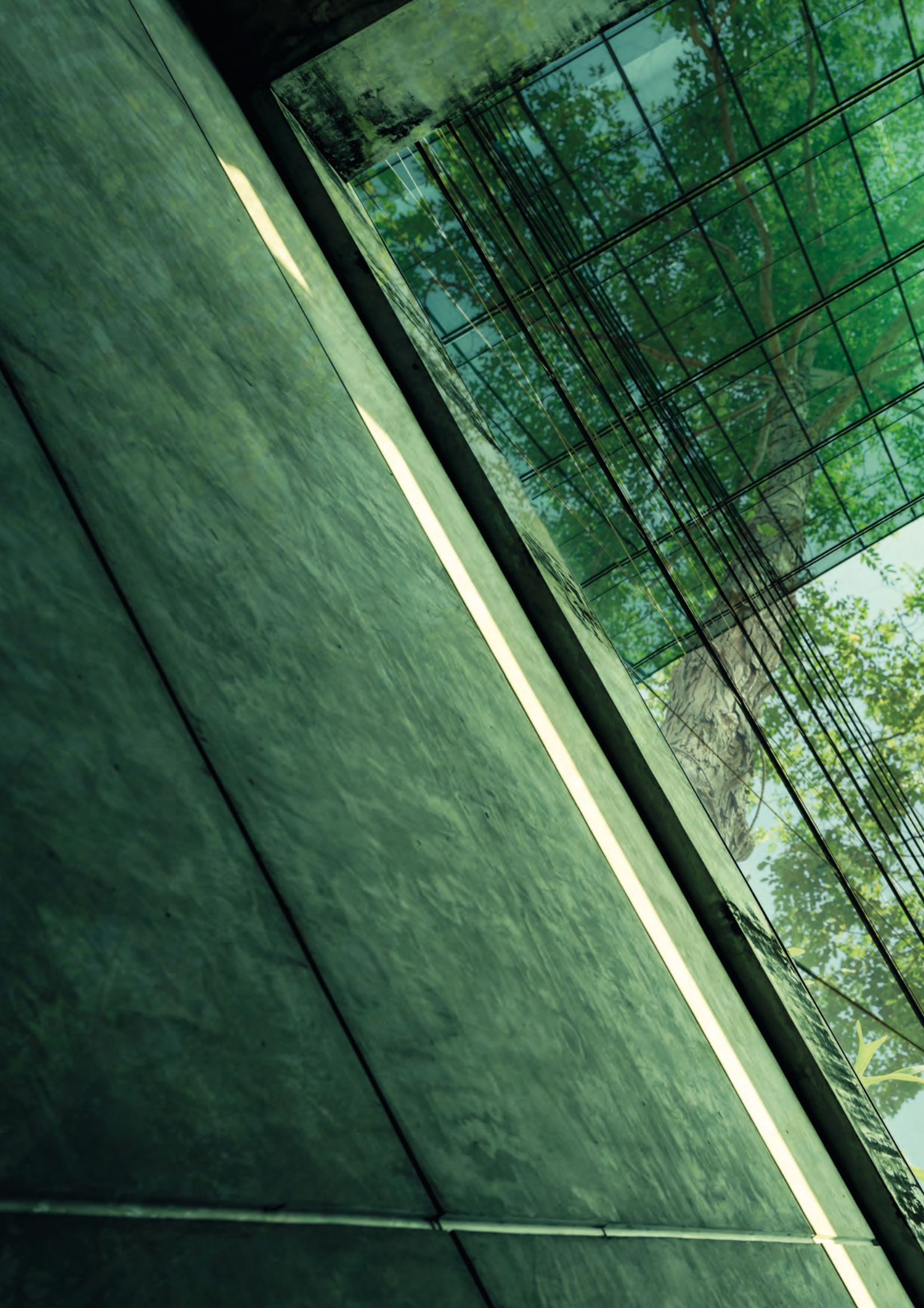
To further support this initiative, in December 2023 we distributed more than 200,000 textbooks to schools in underprivileged areas and remote villages across India. Among the many projects supported through the Oneness Education Initiative, the programme pays for salaries for teachers to visit and teach in remote villages where children do not have the means to travel to a school. A car has also been provided to transport the teachers to and from the villages they visit. We look forward to continuing this important work in line with our vision to create a better world for future generations.





In 2023, we continued to support our Prayer for Purpose initiative. Prayer for Purpose is a programme we developed through the Zenises Foundation in 2022. The programme supports a community of widows in the Punjab region of India. Due to the harsh political pressures and working conditions many male farmers had to endure in the region, many of them sadly committed suicide, leaving their families behind. This community of widows suddenly found themselves as being the sole providers for

their families, yet they lacked the skills or the means they needed to keep going. One skill that is greatly valued in the region, however, and that the women have honed over time is their devotion to prayer. In recognition of this valued skill, Prayer for Purpose was designed to help support the widows. The programme invites widows to pray for their families and community, and in return they are provided with an income to help them provide for their families.





In 2023, we also continued to support our Homes for Hope programme. Our Homes for Hope programme is dedicated to building homes for people in underprivileged parts of the world. Through this programme, we are also striving to improve the sanitation for those who already have homes. Since launching the programme, 20 homes have been supported so far.

Z Aspire is another programme we support through the Zenises Foundation. Z Aspire works with underprivileged children of all ages – from primary school to university – ensuring that they receive not only an education, but also mentors to help the children make the most of their opportunities. The focus on mentorship is an essential aspect of the programme, as the mentors are keen to help students realise their true potential and develop their skills, thus boosting their confidence along the way.



FOOD SECURITY

SDG 2 (Zero Hunger) aims to create a world free of hunger by 2030.²⁷ It's a colossal goal that can only be achieved through colossal global collaboration. Sadly, according to the World Food Programme (WFP), approximately 783 million people from around the globe do not know where their next meal will come from.²⁸ The number is staggering and emphasises the need for the global community to work together to address the global food scarcity crisis.

In support of SDG 2 (Zero Hunger), every year since 2018 we have contributed to alleviating hunger in our surrounding communities. In 2023, we continued this effort by providing healthy meals to those who needed them most. In the holy city of Arimitsar, we continued the annual tradition of feeding more than 125,000 people a hot meal during a single-day event.

Poverty remains a persistent issue despite India's continued economic growth. Through all of the work

we are supporting through the Zenises Foundation, we are devoted to helping some of the world's most vulnerable people and communities. But our efforts alone do not go far enough. Through these initiatives, our aim is to drive awareness of these challenges among a broader audience, and to inspire others to join us in our efforts to eradicate global hunger, as SDG 2 sets out to do.

It is important that the Zenises Foundation helps lead the way in not only providing sustenance for those in need but also in bringing such issues to the attention of a wider audience who may want to join us in tackling widespread global hunger.

This is our ultimate ESG commitment and legacy. This is the heart of Sustainability in Motion.



**WE MAKE A LIVING BY WHAT WE GET.
WE MAKE A LIFE BY WHAT WE GIVE
#ZENISESFUNDATION**

²⁷ Source: <https://www.un.org/sustainabledevelopment/hunger/>, accessed February 2024.

²⁸ Source: <https://www.wfp.org/ending-hunger>, accessed February 2024.

MAKING A POSITIVE DIFFERENCE IN OUR LOCAL COMMUNITIES

GRANTHAM GIVING PROGRAMME

Our Grantham Giving Programme encompasses all the activities we are supporting that aim to make a positive difference in our local communities.

At Vaculug, we recognise that a thriving community is essential for our long-term success. Through our Grantham Giving programme, we contribute to various community development projects. We support local schools, collaborate with local charities, and provide resources to underprivileged families. Through all of our efforts, we strive to give back and create initiatives that support and lift our surrounding communities.

With the support of our Vaculug family and partners, we remain committed to improving the quality of life of people living in our surrounding communities. Over the past year, we continued to support several local charities, raising money for people in need. Altogether, our charitable donations and efforts align with our commitment to contribute to SDG 1 (No poverty).

We also continue to actively support our local and grassroots sports organisations. By investing in our local sports teams, we are helping keep our community healthy, strong and active, in line with SDG 3 (Good Health and Wellbeing).

PROUD SUPPORTERS OF GRANTHAM'S YOUTH FOOTBALL LEAGUE

Over the past year, we continued to foster meaningful relationships with our surrounding communities. Contributing to the health and well-being of children, we supported our local Youth Football League in Grantham.



In 2023, we continued to support our local Harrowby Football club. Many members of our Vaculug family support the club, not least of all Mark Fardell, a member of our OTR team who also serves as Vice Chairman for the club.



In 2023, we also became a proud sponsor of the Wishaw Academy Youth Football team in Scotland.



Committed to expanding our sponsorship efforts, this past year we were also proud to support Plymouth U13's Girls team and Stoneygate Lions.



Plymstock U13s girls' team



Stoneygate Lion's team

We believe in the power of diversity and inclusivity both on and off the field, and this partnership is a testament to our commitment to supporting women in sports. We hope to empower them to break barriers and inspire future generations!

ENGAGING OUR PEOPLE AND GIVING BACK TO OUR LOCAL COMMUNITY THROUGH OUR GRANTHAM GIVING PROGRAMME

Our Vaculug family values are at the heart of our Grantham Giving programme. This initiative encapsulates all the work we are doing to support and lift our surrounding community of Grantham. Every project and initiative we have supported over the years has been achieved thanks largely to the dedication and care of our valued Vaculug family members. Furthermore, we are proud to support

charitable causes that are close to the hearts of our employees. We do this by matching donations they make to various causes.

Ever since embarking on our sustainable transformation journey, our employees have been actively involved in realising our sustainability objectives, both within our organisation and in our surrounding communities. This commitment is evident in the various community engagement initiatives we have implemented over the years, such as a project where our employees volunteered to enhance a local playground in Grantham. Over the past year, our employees spent 1600 hours of their time volunteering for various community initiatives (including paid and unpaid time).

IMPROVING A PLAYGROUND IN GRANTHAM

Our Vaculug employees dedicated time to clean the grounds and apply fresh coats of paint to refresh the space. Through our collaboration with Murfitts, crumble from Vaculug recycled rubber was used to create a new surface for the playground. This project is just one of many examples of how we are supporting and investing in the well-being of our surrounding communities – and not least of all in the well-being of children.



SUPPORTED OUR LOCAL BHIVE COMMUNITY HUB

In 2023, we formed a partnership with our local B Hive Community Hub. B Hive is a local community project





that supports, and is home to, the South Lincolnshire Blind Society (SLBS). The hub spearheads several initiatives benefiting the local community, including a men's mental health group, wellbeing groups and carer support. The primary project we supported through our partnership aims to raise funds to purchase and install an accessible compostable toilet on the allotment, making the site more accessible for all who visit. The BHive Community Hub also supports Place2bee, a local programme that provides support for a men's mental health group, as well as support for families who are caring for people suffering from dementia.

On Coronation Day, which took place the 4th of May 2023, many of our employees volunteered for the Bhive's much anticipated community Coronation Party. To help with the preparations, our employees got their hands dirty planting and getting the garden ready for the weekend of celebrations. Our employees also provided buffets for the volunteers and support groups who took part in the festivities.



CHARITY GOLF EVENTS

This past year we supported and participated in the Evans Transport Ltd Golf Day. All proceeds raised at the event were donated to North Devon Hospice. The hospice provides specialist care and support for people who are affected by life-limiting illnesses.





HANKOOK HOPES

Together, we can drive change, one retread at a time. Join us in treading a path of compassion and making a difference through Hankook Hopes. The programme aims to provide education for underprivileged girls in the poorest regions of India. For every Hankook alphantread produced at Vaculug, we are donating £5 to educate less fortunate girls. Through this initiative, we are not only extending the life cycle of tyres, but we are also extending a helping hand to those who need it most.



THE SEASON OF GIVING

To wrap-up up the year, in December 2023 we once again collected and delivered toys to LincsFM in support of their annual Cash For Kids Mission Christmas. The initiative aims to collect and deliver toys to disadvantaged children, so they have a present to open on Christmas Day. In 2023, the mission collected and delivered toys to over 9,549 children in the regions of East Yorkshire, the Yorkshire Coast and Lincolnshire. As the charity's mission aptly states, no child should wake up on Christmas morning without a present.



SUPPORTING CAUSES THAT ARE AT THE HEART OUR VACULUG FAMILY

Throughout the year, many of our employees took part in charitable activities that are close to their hearts. In addition to supporting these events - when and where possible, we show up to cheer on our employees along the way.

On the 10th September 2023, we were delighted to support and cheer on Adarsh Radia and his team during their London to Brighton Cycle 2023 event in support of Kidney Care UK.



Vaculug is happy to support Adarsh Radia and his team with their event - London to Brighton Cycle 2023, on September 10, 2023. They are raising funds for Kidney Care UK.



In August 2023, Vaculug supported our very own Chris Watson and his team as they took part in the annual Naomi Bike Ride. In 2023, the event, which saw cyclists ride from Great Ormond Street Hospital in London to Grantham, raised more than £13,000 to support children's hospitals and services.



VACULUG BICYCLE AMBULANCES REVOLUTIONISING HEALTHCARE ACCESS IN RURAL AFRICA

In rural Zambia and Tanzania, access to healthcare is often hindered by the lack of affordable and reliable transportation. This case study explores the introduction of the first Vaculug bicycle ambulances in these regions, highlighting their transformative impact on healthcare access for women and children. These ambulances are not only lifesaving but also provide essential mobility solutions to some of the world's most vulnerable communities.

Rural communities in Zambia and Tanzania face significant barriers to accessing healthcare. The nearest medical facilities are often miles away, and with transport options either unavailable or unaffordable, many individuals are left without necessary medical care. To address these challenges, Transaid have specially designed bicycle ambulances to rural communities. The bicycle ambulances provide an affordable, efficient, and reliable means of transport, making healthcare services more accessible.

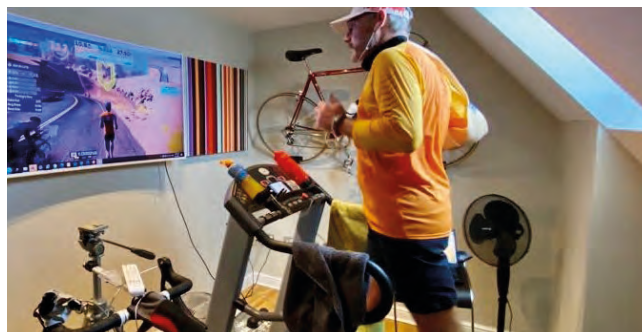
In Tanzania, the delivery of the first Vaculug bicycle ambulance to a remote community has had an immediate and life-saving impact. One particularly incredible story involves a woman and her children who were in critical condition and were saved thanks to the bicycle ambulance in their village. This case underscores the profound difference that these ambulances can make, offering timely medical intervention in emergencies.

This initiative has been made possible through the generous support of fundraisers like Guy, donors and the invaluable assistance of Transaid. Transaid's expertise in providing transport solutions for development has been crucial in the successful implementation of the bicycle ambulance program. Their support has been instrumental in ensuring that these ambulances reach the communities that need them most.

All of our social impact work combined provides transparency to us and our stakeholders on how our money is being invested - and more importantly, on how the work we are doing is making a positive difference in our surrounding communities.



For the second year running, we were proud to support Guy Heywood, Vice President of Sales, Marketing and Business Strategy at Hankook Tire Europe GmbH, as he took part in various Transaid events. Guy completed the Frankfurt virtual half marathon as well as the Great North Run in support of Transaid's vital projects in Africa. Transaid's projects are focused on reducing poverty and improving lives by creating better transport in the region. All of our social impact work combined provides transparency to us and our stakeholders on how our money is being invested - and more importantly, on how the work we are doing is making a positive difference in our surrounding communities.



Guy Heywood completing Frankfurt's virtual half marathon

OUR SOCIAL IMPACT COMMITMENTS	HOW WE ARE TRACKING
We will track and measure our social impact initiatives.	<p>In the UK, we supported several charity events in 2023.</p> <p>Funded over 100 scholarships for students in the UK and India.</p> <p>In India, we fed 125,000 people in a single-day; donated 200,000 textbooks to children in need; over 100,000 children participated in our Oneness Education Initiative.</p> <p>Supported many families and homes to improve quality of life through our Hopes for Hope and Prayers for Purpose initiatives.</p>
We will further structure and expand the work we do with the Zenises Foundation.	To date we have created our Oneness Education Initiative, Homes for Hope, Prayers for Purpose and more..
We will work with existing and new partners to expand social impact initiatives.	Forged many partnerships locally near Grantham (e.g., Metropolitan Police, city councils, charities and businesses) and abroad in India to improve the lives of people and communities near and far.





12

CREATING SHARED VALUE & STAKEHOLDER ENGAGEMENT



CREATING SHARED VALUE WITH OUR STAKEHOLDERS

We recognise that achieving our goals and realising our vision is not something we can achieve on our own. Collaboration with each of our stakeholders will be essential to identify areas where we can work together to make a meaningful impact.

“Grantham is home to so many wonderful, long-standing manufacturing businesses. For over 70 years, Grantham has been home to Vaculug Limited, which is a leading commercial tyre retreading specialist, providing tyres for fleets across the U.K. I had a great afternoon meeting Executive Chairman, Haarjeev Kandhari, and his team and hearing about all their success and plans for the future.”

Gareth Davies, UK Member of Parliament

OUR APPROACH TO STAKEHOLDER ENGAGEMENT

Throughout our journey of sustainable transformation, we have actively engaged and partnered with various







stakeholder groups that play a pivotal role in helping us support our local communities. We believe we are stronger together and together we are creating value for our surrounding communities, contributing to the global SDGs, and building a responsible and prosperous business for the future (see Figure 4).

In 2023, we made a concerted effort to share our knowledge and expertise with our customers and partners across the industry. We did this through the creation of our first industry-wide Sustainability Day, our Sustainability Thinking Forums, our Road Safety & Tyre Awareness workshops, and through the various industry events that we took part in throughout the year.



At Vaculug, sustainability also encompasses the long-lasting relationships we have cultivated with our suppliers, customers, and partners over the course of the last seven decades.

We are honoured to have been B&J Rocket's exclusive distributor for 60 years, and we look forward to continuing our partnership in the future.

Figure 4 – Stakeholder Shared Value & Engagement

STAKEHOLDER GROUP	VALUE CREATED	IMPACT	SUPPORTING THE SDGs
Customers (Retreading & Fleet Management)	<p>We produced a Carbon Footprint Assessment Report which we offer to our customers to help them better understand their own impact, and to help them identify where they can improve.</p> <p>We have created a Carbon Footprint calculator for our customers to access as a tool that can help them on their journey.</p> <p>We produce premium quality products with our retreaded tyres that last longer (as they undergo more inspection than new tyres).</p> <p>We also aim to deliver exceptional value for money. Our retreaded tyres cost our customers 40% less than a new tyre, delivering savings to our customer while minimising the impact on the environment.</p>	<p>Annual Environmental Report provided to each Vaculug customer.</p> <p>Carbon Footprint calculator has been used by 112 clients to date</p> <p>Retreaded tyres deliver 40% savings to our customers (vs buying new tyres)</p>	 
Partners	<p>Through our recycling efforts with Murfitts Industries, we are creating value in the products that are being produced from our recycled materials. Local communities benefit from various products produced, including sport surfaces and surfaces for children's playgrounds.</p> <p>In collaboration with City Councils, we have sponsored improvements of local playgrounds.</p> <p>We partnered with the Metropolitan Police to host two Road Safety and Tyre Awareness workshops, in support of SDG 3 (Good Health & Wellbeing), and specifically SDG indicator 3.6.1 (reduce the death rate caused by road traffic injuries).</p> <p>We appointed a Chief Sustainability Advsor to guide and support our strategy, reporting and governance.</p> <p>Collaborated with UCL School of Management to develop a case study about our journey, and to develop and conduct sustainability workshops</p>	<p>242,137 tyres diverted from landfill</p> <p>4,227 tonnes of rubber and 928 tonnes of steel recycled with Murfitts in 2023 (saving 13,609 tonnes of CO2 emissions)</p> <p>Approximately 35 stakeholders (employees, customers, suppliers) attended the session.</p>	 
Value Chain Suppliers	<p>Through our supply chain business relations, locally and globally, we are directly supporting the growth of local economies, and indirectly contributing to local employment.</p> <p>Introduced policy to ensure we are not sourcing raw materials from conflict zones.</p> <p>Exploring renewable sources for our raw materials and fuel.</p> <p>Our fleet management operations provide employment opportunities locally.</p>	<p>Numerous annual contracts with our suppliers.</p>	 

STAKEHOLDER GROUP	VALUE CREATED	IMPACT	SUPPORTING THE SDGs
Employees	<p>We create well-paid quality jobs in support of SDG 8</p> <p>We provide equal employment and development opportunities at our local production plant and HQ in Grantham.</p> <p>We organise and host various events throughout the year that engage and entertain our Vaculug employees and their families, with the aim of creating a caring and fun family culture. It is just one of the ways we show our employees how much we value them.</p> <p>We leverage the expertise and talents of our people to identify and develop internal training programmes for employees who are new or are transitioning from one role to another.</p> <p>We have several initiatives in place supporting the health and well-being of our employees.</p> <p>Code of Ethics, developed in 2022/2023, outlines our conduct expectations in line with our company values.</p> <p>Several social impact initiatives aimed at improving quality of life, with a focus on giving children access to quality education.</p> <p>Provide healthy meals to families in need.</p> <p>Support Grantham football league with donations</p> <p>Resurface local playgrounds.</p> <p>In support of SDG 4 (Quality Education), we developed our Oneness Education Initiative which aims to deliver quality education to children in remote villages in India; we donated textbooks to various schools in India through this initiative.</p> <p>Sponsored and participated in Charity Golf event, raising money for charity in support of SDG 1 (No Poverty).</p>	<p>160 people employed at Vaculug.</p> <p>Majority of our full-time employees participated in 5-9 days of paid professional development training in 2023.</p> <p>All Vaculug employees had access to development with Vaculug University Employee survey indicated 90% employee satisfaction and engagement. Published our Code of Ethics in March 2023 Over 100 scholarships funded to date, including 14 with the University of Oxford</p> <p>125,000 people in need fed at a one-day event (an annual event, apart from pandemic)</p> <p>200,000 textbooks to schools in India</p> <p>Over 100,000 school aged children participated in the Oneness Education Initiative</p>	   
Zenises Foundation & Local Community Partnerships (parish council, universities)	<p>Several social impact initiatives aimed at improving quality of life, with a focus on giving children access to quality education.</p> <p>Provide healthy meals to families in need.</p> <p>Support Grantham football league with donations</p> <p>Resurface local playgrounds.</p> <p>In support of SDG 4 (Quality Education), we developed our Oneness Education Initiative which aims to deliver quality education to children in remote villages in India; we donated textbooks to various schools in India through this initiative.</p> <p>Sponsored and participated in Charity Golf event, raising money for charity in support of SDG 1 (No Poverty).</p>	<p>Over 100 scholarships funded to date, including 14 with the University of Oxford</p> <p>125,000 people in need fed at a one-day event (an annual event, apart from pandemic)</p> <p>200,000 textbooks to schools in India</p> <p>Over 100,000 school aged children participated in the Oneness Education Initiative</p>	    

STAKEHOLDER GROUP	VALUE CREATED	IMPACT	SUPPORTING THE SDGs
The Planet	<p>Our business is a circular model that reuses and recycles tyres, diverting them from landfill.</p> <p>Our 100% zero waste landfill policy keeps our non-tyre waste out of landfills, supporting SDG 12 (Responsible Consumption and Production), and specifically SDG target 12.5 (substantially reduce waste generation through prevention, reduction, recycling, and reuse).</p> <p>We are committed to being a carbon net-zero business by 2030 in support of SDG 13.</p> <p>We have been part of the UN Global Compact since 2021.</p> <p>In 2023, we engaged the services of Tecno International to lead our company's first carbon assessment to establish our baseline (based on 2021 activities) and decarbonisation plan.</p> <p>Installation of special thermal insulation systems for our tyre presses led to a reduction in our energy consumption.</p> <p>Proud Patrons of One Life One Tree - The Sequoia Project.</p> <p>We committed to reporting our efforts and progress and sharing #Sustainable Thinking and best practices with our stakeholders.</p>	<p>242,137 tyres diverted from landfill in 2023</p> <p>Formalised our ESG Policy (published in 2023)</p> <p>10 sustainable thinking articles published in 2023</p> <p>Published 3 annual Sustainability Reports to date (2021, 2022 and 2023).</p>	 

SUSTAINABILITY REPORTING AND DISCLOSURE

Our sustainability strategy serves as our compass. It guides our business decisions and it will lead us towards becoming a more responsible and prosperous business for the future.

Engaging, educating, and informing our stakeholders about our sustainability goals, and more importantly our progress, is a vital step on this journey.

With the publication of our first Sustainability Report 2021, published in September 2022, we became the world's first retreader to publicly disclose our sustainability practices.

Sharing our journey of sustainable transformation doesn't simply begin and end with our Sustainability Reports. Guided by our sustainable thinking culture, over the past year we have made a concerted effort to engage our community about the environmental,

social, and economic issues facing our industry. One example of sustainable thinking in action is seen in the sustainability focused articles that are authored and shared by our Chairman monthly on social media (see Appendix 5).

Our approach to sustainability is also seen through the actions of our employees and leadership team who are actively engaging and participating in sustainability-focused events throughout the year.

As a purpose-driven entity, we are wholeheartedly committed to addressing the many environmental, social, and economic challenges facing our world today. We believe that with every challenge comes an opportunity to innovate, improve and move us towards achieving our goals.

We hope that our Sustainability Reports serve as a call to action and an open letter of sorts to share our sustainable thinking and inspire cross-industry collaboration in our pursuit to create a better world.

OUR COMMITMENTS TO CREATE SHARED VALUE & ENGAGE OUR STAKEHOLDERS	HOW WE ARE TRACKING
We will create an annual Vaculug Sustainability Day that will focus on engaging and educating our stakeholders.	We held our first Sustainability Day in 2023, in celebration of our internal Sustainability Awards.
We will hold Sustainable Thinking Forums, twice a year, to engage our customers, service providers and employees on sustainability matters related to our industry.	Held our first two Sustainability Thinking Forums in 2023.
We will continue to identify and collaborate with organisations to create value for the industry and to accelerate our collective contributions to the global SDGs.	We have worked alongside other industry organisations to create more awareness.
We will continue to report on our progress with our annual Sustainability Report.	We have published our Sustainability Reports for 2021, 2022 and 2023.







13

THE WAY FORWARD



*“You are what you do, not
what you say you’ll do.”*
Carl Jung

THE WAY FORWARD

At the time of writing, it was reported that over the last 12-month period, in the year 2023, the world surpassed 1.5 degree Celsius above pre-industrial temperatures for the first time on record.²⁹ This unsettling news is based on the latest data released by the Copernicus Climate Change Service (C3S), a European-based climate research group.

As the C3S’s report also states, the science is clear. Human activities are unequivocally causing global temperatures to rise - and it is only by changing human activities that the world will be able to mitigate the trajectory of this rise.”³⁰

This urgent call for action was underscored by UN Secretary General António Guterres during his address to world leaders at COP 28 in Dubai when he stated, “We are miles from the goals of the Paris Agreement – and minutes to midnight for the 1.5-degree limit.”

Given the trajectory of global temperatures over the past year, it appears the clock has already struck twelve. Yet, in his speech Guterres also offers a glimmer of hope stating, “it’s not too late”.

“Protecting our climate is the world’s greatest test of leadership. And so, I urge you to lead.”

**UN Secretary General António Guterres
addressing world leaders at COP 28 in Dubai**

No doubt the challenge that lies before us is massive. But it is not unsurmountable.

At Vaculug, we are steadfastly committed to not only rise to the change, but to lead the way forward for our industry. We are working full steam ahead with our stakeholders to contribute to the global SDGs. Over the past year, we have refined our ESG plans and set several bold targets - and we have every intention of seeing our plans through to fruition.

Since embarking on our journey of sustainable transformation, we have made great progress. While we take pride in the accomplishments that we made thus far, alongside our stakeholders, we acknowledge there is still much more to do. We remain committed to advancing our efforts and driving meaningful change towards a more sustainable future.

We are inspired by the passion, dedication and motivation of our people, whose invaluable contributions have propelled the success of our business over the past 70 years.

Working in collaboration with our stakeholders, our commitment to sustainability remains resolute. We will continue to work collectively towards realising our vision of creating a more sustainable future for the next generations.

²⁹ Source: <https://climate.copernicus.eu/copernicus-2024-world-experienced-warmest-january-record>, accessed February 2024.

³⁰ Source: <https://climate.copernicus.eu/copernicus-2024-world-experienced-warmest-january-record>, accessed February 2024.







14

APPENDIX 1

Vaculug University module example



How Navy SEALs (and Successful Businesses) Create Self-Leading Teams That Win

Chris Mefford

Kyle Buckett

Culture Force Co-Founders, Retired US Navy SEAL, and Vice President of the Dave Ramsey Organization, Respectively

Summary of Key Learnings

1. How can you build an elite organization?

Navy SEAL teams are often overlooked for their role in running operations. While they are known for combat skills and mission success, they also handle budgets, training programs, safety measures, and infrastructure development. What sets them apart is their mastery of the fundamentals. They excel at swimming, shooting, and parachuting, which distinguishes them as an elite force. Their commitment to the basics, whether in budgeting or optimizing logistics, creates an elite organization. Empowering individuals to enhance core aspects leads to team and company growth. Trust is crucial in this process, allowing organizations to thrive.

2. How can you empower your team and achieve remarkable results?

The pinnacle of the North Star is self-led teams, which may seem like a fantasy, but it's not as hard to achieve as one might think. The key is to trust your team and give them the opportunity to showcase their abilities. Often, leaders hold onto control too tightly and complain that their team doesn't get things done. However, leaders have the authority to address this issue by either getting rid of those they don't trust or taking responsibility for fixing the problem. It's crucial to give teams not only responsibility but also the authority to solve problems. Self-led teams are not dictatorships; they still require collaboration and alignment.

When I took over a department that was \$3 million in debt, I gathered my team responsible for spending money and shared all the financial details with them. I



asked for their help and assigned someone to accompany me each month to close the books. This approach empowered the team, and they started taking ownership and considering budgets, leading to a remarkable turnaround. By trusting and empowering your team, you can achieve remarkable results and free yourself to focus on other aspects of leadership. It's time to embrace new leadership styles that foster unity and loyalty, even in remote work environments, allowing you to grow and build something great.

3. How can you foster collaboration and define shared values in a team setting?

Whether you're alone or part of a team, it's ironic and amusing to say that you're not alone. Even if you're the only one, chances are you have someone close to you—a spouse, a loved one, or a trusted friend—with whom you can seek guidance and bounce ideas off of. And if you have a team, you can involve them in the conversation as well. I remember a situation two years ago when I gathered my entire HR team, ranging from newcomers to our senior VP, in one room. We embarked on an onsite session spanning two to three days, focusing on our desired direction, values, and key objectives. We brainstormed and wrote down our values on a whiteboard, contemplating where we wanted to go and what aspects we should prioritize.

It was fascinating to witness the team's collaboration as we gradually narrowed down our ideas. By the end, we arrived at two powerful words: innovation and integrity. These values held immense significance for our people operations and HR team, guiding our approach to technology and fostering an environment of transparency and openness. The team's unanimous agreement on these values illuminated our shared vision and aspirations for the future. This experience reinforced the importance of collectively defining our destination, vision, and values, reminding me that we are all working together to achieve our shared goals.

4. How can you transform your sales team into an elite one?

Transitioning from military service to civilian life has been a fascinating period for me. People often ask me how to transform their sales team into an elite Navy SEAL sales team. My response is consistent: Are you willing to invest three or four years in training your team? Becoming a Navy SEAL is not an overnight process; we take young individuals and rigorously train them until they become SEALs by their early twenties. Even after completing training, they start as junior members and



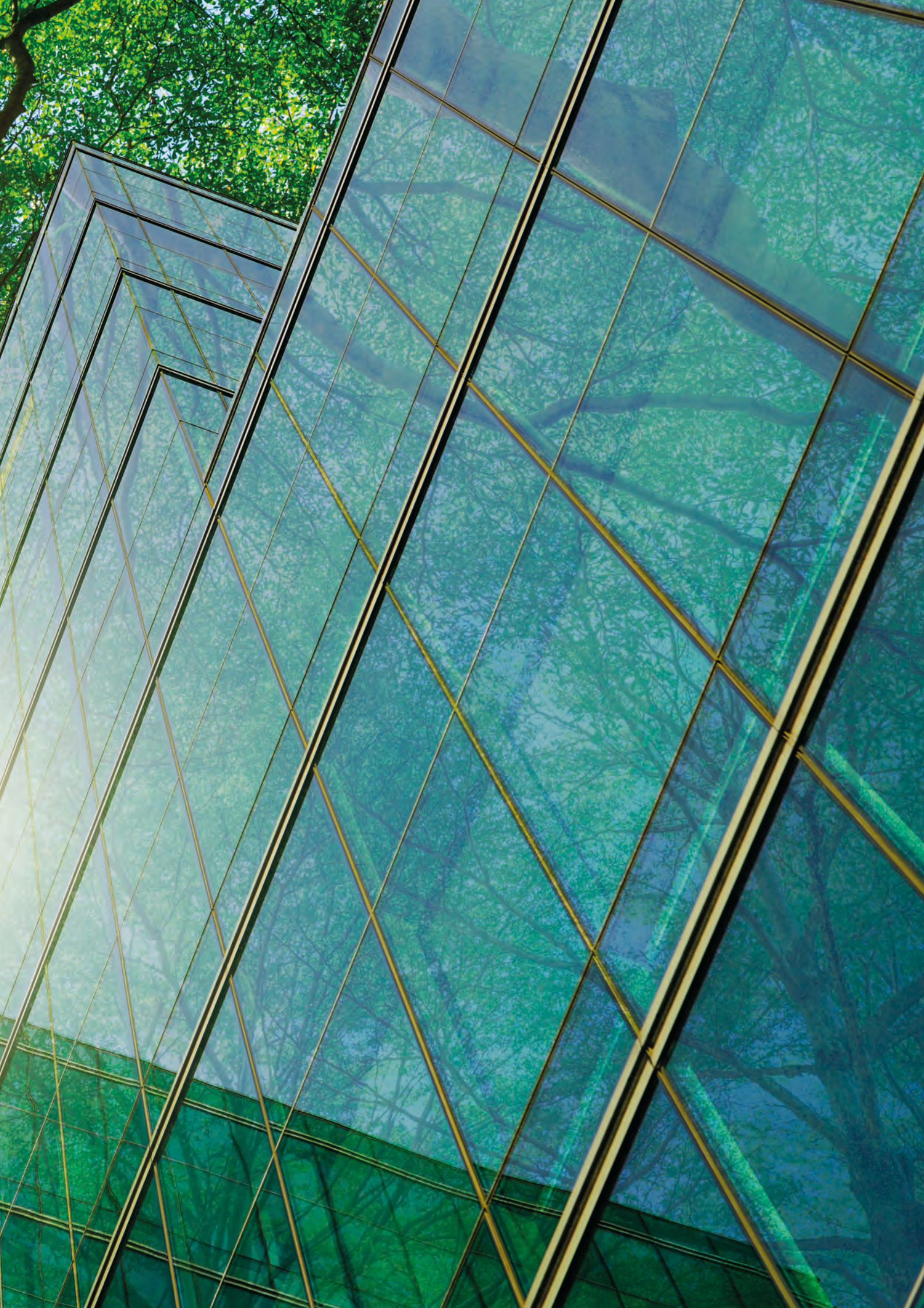
gradually gain experience. Developing specialized skills and leadership abilities takes time and dedication. Simply throwing money at the problem often leads to a longer and more challenging journey. Fostering self-led teams and empowering individuals to rise to challenges is a powerful approach. It's inspiring to see how many people genuinely aspire to greatness and want to contribute to their organization's success. If we can assist them in achieving that, we are delighted to do so.

5. How can you create empowering rituals that enhance mission preparation and organizational culture?

As you prepare for a mission, equipment plays a significant role. Evaluating and testing gear, known as T&E, is crucial to ensure its suitability. I once shared with Chris how a glove kept snagging on my gear in urban terrain. To address this, I spent days trying on different gloves with my gear, visiting stores like Home Depot, Lowe's, Dick's Sporting Goods, and tactical shops. While this process isn't a ritual, it's an essential part of mission preparation. Each person has their own rituals, and we provide a framework for understanding which ones matter. In corporate America, leaders often believe certain rituals need to be implemented company-wide when they don't.

What matters are the rituals that empower the organization's culture, like gathering everyone to discuss operations or conducting after-action reports. In the SEAL teams, we had a ritual of openly sharing mistakes and lessons learned in the team room, leaving rank and status at the door. Our framework guides the creation of empowering rituals and encourages reassessment to ensure their relevance.







14

APPENDIX 2

Letter to our Member of Parliament Gareth Davies



Vaculug Limited
Grantham, Lincolnshire, NG31 8HE, UK
Tel: (01476) 593095 Fax: (01476) 513809
Email: info@vaculug.com
Website: www.vaculug.com

Gareth Davies MP
Member of Parliament for Grantham and Stamford
The Houses of Parliament
London SW1A 0AA

27/02/2023

Dear Gareth

I do hope that you are well. I see from your LinkedIn Posts that you are busy helping the people of the constituency on a regular basis. I thought I would take this opportunity to address and issue with you that is of important concern to the country and your constituency. Let me start by giving you some background and apologies in advance for the length of this letter but trust me that this is the minimum I could do to do justice to the issue.

Retreading is one of the few industries that's genuinely sustainable. Through its commitment to providing exceptional resource efficiency, it significantly reduces the environmental impact of tyre usage and production.

The process of retreading consists of replacing the tread on worn tyres, whilst preserving the structure or 'casing' of the original tyre, and reintroducing them into the distribution chain with minimal use of raw materials.

This is based on the principle of circular economy, which benefits the environment by vastly reducing CO2 emissions, and provides a boost to local employment by offering job opportunities, often to those living in deprived areas of the country.

Socio-Economic Benefits

- Retreading is an environmentally conscious, labour-intensive industry that inspires technological innovation and drives sustainable growth
- It supports 5,500 highly skilled workers across the UK and 32,000 jobs in the EU
- 95% of truck retreads used in the UK are manufactured in the UK, which stimulates the country's economy

Despite recent challenges faced by the industry (which will be explored later in the report), in the last five years the UK retread industry has:

- Invested over 100,000 man hours in training that focuses on skills, flexibility, performance and capability

Registered Office: Gonerby Hill Foot, Grantham, Lincs, NG31 8HE. Registered No. 00488961 England







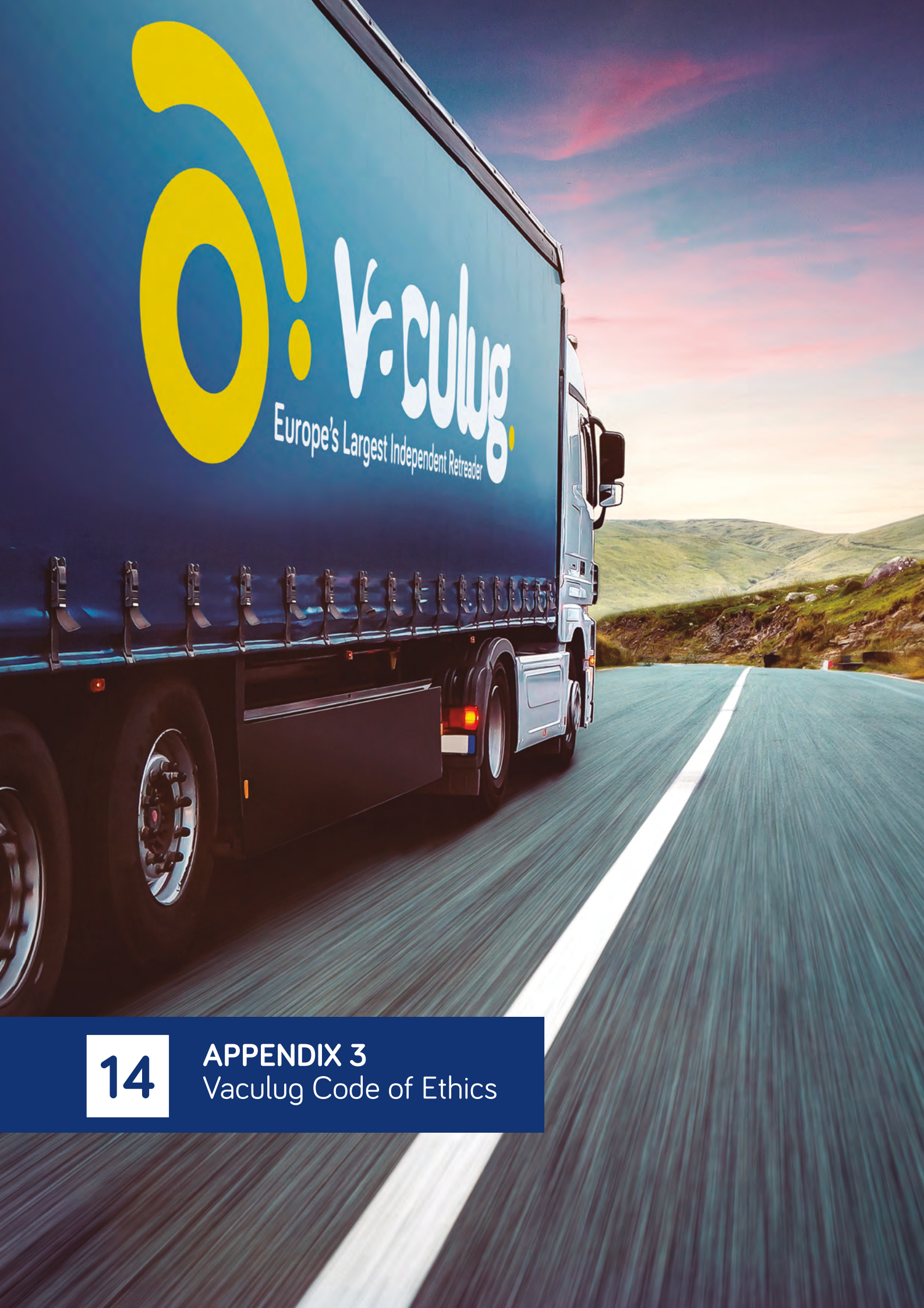


TABLE OF CONTENTS

MESSAGE FROM THE CHAIRMAN	164
INTRODUCTION	165
VALUES	165
COMPLIANCE WITH THE CODE	165
COMPLIANCE WITH LAWS AND REGULATIONS	168
SUSTAINABILITY: PEOPLE, PLANET, PROFIT & RESPONSIBLE GOVERNANCE	168
HUMAN RIGHTS	168
FAIR LABOUR PRACTICES AND WORKING CONDITIONS	168
DISCRIMINATION AND HARASSMENT	169
HEALTH, SAFETY AND ENVIRONMENT	169
FAIR COMPETITION AND BUSINESS CONDUCT	169
ANTI-CORRUPTION	170
GIFTS AND HOSPITALITY	170
SECURITY, PROTECTION AND PROPER USE OF COMPANY ASSETS	170
CONFIDENTIALITY, INFORMATION SECURITY, PROPRIETARY INFORMATION AND INTELLECTUAL PROPERTY	170
ANTI-FRAUD	171
CONFLICT OF INTERESTS	171
PRIVACY, PERSONAL DATA PROTECTION	171



MESSAGE FROM THE CHAIRMAN

Our commitment to ethical behaviour and the solid ethical foundations are one of the most essential components of Vaculug operation. We are committed to doing business the right way, based on a culture that respects our employees, partners, customers, communities, and ultimately the planet.

In the long term, we see decarbonisation as the area where we can have the greatest impact, but we also recognise that sustainability risks, responsibilities and opportunities for our business encompass the full scope of Environmental, Social and Governance (ESG) factors.

We can successfully face the challenges of competitive market environment with moral and business responsibility, both as individuals and as a company. In performing the job duties, the employees should always act lawfully, ethically and in the best interests of Vaculug.

This is the heart of Vaculug from how we serve our customers to how we ensure a level and fair playing field that benefits societies far beyond our great shores here in the UK. Thank you for upholding our values and helping us doing things right. It does not only mean that we provide well made, fairly priced and of exceptional quality products and services, but it also means that ethics and integrity is always born in mind. We source material only from suppliers who have impeccable human rights and compliance records, and we ensure that our supply chain is of high integrity and we monitor our entire operation for compliance with our Code.

Haarjeev S. Kandhari
Chairman - Vaculug

INTRODUCTION

This Code of Ethics serves as our ethical commitment and as a guide to proper business conduct for all of our stakeholders. We, at Vaculug are committed to doing business legally, ethically and in a transparent manner.

This document applies to all staff who work for the Vaculug (including officers, directors, managers, team leaders, employees, temporary, agency, interim, sub-contractor, or consultant staff), and also include own suppliers, service providers and business partners.

All staff are expected to adhere to this Code in their professional, as well as personal conduct, treat everyone with respect, honesty, and fairness.

VALUES

Everything we do at Vaculug is built around three core foundational values:

- A FAMILY culture.
- A RESPONSIBLE approach to business.
- A past and future driven by INNOVATION.

A FAMILY culture

Our company has been built on a foundation that values the connection we have to our surrounding communities. Our community focused approach to business also applies to our own organisation and the culture we have created at Vaculug.

We believe the health and well-being of our employees is paramount. We have clear HR policies in place that set out to provide a safe and inclusive workplace for all. Additionally, through various employee engagement initiatives that we organise throughout the year, including the celebration of key personal and professional milestones, we strive to foster a safe and enjoyable workplace culture and environment for our Vaculug family, every day.

A RESPONSIBLE approach to business

Building a responsible business means respecting the planet and our surrounding communities and creating value with each of our stakeholders.

Our company is committed to fostering a culture that respects our employees, partners, customers, and communities. We are also committed to building a sustainable business that respects the environment.

Working in collaboration with our stakeholders, we are striving to minimise our impact on the planet while at the same time making a positive difference.

A past and future driven by INNOVATION

As a leading retreader, we are committed to continuously improve processes with aim of delivering products at the highest level of quality and safety, for our customers.

R&D initiatives improve and advance our manufacturing processes and products, not only for our company but for the industry. To ensure we remain on the leading edge of retreading, we are invested in the latest manufacturing technology. We are equally invested in leveraging the most advanced technology and software for our fleet management systems to ensure we deliver optimal service and peace of mind to our customers.

Our approach to embracing innovation and technology is what has built our company and positioned it as the industry-leader that it is today, and it is what will continue to pave the way forward and lead us towards a more sustainable and prosperous future going forward.

COMPLIANCE WITH THE CODE

Managers and leaders have higher responsibility for demonstrating, also through their actions, the importance of this Code. Managers and leaders are responsible for promptly addressing every raised ethical question or concern. Employees must cooperate in investigations of potential or alleged misconduct.

Vaculug is open to any questions at any time and will not allow punishment or retaliation against anyone for reporting a misconduct in good faith.

Non-compliance to this Code considered as a misconduct that could warrant disciplinary measures as provided in legislation, collective agreements, or by contract.





COMPLIANCE WITH LAWS AND REGULATIONS

Our commitment to integrity begins with complying with laws, rules, and regulations relevant with Vaculug business. We are committed to adhere to every valid and binding contractual agreement that we conclude, and we do not abuse our rights.

The 'Quality, Environmental, Health & Safety' policy include our commitment to maintain the Health & Safety certifications.

Vaculug is also confirmed as a member of the Safety Schemes in Procurement (SSIP) Forum, which validates the company has demonstrated its compliance with the forum's core safety criteria.

Our Environmental Management System certifies our compliance with standards related to remoulding of tyres and associated activities.

Our staff must follow applicable laws and regulations, including the Code at all times and must ensure compliant operation.

SUSTAINABILITY: PEOPLE, PLANET, PROFIT & RESPONSIBLE GOVERNANCE

We are committed to meet current and future requirements in line with the needs of future generations. For this reason, integrated a comprehensive and ambitious sustainability or ESG (Environmental, Social and Governance) strategy into our business strategy and operations to hold ourselves accountable throughout the year.

Our sustainability strategy comprises several categories covering all material responsibilities, risks and opportunities across the environment, social and governance dimensions, and our work is guided by three core commitments:

1. We will take leadership in the decarbonisation of retreading.
2. We will ensure that our people thrive at work by providing a safe and inspiring workplace.
3. We will operate Vaculug based on responsible

business practices.

Vaculug holds an A-Rating awarded by the UK Environmental Agency for the company's compliance with environmental standards and regulations, making us the only retreader in the world to have an A-Rating tyre.

Our sustainability goals are also aligned with the Tire Sector SDG Roadmap, making us the first and only independent retreader in the world to align with larger multinational organisations across the industry.

Our approach to building a responsible business is guided by the stewardship of our company's vision, mission, and core values. We recognise that on this journey, sound and responsible Corporate Governance is essential.

HUMAN RIGHTS

We are committed to respect human dignity and rights of each individual and community whom we interact with during the course of work. We shall not, in any way, cause or contribute to the violation of human rights. Our staff shall treat everybody with dignity, respect, integrity, care and uphold human rights anywhere in our own business or in any of our supply chains.

The HR policies "Anti-Slavery" and "Human Trafficking" reiterate our zero-tolerance approach to modern slavery and human trafficking.

Guided by our core family values, it is our belief at Vaculug that everyone deserves to be treated with respect, and to be fairly compensated for their work and contribution to the growth of the organisation.

FAIR LABOUR PRACTICES AND WORKING CONDITIONS

We are committed to promote equality in our employment practices and to fair employment and remuneration policy in compliance with applicable laws. We are firmly opposed to employ or contract child or slave labour or any form of forced or compulsory or bonded labour. We condemn all forms of illegal, unfair, unethical labour practice that exploits workforce, destroys social security, or serves as tax

evasion, including but not limited to undeclared and “grey” work or holding back wages.

Our approach to recruiting and hiring guarantee a fair and equal chance for all candidates. We set out to select the best person for a position - regardless of sex, race, colour, religion, ethnic origin, age, disability, or sexual orientation, as is stated in our hiring policy. Our hiring procedures and policies are clearly communicated in our internal Human Resources Recruitment & Selection document, which acts as a guide for our HR Team as they look to promote, hire, and expand our Vaculug family.

DISCRIMINATION AND HARASSMENT

.....

We provide equal opportunity in employment and we do not tolerate any discrimination or harassment or any type from abuse. No direct or indirect discrimination shall take place based on any professionally non-relevant trait or circumstance, like gender, marital status, age, national or social or ethnic origin, colour, religion and political opinion, disability, sexual orientation, employee representation, property, birth, or other status. Any kind of discriminatory behaviour, harassment, bullying, or victimization is prohibited.

All staff is expected to follow the highest standards of conduct in all verbal and written communication based on mutual respect, and must refrain from any form of harassment, slander or any behaviour that could be taken as offensive, intimidating, humiliating, malicious or insulting.

HEALTH, SAFETY AND ENVIRONMENT

.....

We provide clean, safe, and healthy work conditions and we are dedicated to maintaining a healthy environment. We are committed to minimise the impact on the natural environment of our operations. We make efforts to reduce the use of finite resources, like energy or water, and the harmful emissions, like waste.

In line with our commitments, all Vaculug employees are expected to adhere to the company’s ‘Quality, Environmental, Health & Safety’ policy, standards,

and procedures. This policy is shared and communicated to all team members by means of induction, training and by being displayed on our premises. Vaculug is also confirmed as a member of the Safety Schemes in Procurement (SSIP) Forum. Our commitment to delivering the highest standard products and services is reinforced in our ‘Hiring & Recruitment’ policy. During the selection process, every effort is made to ensure that potential employees, including those moving into new jobs within the company, fully understand the requirements of their roles in accordance with Quality Standards.

As a zero-landfill operation, our retreading and recycling efforts continuously minimise our environmental impact by reducing our carbon footprint on all aspects of the supply chain.

Our efforts to minimise finite resources consumption are highlighted by our ongoing water usage monitoring and our energy use reduction programme. All staff must follow and comply with every relevant health, safety and environmental protection laws, regulations and rules all times.

FAIR COMPETITION AND BUSINESS CONDUCT

.....

Our relationships with business partners are built upon trust and mutual benefits compliant with competition law. We are dedicated to ethical and fair competition, as we sell products and services based on their quality, functionality, and competitive pricing. We will make independent pricing and marketing decisions and will not improperly cooperate or coordinate our activities with our competitors. We will not offer or solicit improper payments or gratuities, nor will we engage or assist in unlawful boycotts of particular customers.

We do not allow any violence of the fairness of any tendering process in any way. We refrain from damaging competition and the reputation of any business partners and any behaviour that harms competitor’s creditability.

We do not hold back maliciously, unlawfully, or unduly payments towards our partners, and we do not allow such practices in our supply chain, we fight the unethical practice of “debt chain”. Our staff is responsible for ensuring fair business during their job and adhere to every competition, consumer protection and fair marketing rule.

Customers and business partners shall be treated fairly and equally, products and services shall be displayed in a manner that is fair and accurate (fair marketing and advertising), and that discloses all relevant information.

ANTI-CORRUPTION

.....

We firmly condemn and do not tolerate all forms of corruption. It is prohibited directly or indirectly offering, promising, giving, asking, soliciting, or accepting any unfair advantage or benefit, in order to obtain, retain or facilitate in any way the business. An unfair advantage or benefit may include cash, any cash equivalent (e.g., voucher), gift, credit, discount, travel, personal advantage, accommodation or services. We do not permit facilitation (or “grease”) payments to government officials or private business in order to secure or speed up routine actions. Corruption also covers the misuse of function or position as well, when someone makes that false appearance that he/she improperly influences a decision maker.

Corruption for either to obtain or retain business, or to obtain or retain an advantage in the conduct of business is considered gross misconduct. Similarly accepting or allowing another person to accept a bribe is considered gross misconduct. Our staff has to account for all benefits received in the course of doing business and must to not give or receive bribes or otherwise act corruptly.

GIFTS AND HOSPITALITY

.....

We shall avoid any actions that create a perception that favourable treatment was sought, received, or given in exchange for personal benefits.

Business courtesies or benefits include gifts, gratuities, meals, refreshments, entertainment or other advantage from persons or companies with whom we do or may do business. We will neither give nor accept such benefits that constitute, or could reasonably be perceived as constituting, unfair business inducements that would violate law, regulation or policies, or would cause embarrassment. Our staff may never use personal funds or resources to do something that cannot be done with our resources.

We may accept and offer occasional gifts and hospitality that are customary and conform to reasonable ethical practices of the market, provided that they are not inappropriately excessive, not frequent and do not reflect a pattern of frequent acceptance, does not create the appearance of an attempt to influence business decisions. Only trivial gifts with low value can be accepted. All other gifts must be politely refused or, if received through post, returned to the donor. If return is not possible it shall be offered for charity or community purposes. It is the responsibility of the person offering, providing, receiving, or accepting the gift to decide whether the gift is appropriate.

SECURITY, PROTECTION, AND PROPER USE OF COMPANY ASSETS

.....

We are responsible for the security, protection and for the economic use of company resources. Our resources, including time, material, equipment, and information are provided for legitimate business use only. Occasional personal use is permissible as long as it is lawful, does not affect job performance or disrupts workplace morale.

All staff is obliged to follow appropriate security measures and they should treat company property, whether material or intangible, with respect and shouldn't misuse company assets or use it carelessly.

CONFIDENTIALITY, INFORMATION SECURITY, PROPRIETARY INFORMATION, AND INTELLECTUAL PROPERTY

.....

We are committed to business information confidentiality, integrity, and accessibility, we implement proper technical security measures this and it is our staff's obligation to uphold this. Proprietary information includes all non-public information that might be harmful to the company or its customers, business partners if disclosed to unauthorised parties. All staff must handle any such information as secret. Every rule ensuring information security must be followed all times.

We respect the property rights of others. We will not acquire or seek to acquire trade secrets or other proprietary or confidential information by improper means. We will not engage in unauthorized use, copying, distribution or alteration of software or other protected intellectual property.

owners. We implement proper security measures to assure confidentiality, integrity, and availability of personal information.

Our staff must observe the legal requirements, apply compliant practices and follow related procedures to ensure legality of personal data handling and processing activities.

ANTI-FRAUD

.....

Fraud – the act or intent to cheat, steal, deceive or lie – is both unethical and, in most cases, criminal. Fraud in every form, (including e.g., submitting false expense reports; forging or altering financial documents or certifications; misappropriating assets or misusing company property; making any untrue financial or non-financial entry on records or statements) is prohibited.

CONFLICT OF INTERESTS

Our decisions shall be based on objective and fair assessments avoiding the possibility of any improper influence. A “conflict of interest” exists when an employee’s personal interest (that can be linked to e.g., friends, family, or customer, competitor, supplier, contractor entity, as well) interferes or potentially interferes with the best interests of Vaculug. Determining whether a conflict of interest exists is not always easy to do, thus anyone with a conflict-of-interest question should seek advice from management.

If co-workers become involved in personal relations with each other, the onus is on the senior employee concerned to bring this to the attention of his or her manager to confirm that there is no conflict of interest, nor will a conflict of interest arise.

PRIVACY, PERSONAL DATA PROTECTION

.....

We respect people’s privacy and we acknowledge customers, employees and other natural persons’ need to feel confident that their personal data is processed appropriately and for a legitimate business purpose. We are committed to comply with all personal data protection laws. We only acquire and keep personal information that is necessary, and we give proper information on these activities to data







TABLE OF CONTENTS

ABOUT THIS POLICY	176
PURPOSE OF THIS POLICY	176
WHO IS RESPONSIBLE FOR THIS POLICY	176
OUR ESG COMMITMENT	177
OUR STATEMENT ON CLIMATE CHANGE AND THE ENVIRONMENT	177
OUR STATEMENT ON SOCIAL RESPONSIBILITY	180
OUR STATEMENT ON ETHICAL GOVERNANCE	180
OUR BUSINESS AND ESG	181
OUR DUTY TO THE WIDER WORLD	181
ESG AND OUR REPUTATION	184
OUR RESPONSIBILITY TO OUR CUSTOMERS	184
YOUR ROLE TO PLAY IN ESG	185
ESG AND OUR VALUE CHAIN	188
HOW TO PROCURE ETHICALLY	189
OUR ESG GUARDIANS	189
MONITORING AND ENFORCEMENT	190

1. About this policy

1.1 Environmental, social and governance issues do not exist in a silo. Vaculug is passionate about bringing them together under one banner to demonstrate the positive impact our business is having on the world. ESG is much like corporate social responsibility but on a vastly larger and more measurable scale. Companies who are at the forefront of talking about their ESG scores are generating more attention from across the business spectrum, and investors are actively looking for high ESG scoring companies.

1.2 This policy will inform our ESG efforts moving forward. This includes, but is not limited to reporting, disclosures (both material and non-material), business practices, policies, procedures, investments, board activities, stakeholder engagement, and investor relations.

1.3 Nothing in this policy shall be taken or understood to limit or reduce our current committees, both legally and ethically.

2. Purpose of this policy

2.1 The purpose of this policy is to provide information about Vaculug's ESG (Environmental, Social and Governance factors) and to encourage the business to understand ESG better.

2.2. This policy has been implemented across the whole company.

2.3 This policy does not form part of any contract of employment or other contract to provide services, and we may amend it at any time.

3. Who is responsible for this policy?

3.1 The Vaculug Directors and senior management team has overall responsibility for the effective operation of this policy.

3.2 Line managers have day-to-day responsibility for this policy and you should refer any questions about this policy to them in the first instance.

3.3 This policy is reviewed annually by the directors and senior management team. Changes may be made at any time as government guidance develops.

4. Our ESG commitment

4.1 We strive to build sustainable, equitable, healthy, and diverse communities through a combination of innovative business practises and exemplary environmental, social and governance (ESG) performance. This commitment informs every aspect of our business, including how we design and build new projects, operate our company, collaborate with stakeholders and report progress.

4.2 This ESG Policy sets out our approach to sustainability matters. At the heart of the Policy is a corporate culture that has sustainability at the core of all our business operations and values.

5. Our statement on climate change and the environment

5.1 Vaculug are committed to driving down our energy and carbon impacts, as we believe that climate change is one of the greatest risks to our world. Our sustainability program is committed to environmentally sustainable initiatives that deliver near-term efficiency, value, and health for our business, our people, and the wider community.

5.2 We encourage our customers to reduce their impact on the environment by recommending the use of more sustainable materials. We actively promote a paper-free office. We regularly support our clients to avoid printing and we will make all endeavours to be a digital-first business.

5.3 We seek to comply with current environmental legislation and work to minimise the impact of our activities on the environment.

5.4 We support the recommendations of the Taskforce on Climate-related Disclosure (TCFD) and engage with our stakeholders and encourage enhanced disclosure on climate change, biodiversity, and the SDGs, including efforts to advance the underlying goals, such as those of the Paris Agreement.





6. Our statement on social responsibility

6.1 Our focus is to deepen relationships with our key stakeholders by investing in our employees and partnering with our customers, communities, investors and suppliers.

6.2 We are committed to engage with our employees to provide a challenging, dynamic, inclusive and diverse work environment that supports their professional development, as well as promoting a good work-life balance that prioritises their overall health and wellness.

6.3 We will support initiatives that benefit the environment, human welfare and education. This includes skills training that advance workforce talent pipelines for our customers and economic development in the communities in which we operate.

6.4 We will engage suppliers, customers and employees around safety, health, and wellness.

6.5 We will preserve and promote the protection of human rights and welfare within our own business activities, as well as those of our supply chain, in accordance with our Code of Ethics and the Modern Slavery and Human Trafficking Policy.

7. Our statement on ethical governance

7.1 Our focus is to promote strong oversight, transparency and risk management at all levels of our organisation, ensuring resilience and long-term preservation of value for our business.

7.2 We will maintain strong corporate governance practices through exemplary board stewardship, management accountability, and proactive risk management.

7.3 We will mitigate risk exposure and build the resilience of our business to climate change and other catastrophic events through smart design and sighting.

7.4 We are committed to high ethical standards through a strong Code of Ethics, ongoing ethics training, and executive leadership that promotes a culture of integrity.

7.5 We cultivate strong stakeholder relationships through transparency, open communications, and responding to stakeholder input.

7.6 We establish clear and effective governance for ESG, set goals and establish accountability. This is set through our ESG committee and reported to our board.

8. Our business and ESG

8.1 ESG is about assessing that net positive impact in the world, and taking concerted, defined and measurable action to improve it. Our value rests in our employees, our communities, and the wider world. Therefore, ESG forms a fundamental part of how our business lives our values in the real world.

8.2 The ethical and practical values that make up the different parts of ESG have always been at the heart of what we as a company stand for. With the growth of ESG and the increased awareness of these factors among our key stakeholders, we have a better opportunity to tell the story of how our business makes a positive impact in the world.

8.3 The drive to assess a broader range of factors in a holistic manner, from environmental and climate change considerations to the social issues and how we invest in our people, to the structure of our business and always reaching for better governance, means we can tell our story better. We welcome opportunities to highlight the positive impact we have on the world.

9. Our duty to the wider world

9.1 As a business, we also have a duty to our people, our customers, and the wider world. ESG gives us an opportunity to bring those impacts together. We value investing in our people as we value protecting our environment and being a good corporate citizen.

9.2 Fostering openness, sustainability, and respect are our key objectives. We value everyone and strive to work as one team. Our view on ESG is that it is a continuous process of aligning our operations and controls with our values as a company.

9.3 Our commitment to improve our social and environmental performance demonstrates a strong, well-informed management attitude and a values-led culture that is both alert and responsive to the challenges and opportunities of doing business responsibly and sustainably.





10. ESG and our reputation

10.1 ESG is fundamental to our reputation as a business. Reputation is built through frequent and repeated interactions with stakeholders. When those interactions are positive, our business, and our reputation, can thrive. In an uncertain economic climate, positive reputation is one of the key drivers to long term success.

10.2 We want all our stakeholders, from customers to investors to our people, to be proud to be a part of our business. Part of that pride is understanding how our business makes a positive contribution to the world.

10.3 Environmental - Environmental sustainability is an ethical and commercial imperative. Managing our carbon footprint goes hand in hand with the strategic necessity to operate efficiently. Our commitment to tackling climate change at a corporate level is fundamental to our strategic objectives.

10.4 Social - Our people make up our business. Intellectual capital is core to our clients, our business model and our long-term sustainability as a business. We aim to foster an environment that values and nurtures unique talents and contributions from every individual within a culture of inclusivity. While we have progress to make, we are committed to cultivating and empowering change by building an inclusive workplace where all talents can thrive.

10.5 Governance - Good governance is foundational to our business, and all aspects of ESG. We cannot thrive without paying attention to our compliance obligations. Our business seeks to go beyond the concept of "box-ticking" and embed compliance into the heart of our business.

11. Our responsibility to our customers

11.1 We have an obligation to our customers to offer them the best service. Customers are at the heart of our business, and without these partnerships our business wouldn't exist. Part of that commitment to customers is about responding to their needs, hearing their concerns and committing ourselves to customer satisfaction.

11.2 The best customers are those who see us as partners in their own enterprise. In turn, those customers reward us with their continued business, and building and maintaining our world-class reputation.

11.3 ESG priorities are drawn not only from investor concerns but customer needs. Customers are asking how we are improving the world around us. How are we protecting our shared natural heritage, investing in our communities and being good corporate citizens? It is imperative on us as a business that all of our interactions with customers are reflective of who they expect us to be. And that is a partner in their own enterprise. A company they are proud to work with and

11.4 That is why it is important for you to understand ESG, its impact and what it means for our company. We want you to feel proud of being part of our business and the positive impact we have on the world, so that our customers will feel the same.

12. Your role to play in ESG

12.1. As a member of our business, you have a vital responsibility to ensure our organisation thrives. When it comes to ESG, this means understanding your role in each area of ESG. You can start to do this by familiarising yourself with the concept of ESG, such as through this course, and also our strategic objectives around ESG. You should know:

- Our strategic ESG goals
- How we plan to achieve them and over what time
- Your individual and team contribution to those goals
- How to discuss our ESG goals with customers and third parties
- Where to report potential concerns or actions which go against our policy

12.2 On an individual level, you have an important role to play in meeting our ESG objectives. Here is how:

12.3 Environmental - We all have a role to play in reducing carbon emissions and getting to net zero. While as a business we are setting organisation-level targets, consider the choices you make and the environmental impact. For instance:

- When travelling, are there more environmentally friendly options to take?
- Can some meetings be done remotely instead of travelling?
- Think before you print
- Does the office have recycling and energy saving measures?

12.4 Social - Building a diverse and inclusive workforce where everyone feels valued is everyone's responsibility. Understanding your role in bringing people together is critical to our success as a business. From hiring the best talent to encouraging all staff to thrive, we want a workplace where people proactively work to be the best. You can help by:

- Challenging and reporting discriminatory or offensive behaviour
- Understanding diversity and inclusion policies
- Being an active ally for groups often underrepresented
- Leading by example in your work





12.5 Governance - Good governance goes beyond having the right policies and procedures in place. It's about embedding compliance in your day-to-day work. From completing training on time to actively understanding how regulations affect your work, good governance starts from the individual acting ethically. Take governance to heart by:

- Be a compliance champion in your team
- Refer to policies and procedures instead of shortcuts
- Be aware of red flags for compliance failures and risks in your area of work
- Don't be afraid to call out poor behaviour or report failures

13. ESG and our value chain

13.1 Our business does not operate in isolation; almost no company does. Value is created through collaboration and partnerships. Similarly, risks can come from not anticipating problems, gatekeeping, and hiding critical information. Traditional risks in supply chains were generally about quality, cost effectiveness and reliability. But seen through an ESG lens, the holistic nature of the third parties, from how they source raw materials to how they treat workers and comply with accepted standards are just as vital.

13.2 A workforce health and safety incident, labour dispute or allegation of corruption can have serious impacts on stakeholders up and down the value chain. The value chain matters, and it is connected. Customers are increasingly voting with their feet and putting pressure on companies to act with ethical decisions in mind.

13.3 Ethical procurement gets to the heart of the value chain. When we consider the entire value chain, from raw material supplier to end use customer, we can better understand the needs and impacts of our business's decisions within those relationships. Ethical procurement within the context of ESG means paying attention to the carbon impacts of a supplier, and the labour practises of an end-user.

13.4 Considering these impacts doesn't always mean refusing to work with someone in the value chain where there are concerns. Sometimes suppliers are limited, and customers have every right to access our services. It's about understanding the risks within each relationship and taking concerted action to reduce those risks.

13.5 For example, if there are concerns about a supplier's labour practises, we can ensure clauses are inserted into contracts to maintain an adequate standard of employment for those working for the supplier. This can help actively change labour practises, as opposed to simply refusing to work with a supplier. Or when working with a logistics provider, we might ask for emissions reporting so we can then offset the carbon used.

14. How to procure ethically

14.1 Risk assessments: Undertake risk assessment of the value chain to identify key vulnerabilities based on supplier and customer needs.

14.2 Real-time tracking: Real-time tracking and traceability over suppliers and movements of goods and services.

14.3 Screening, risk-ranking & monitoring: ESG due diligence on suppliers to evaluate and rank them based on their ESG profile and track record, and monitoring for ESG breaches.

14.4 Investigations: Investigate ESG incidents that take place in the value chain, have remediation plans ready and manage financial and reputational damage.

14.5 Incident response management: Build robust internal governance frameworks to respond to ESG issues in the value chain.

15. Our ESG Guardians

15.1 Our ESG guardians sit directly beneath our board in terms of seniority. The purpose of the Guardians are to gather and review data from broad parts of the business, then filter and summarise it upwards to the board. The ESG guardians are responsible for writing the ESG pages inside the annual report, and producing all information regarding ESG disclosures.

15.2 The aim of the guardians is to establish a unified view of ESG, increasing understanding of all three aspects, environmental, social and governance, and to promote robust standards of corporate governance that integrate all these aspects for non-listed real estate vehicles. This will help the industry more effectively integrate ESG factors into the real estate investment decision-making process.

15.3 The key objectives of the guardians are to:

- Emphasise the importance of environmental measures, sustainability goals and performance, at all levels of the business.
- Provide best practice on the structure, policies and regulations that impact the business
- Increase understanding and awareness of corporate governance and social aspects that impact the industry.
- Implement and promote common and workable standards of corporate governance for the business.

16. MONITORING AND ENFORCEMENT

16.1 We seek to proactively prevent and mitigate instances of non-compliance with this ESG policy.

16.2 Any breaches or concerns, including ethical concerns or potential breaches in our commitment to high ethical standards should be reported as soon as possible through our whistleblowing channels.

16.3 Progress on this policy is reported to the Board on a regular basis. Active participation and engagement at all levels of the business is of great importance to ensure ownership of ESG by all staff. At minimum, we endeavour to maintain compliance with legislative requirements.







14

APPENDIX 5 Sustainable Thinking articles published by our Chairman in 2023



Haarjeev Singh Kandhari
Chairman at Vaculug – Europe's largest
independent retreader

+ Suivre

“GREEN GUILT” IS JUST A CONVENIENT DISTRACTION!!!!

January 29, 2023

Guilt is a powerful emotion, and a very effective driver of behaviour. And the big corporations are well aware of this. Because the majority of people want to make ethical choices and help contribute towards protecting the environment. And in theory, this is no bad thing.

However, it becomes a problem when those in power start playing on people's sense of guilt, in order to manipulate public behaviour and deflect attention away from the environmental failings and hypocrisy of the big corporations, some of whom are among the world's biggest polluters.

For example, we see countless headlines espousing the benefits of recycling. We're told to consume less and in many cases, pay more for the moral privilege of doing so. And whilst it might make people feel good to know that they're actively trying to 'do their bit', in the grand scheme of things, it's as useless as trying to collect water in a sieve.

Because the unfortunate reality is that many 'recyclables' are branded with misleading labelling about just how recyclable the product is and are frequently sent to landfill and other overloaded waste streams. The transition from single-use plastic straws to more 'environmentally friendly' cardboard ones actually produces (almost three times) more carbon emissions during the manufacturing process.

So many of these actions that the public are 'guilt-tripped' into, however well-intentioned, actually do little in the way of making any kind of significant difference, and in some cases can even cause more harm than good.

In other words, the concept of conscious consumerism is a lie, designed to distract the public from the big corporations' refusal to take responsibility for their environmental negligence.

Measurable Action Over Environmental Posturing

This is partly what inspired me to buy a retreading company, because it's one of the few industries that's genuinely sustainable. And unlike many 'green' initiatives that aren't worth the paper they're written on, I knew that this was a way to make a real difference.

For example, Vaculug is already beyond net zero if you count avoided emissions (which aren't taken into consideration by the UN calculation). In fact, every single tyre that we tread in our factory saves 76 litres of oil. Times that by 250,000 tyre casings, and that's millions of litres of oil and CO2 emissions saved by just one factory alone.

We renew and reuse everything (within reason) so that very little goes to waste. In 2019 alone, we recycled 5,200 tonnes of waste tyres, which achieved an overall emissions saving of 13,152 tonnes compared with using virgin materials. We've also taken action to reduce our energy usage by over 20%, which cuts carbon emissions by 950 tonnes per annum, whilst also recycling 100% of our non tyre-related waste.

So, it shows that sustainable business models are more than possible. However, the key is to have a product that is equal to or better than the product you're trying to replace. Our retreads last longer than new tyres. And secondly, they're cheaper. This is a critical factor because most sustainable products come with a higher price tag, which is ridiculous. People shouldn't be financially penalised for making ethical choices — when an old product is being reused, those savings should be passed on to the consumer.

Sustainability Shouldn't Cost the Consumer

That's what sets us apart from the hypocritical big corporations — we approach our clients with a sustainable pitch, and guarantee in contract that we'll reduce their tyre usage, and just as importantly, help them manage the product. This in turn, reduces their overall spend with us.

So, by providing the right product and the right service, and helping to educate the consumer on how to be more sustainable, we have actually increased our turnover, which proves sustainability is possible, at no extra cost to the manufacturer or consumer. Transitioning to truly sustainable business models that benefit both the environment and the consumer is what the big corporations should be putting their time and energy into, rather than guilt-tripping the public into paying over the odds for 'green' gimmicks that are unlikely to make even the slightest bit of difference.



Haarjeev Singh Kandhari
Chairman at Vaculug – Europe's largest
independent retreader

+ Seguir

HOW DO WE TACKLE TYRE PARTICULATE POLLUTION?

March 2, 2023

Surprise, surprise! After encouraging people all across the UK to abandon their petrol and diesel cars in favour of their electric counterparts, the government's top 'clean air' advisor has claimed that a tyre tax will need to be imposed on electric cars to combat poor air quality in cities.

This comes as the London Mayor and Chief Muppet, Sadiq Khan, declares a 'war on pollution', with plans to expand the controversial 'Ultra-Low Emissions Zone' to cover nearly all of greater London.

Similar schemes have already been implemented in cities all across the UK, such as Bristol and Liverpool. And opinions are somewhat divided (to say the very least) between whether such 'green initiatives' do the slightest bit of good, or whether they are another thinly veiled excuse to squeeze yet more money out of the public in the name of 'protecting the environment'.

The problem is, haven't we been here before? Not so long ago, people were encouraged to buy diesel due to them delivering more power than the petrol equivalent at lower engine revs, and therefore being better for the environment. So, many people unsurprisingly invested in diesel vehicles, after being convinced that they were making an environmentally conscious decision. And now they're being taxed for it!

How big of a problem are tyre particulates?

Now, it seems the same is happening with electric cars. Suddenly, we're seeing headline after headline claiming that EVs actually create more pollution than the cars we're being encouraged to replace! A recent press release claims that, due to the additional weight of the battery pack and superior torque, the tyres on EVs wear faster, which produces higher levels of nanoparticle matter pollution, also known as particulates.

The press release by Emissions Analytics, which has been widely circulated in the media, suggests that, 'particulate matter pollution from car tyre wear can be 1,000 times higher than car exhaust emissions, and that car tyres may produce as much as 9.28 grams of particulate matter per mile, or 5.8 grams per kilometre.'

However, what isn't made clear in the press release is that these numbers are wildly misleading because they're based on an extreme worst-case scenario. For example, if we were to apply these numbers to a typical family car, and the tyres were indeed shedding particulate matter at the rate suggested per mile, there'd be nothing left of them in less than 4000 miles! It's clear therefore, that such claims are greatly exaggerated.

And studies do show that air quality is already demonstrably better in cities such as Dundee that have a high volume of electric vehicles. So, is there a way of encouraging people to switch to electric vehicles without using pollution as an excuse to tax the hell out of them for it?

Finding a simple solution

Well, as batteries evolve to become lighter and more powerful, so does tyre technology, so it won't be long before the weight difference between EVs and petrol/diesel vehicles becomes almost negligible. But evolution takes time. So, in the meantime, we need to take cheap tyres out of the equation.

Low quality tyres tend to have a higher toxic chemical content, and their wear rate compared to high quality tyres differs substantially, which equals higher levels of particulate pollution.

So, the answer doesn't lie in financially penalising people for making ethical choices, nor should people be discouraged from using their cars or investing in electric vehicles. By introducing a regulatory body that eliminates the lowest class of production and creates a basic environmental standard that all tyre manufacturers are required to meet, cheap tyres that produce the most micro plastic pollution would no longer be a dominant force in the marketplace.

Even if the number of low quality tyres in the UK marketplace were reduced by just half, this would make a huge difference in terms of environmental impact, at no extra cost to the taxpayer. And as new tyres are developed, and technology continues to evolve, particulate pollution can be reduced even further, and we take another step toward a cleaner, more sustainable future.



Haarseev Singh Kandhari
Chairman at Vaculug - Europe's largest
independant retreader

+ Seguir

SUSTAIN YOUR BRAIN! DON'T READ THE NEWS ANYMORE!!!

April 1, 2023

I don't read the news anymore because most of it is exaggerated nonsense that isn't worth the paper it's written on.

In the age of the 24 hour news cycle, shock, scandal and triviality are all too often prioritised over real journalism, and stories are frequently littered with fabrications, inaccuracies, and in some cases blatant mistruths. I mean, if you were to believe all you read, you'd be forgiven for thinking that the world has been coming to an end for at least the last 100 years!

For example, I've been told that the latest headlines warn of inevitable doom and climate disaster if we don't drastically change our lifestyles NOW, and there's talk of banning meat and the sale of petrol and diesel cars by the year 2030. But will any of this actually happen? No, of course it won't! Europe is already watering down the 'green promises' they made by introducing an e-fuel exemption, and Britain are subsequently under pressure to perform yet another famous government U-turn on their own 'environmental commitments'.

The fact is that I've seen it all before, and it's actually getting boring now. It's the same exhaustive cycle repeating itself — the media warn of something extreme and cataclysmic that's clearly never going to happen, like ending car ownership, and the public reacts with anger and incredulity. And then when the worst case scenario doesn't happen, the public breathes a collective sigh of relief and the cycle starts again. It's an old tactic that's used to drain people's political will and distract them from taking any meaningful action that might disrupt the status quo and force actual systemic change.

Because the majority of the problems that we see being reported about all have the same underlying causes — poverty, inequality, corruption and a lack of investment in sustainable development. And whilst the mainstream media are very good at reporting about these 'isolated' events, they obscure the

bigger picture so that the underlying causes are never addressed, and those in power are never held accountable. Most media isn't there to educate or inform; it exists to distract and divide people, to provoke an emotional reaction, rather than a considered rational response.

But don't let this blind you to the good there is because more people are waking up to the deception and hypocrisy of so many of our 'trusted' leaders and news outlets. And for every charlatan who's in a position of power, there are also people with a true sense of moral integrity, who genuinely want to protect the planet for the next generation, and are prepared to take action to achieve it.

The future is much brighter than we've been led to believe by the likes of the climate activists and other doomsayers, whose voices have been conveniently amplified by the mainstream media.

Of course, our lifestyles will change. The way that we eat and travel from place to place will evolve to reflect the changing needs of society, as has always happened since time immemorial. But this is nothing to be scared about. Change is, and always has been, inevitable. It's something to be embraced rather than feared.

But the deceptive tactics used by the media are insidious and pose far more of a threat than any of their spurious warnings and imaginary enemies. So, what's my advice? When it comes to the mainstream media, don't allow yourself to get sucked in.



Haarseev Singh Kandhari
Chairman at Vaculug - Europe's largest
independant retreader

+ Seguir

WHAT IS THE TRUE MEANING OF #SUSTAINABLETHINKING?

May 3, 2023

I've written a lot about the concept of sustainable thinking over recent months, and I wanted to clarify exactly what I mean when I use this term. Many people seem to make the assumption that sustainable thinking requires everyone to think in the same way, when in fact, quite the opposite is true.

Because the last thing we need is more groupthink. Groupthink is what leads to sweeping 'green policies' that make very little difference, aside from helping to pacify the public by giving the impression that the climate change issue is being addressed.

The real meaning of sustainable thinking isn't about everyone thinking in the same way, but rather everyone actively working together towards the same goal. What's actually required is innovation, strategic risk taking and a genuine desire to want to protect the environment and change the world for the better.

And who better equipped to do this than the younger generation, to whom innovation, courage and taking risks come naturally?

So, rather than filling young people's heads with doom-laden statistics and the constant fear of impending climate disaster, why not focus on inspiring them and equipping them with the tools and knowledge they need to ensure that their desire to protect the environment and change the planet for the better translates to long-term systemic change?

The younger generation have come of age during a time that has presented them a unique set of challenges — societal unrest, economic uncertainty and of course, the global pandemic have all dominated their formative years. And as well as shaping their attitudes and perspectives, this has in many cases limited their opportunities.

But this needn't be a cause for division between young and old, but rather a unique opportunity to come together and work towards the common goal of bettering the world for the generations to come.

Younger people don't need us to tell them what to think, they need us to invest in sustainable infrastructure that will enable them to unlock their full potential and translate their desire for positive change into meaningful action.

And this is the real meaning of sustainable thinking. It's not some gimmick for corporations to use when they want to appear morally virtuous — it's about meeting the needs of today without sacrificing the opportunities and living standard of the future generations. And this requires us all to think and work in a profoundly different way that doesn't strip the planet of its most important resources.

It's not about groupthink, or creating false divisions between different age groups and ideologies — it's about communication and collaboration between worldwide governments, businesses and individuals. It's about working together towards the same goal,

focusing on the bigger picture rather than short-term monetary gain, and investing in the things that really matter.

And what could be more important or indeed sustainable, than investing in the young, the very people who will shape the world for the generations to come? All they need is human capital — this is the key to unlocking their potential, and it's our duty as the older generation to provide them with it.



Haarseev Singh Kandhari

Chairman at Vaculug - Europe's largest independent retreader

[+ Seguir](#)

CLIMATE POLICY LEADERS OR CARBON CON ARTISTS!!?????!!

July 11, 2023

In the clamour to reach net zero by 2050, the UK and countries all across Europe are enforcing ever-more extreme 'green' policies that are making basic amenities such as food, heat and transport increasingly unaffordable for the average working person.

For example, Germany has approved draft legislation to force homeowners to switch from gas and oil to heat pumps from next year. The drawback? It will cost each homeowner an estimated £15,000 to £40,000 for the privilege of making the transition, even though house values in the poorer areas of Germany often don't exceed £80,000!

One has to question the logic of any policy that aims to 'save the planet' by forcing hard-working people into a state of near poverty. And the German people certainly are, with controversy over the bill sparking furious protests and fierce opposition from the public, which has already led to a partial climbdown from the German government and more compromises looking set to follow.

However, some may argue that we have no choice but to take drastic action, given that change must happen now if we are to protect the environment for future generations. The question is, is this the right course of action, and will these extreme 'green' policies really make any difference?

The Hidden Cost of a Flawed Plan

Let's take for example, Labour's plan to meet the demands of Just Stop Oil by blocking new North Sea oil developments and all new domestic hydrocarbon exploration. Now, in theory, this might sound like a good idea (and it remains to be seen whether Keir Starmer will stick to his pledge in the face of strong criticism from industry bosses and trade unions). But the simple fact is that three quarters of our energy supply comes from these sources, and we still rely on oil for a vast range of products that are considered essential for modern life. So, where would the oil come from?

Well, unfortunately, as teleportation is yet to be invented, we'd have no choice but to use huge diesel-powered ships to import it from the USA and the Middle East, which would of course, result in producing significantly higher emissions than before. So why bother making such a decision in the first place if it's actually going to be of greater detriment to the environment?

Unsurprisingly, the answer has little to do with protecting the planet and everything to do with preserving the UK's (thoroughly undeserved) reputation as a world leader in climate policy. Because the sad truth is that a lot of 'creative accounting' goes on in the carbon world. And the UK is, by far, the worst culprit.

By importing our gas and oil and offshoring our manufacturing to countries like China, we're essentially shifting the UK's carbon cost onto another country's balance sheet. So, we look like we're making great progress towards fulfilling our pledge to meet net zero by 2050, when the reality is that global emissions are actually increasing.

And why? Because countries such as China that aren't bound by the same stringent climate policies as the UK and Europe are having to accelerate their oil and coal capacity in order to meet the sudden increase in international demand!

Creative Carbon Accounting

And it doesn't stop there. Let's take the UK's decision to funnel £6 billion of subsidies to Drax, a wood chip-burning power plant based in Yorkshire. This is considered a carbon neutral industry due to the fact that of the 27 million trees Drax burns in a single year, each is replaced by newly planted ones that will absorb the CO₂ emissions that this resource-intensive process inevitably produces.

But what they don't like to publicise is that of these

27 million trees, not a single one is grown in Britain. Once again, they're shipped on massive diesel-powered vessels from the USA and Canada, and the carbon cost is simply added to the exporting country's carbon balance sheet.

Even better, not only does burning wood emit more CO₂ than even coal production, it would take 44-104 years for each newly planted tree to offset the emissions produced by just one of the many millions of trees that are burnt every year!

Now, my retreading factory in Grantham achieved an overall emissions saving of 17,097 tonnes by recycling 6,760 tonnes of waste tyres in 2022 alone. And yet, retreading gets nothing in the way of government subsidies or recognition because avoided emissions aren't taken into consideration by industry regulators. So, when you consider that retreading is essentially being penalised, even though it's one of the few genuinely sustainable industries, it leaves you questioning whether much of the UK and EU's net zero 'strategy' is worth the non-recyclable paper it's written on.



Haarseev Singh Kandhari

Chairman at Vaculug - Europe's largest independent retreader

+ Seguir

WHY THE UK NET ZERO "STRATEGY" DOESN'T ADD UP!!

August 10, 2023

In the midst of the current political landscape, which is dominated by environmental hyperbole and doom-laden hysteria, it can be difficult to distinguish fact from fiction. So, should we all be as worried about climate change as the present narrative suggests?

Well, statistics show that the planet is warming. And the concentration of CO₂ in the atmosphere has increased since the dawn of the Industrial Revolution, when mass burning of fossil fuels became the norm. These are considered scientific facts so let's just assume that they are true for the moment (although more on this next time!).

But is the former a direct result of the latter? It's impossible to say for sure. However, I think we can all agree that finding ways to reduce our environmental





impact is in our collective interest. Unfortunately, deciding on the best approach is where things start to get complicated.

In the UK for example, catastrophic language like 'apocalypse' and 'armageddon' is now used to describe almost any adverse weather event, even those that are often typical for the time of year. And if temperatures reach slightly higher than average, it's displayed in hell-fire red across weather maps, whilst seasonal heat-waves are given emotive names such as 'Cerberus' that conjure images of monsters and demons in the public consciousness.

So, why are they so intent on ramping up the fear factor, and is it justified? Well, in terms of helping to tackle climate change, not in the slightest. But when you take a closer look at the UK's climate 'strategy' (if you can call it that), things start to become a little clearer.

Because in 2019, whilst everyone was busy arguing about Brexit, a seemingly innocuous change to UK climate legislation was quietly nodded through by the House of Commons, without so much as a whimper. And this change would have huge implications for the UK and all of its citizens.

Reaching net zero by 2050 was no longer simply an aim, it was an imperative that was now enshrined in law. (It's worth noting that the UK was the first country to have made this legally binding proclamation.) The fact that the government had no idea what this might cost and no clear strategy, or even it seems, a clue, about how it could be achieved without returning the country to pre-industrial levels of poverty didn't seem to cross anyone's mind.

And so suddenly, all the climate hysteria and extreme 'green' initiatives start to make sense. I'd be panicking too, if I'd bound an entire country to a farcical legal commitment and had little idea how to fulfil it. But is sacrificing the living standards of my fellow British citizens in order to foot the bill (that estimates suggest could stretch from a total of £1 trillion to £3 trillion for just the energy sector alone) really the only 'solution' we have available to us?

Thankfully, our current prime minister seems to think not. Much to the chagrin of the Just Stop Oil muppet eco-zealots, Rishi Sunak has just announced plans to grant numerous North Sea oil and gas licenses, arguing that it's vital in tackling the cost of living crisis and ensuring energy security for the UK. He also explicitly stated that banning everything (holidays abroad etc.) is not a viable way to prevent climate change, and has ordered a review into LTN schemes, warning that the Tory's current key green policies are

'unachievable'.

Could this be an indication that the political tide is changing and that some in power are beginning to see the sheer folly in their current net zero 'strategy', or lack thereof? Let's hope so, because the UK and the lives of millions of everyday hard-working people depend on it.



Haarseev Singh Kandhari

Chairman at Vaculug - Europe's largest
independant retreader

+ Seguir

BRITAIN HAS AN ENTITLEMENT PROBLEM. YOU WANT TO BE SUSTAINABLE – THEN GET RID OF THIS ENTITLEMENT MENTALITY!

September 8, 2023

Here we go again, people – our political circus is descending into a never-ending cycle of squabbles, cries for more, and finger-pointing. I mean, seriously, just take a look at the headlines. The Treasury is getting flak for not splurging on fixing deadly concrete in schools fast enough, and now they're on the hook for asbestos removal too. The NHS? Well, it's barely holding itself together, and what's the excuse? Yep, you guessed it – they say it's all about the moolah.

Money, money, money – that's the name of the game. Ben Wallace, our ex-defence secretary, is giving the Ministry of Defence a piece of his mind, demanding a budget that can match our half-hearted engagement in some useless European war. Farmers Weekly is all jittery about whether our ministers will keep their word on doling out cash now that we've waved goodbye to the EU's Common Agricultural Policy. And those poor chaps in Outer London are up in arms about the steep new charges from the Muppet Mayor's Ultra Low Emission Zone.

Oh, and don't get me started on the endless chatter about "mental health." It's like the red-headed stepchild of medicine, with barely any success stories to show for it. When the NHS can't quite afford those fancy new drugs or treatments, our media trots out that old chestnut – "one life lost is a life too many."

And let's not forget the HS2 debate. How much is it going to cost today? Another few billion more than yesterday? And in the background, sneaky little taxes keep on creeping up – the Institute for Fiscal Studies says it's the highest since the 1940s, gobbling up 37 percent of our national income.

I've never seen our country look more like a mental health patient suffering from what I call "FPAS" – Frenzied Problem-Avoidance Syndrome. And guess what? There's no silver lining in sight. Our economy's barely crawling, and we're splintering apart at the seams. We even have a special place in our hearts for despising our biggest money-makers, those "Big Bad Bankers in the City". Hell, we're not even too fond of our own capital, London, which is the economic powerhouse of the country. And let's not forget the older generation, gracefully bowing out of the workforce and siphoning off those triple-locked pensions while the younger generation toils away. The gap between what we think we deserve and what our governments can actually deliver is growing wider by the day. Brace yourselves, people, because it's either going to be mounting debt or growing public discontent – maybe even both.

It's a sad truth that it usually takes a war or an all-out economic meltdown to make people rethink what they're entitled to. If we want to continue sustaining this country we need to get rid of this lowest common denominator mentality. Let's celebrate successful people instead of bringing them down. We need to remove this sense of entitlement with a side of winging that is so prevalent in this country. We cannot afford to waste our time on these entitlement issues. We don't have the money to sustain this anymore! We need growth in the country and to achieve it we all need to roll our sleeves up, get to work (in the office!) and make this Britain Great again.



Haarseev Singh Kandhari
Chairman at Vaculug – Europe's largest
independant retreader

+ Seguir

WHAT CAN ONE DO TO BE MORE SUSTAINABLE?

October 3, 2023

Now, you probably think I'm going to hit you with the usual nonsense about recycling more, flying less and generally living a more miserable existence, on the off-chance that it might help to save the planet in

some tiny useless way.

Well, I'm not! Maybe because I travel abroad a lot, I see the situation a little clearer from an outside perspective. Because what I really think is that we Brits, whilst having many admirable qualities, are just too damn polite. And it might just be the death of us!

Just look at what's happened in recent years — the government reduces the country's standard of living to such a degree that people can barely afford to heat their houses or keep their families fed, and there's barely a whimper. The water companies pollute our rivers and then award their CEOs massive bonuses for their incompetence, and yet most people seem more concerned about the latest celebrity scandal. The NHS is crumbling, along with our schools, councils are going bankrupt, and aside from the odd cry of injustice, the majority of the British public just say, "Oh bother" and go back to politely sipping their Indian tea.

The country is falling apart before our very eyes, and no-one seems willing to do anything about it. Are we in a mass sense of denial? Are we simply apathetic and resigned to our fate after years of austerity, cutbacks and broken promises (not to mention the countless follies of New Labour)? Or, do we feel too powerless in the face of geopolitics and heartless corporations to make our voices heard?

Well, whatever it is, it's got to stop. Because this attitude simply isn't sustainable, and no amount of plastic straws or meat free meals is going to change that, nor will it help to solve the problems that we as a country collectively face.

We need the rebel spirit of the ULEZ protesters. Because whilst I don't encourage or condone illegality of any kind, when the public voice is no longer being listened to, democracy has failed on the most fundamental level. And that's exactly the time when the people should stand up and say, "Enough is enough".

I DO NOT agree with any of the so called 'environmental' protests from Just Stop Oil and other such Muppets that have dominated the headlines over recent months, but I sure as hell support their right to do it. Because the right to protest is a fundamental freedom in any country that calls itself a democracy. It's how we hold those in power to account when they don't conduct themselves with the integrity that their position demands.

So, make your voice heard, in whatever small way you can, sign petitions, start petitions, write to your MP, see what can be done in your neighbourhood to

help the local community. And just as importantly, don't be afraid to call out any bullshit when you hear it. Refuse to capitulate to outright lies and hypocrisy (which by the way encompasses a lot of the sustainability world these days!!) by exercising your political rights and exploiting any power that you have, however seemingly small and insignificant.

Gandhi once said to "Be the change you wish to see in the world". Now, this could be dismissed as overused trite, but I believe that it's repeated so often because it communicates a simple yet powerful truth — idealistic, yes. Naive? Perhaps. But maybe idealism is exactly what we need right now. Because if apathy breeds inaction and idealism breeds change - then which do you think we need more of right now?



Haarseev Singh Kandhari
Chairman at Vaculug - Europe's largest
independent retreader

+ Suivre

UNITED FOR A SUSTAINABLE FUTURE!

November 1, 2023

Have you noticed that almost every major headline in recent years seems to share one thing in common? They all demand that people take a side, in a seemingly deliberate attempt to polarise the country. It's known as divide and rule — it's the oldest trick in the book and the antithesis of sustainable thinking.

From Brexit to climate change, gender wars, fake news and conspiracy theories, celebrity scandals, and now mutant killer dogs, media headlines seem designed to stir division and discontent. Sadly, history is littered with examples of just how easy it is to turn brother against sister and neighbour against neighbour — and its inevitable consequences.

So, why do those in power seem so unable, or unwilling, to put a stop to such media sensationalism, which is clearly causing direct harm to the country? The answer is simple — divided people are weak people, because as long as we're busy pointing the finger at each other and arguing about what amounts to little more than trivialities, we aren't focused on what really matters, and are too divided to take meaningful action.

Do minor political differences really matter when so many of those who hold positions of power

are getting away with blatant lies, corruption and shameless hypocrisy? Are salacious celebrity scandals worth so much attention when people are struggling to heat their homes and keep their families fed? Should so many newspaper columns be devoted to dangerous dogs when people are losing their lives in war? The simple fact is that if we continue to allow ourselves to be distracted by nonsense, we lose the will and the impetus to hold those in power to account.

Unfortunately, the 24-hour news cycle is designed to render our collective attention span to that of a concussed goldfish, with sensationalist headlines that are cynically contrived to provoke an immediate emotional reaction rather than a rational considered response. The problem with emotional reactions is that they tend to be short-lived. Our sense of anger and injustice falls away as quickly as it rises, but leaves us emotionally exhausted enough that we fail to take any action, until the next hyperbolic headline stirs the anger up again.

And whilst this relentless sapping of the public's political will might be effective in the short-term at allowing those in power to dodge accountability for the current state of the country, in the long term, it simply isn't sustainable. Because the issues of poverty, inequality, corruption and injustice underpin many of the societal problems that we now face, and as long as these issues continue to go unaddressed, the country as a whole will only get worse.

So, unless we wish to see the political, economical and moral landscape of our country deteriorate even further, then we must no longer allow ourselves to become polarised by imagined enemies, fabricated threats, petty culture wars, spurious claims, and alarmist reporting.

If we have any hope of working towards a more sustainable future, then we must learn to stand together on what we share in common, rather than fall upon our differences.

Because sustainable thinking has no room for division — sustainable thinking is united thinking. Not united as in all thinking the same way (because the last thing we need is more groupthink), but rather united in working towards the same goal — a fairer, healthier and happier planet, with opportunity for the many rather than the few.



Haarjeev Singh Kandhari
Chairman at Vaculug – Europe's largest
independent rereader

+ Seguir

HOW THE UK SLEEPWALKED INTO AN ENERGY CRISIS!!! WAKE UP MUPPETS!

December 13, 2023

Up until 2003, the UK was entirely self-sufficient in energy. Oh, how times have changed! Now we are reliant on Norway, Qatar, the United States and you guessed it — Russia (to a lesser degree since the war with Ukraine) — for 50% of our energy supply. And we're not the only country with an over-dependence on importing.

Now, I'm no expert, but it doesn't take a genius to predict what this global over-dependence on importing would lead to. Lo and behold, the massive increase in global demand caused prices to spike, to the point where the price of energy in the EU reached record highs in 2022.

In geopolitical terms, some might argue that this is a pretty stupid position for a country to find itself in, given that we were given plenty of warning about what would happen if we allowed ourselves to become overly dependent on foreign energy sources. I'd go further than this and call it outright lunacy. So, how exactly did we find ourselves here? Well, in the UK's clamour to be seen as virtuous climate leaders of the world, and having exhausted our primary North Sea oil and gas fields, we focused on investing in renewables, and failed to even explore, let alone exploit any alternative sources of energy such as fracking. Who needs a plan B when the economic future of the entire country is at stake, eh?

Of course, fracking isn't without its controversy, largely thanks to sensationalist media claims and the usual brand of doom-laden hysteria that we've come to expect from whining eco-bores such as Just Stop Oil. However, even the lowest estimates suggest that there's enough shale gas beneath the UK with the potential to feed current demand for the next 46 years, according to the British Geological Survey. So surely, fracking is at least worth a conversation?

But it seems that in their wisdom, the muppets in charge have decided on a much better strategy —

let's just wing it for now, see what happens and hope that everything somehow works out for the best. Thank God we elected these people to make such decisions on behalf of us simple-minded plebs.

Not only has this lack of sense and foresight left us economically and geopolitically compromised, the process of importing actually ends up creating more pollution! So although our environmental posturing might look good on paper, liquefying, shipping and regasifying supplies is a costly process that consumes up to 10% of the gas being imported. Is it just me, or are these figures just not adding up?

The simple fact is that the government could condemn every UK citizen to poverty by committing the country to an open-ended energy bill, all in the name of environmental piousness, and it still wouldn't make the slightest bit of difference. Because if the other big climate players like China and the USA aren't making similar sacrifices, then what the little old UK does or doesn't do is akin to a drop in the very polluted ocean.

Because are we really to believe that there is a global transition to solar and wind when fossil fuels still provide around 80% of the world's energy? And the industry only looks set to grow, despite decades of opposition and political animosity. [1]

The Government has rowed back on some of its net zero policies, delaying a ban on the sale of new petrol and diesel cars from 2030 to 2035. And in September, the Prime Minister also said he would delay the ban on new oil-fired boilers from 2026 to 2035, and increase grants for heat pumps.

But is this a case of too little too late? Has too much damage already been done in trying to appease the overzealous climate nutcases who wish to silence any form of reasoned and rational debate, or will we finally have the courage to go against the grain and contradict the sacred gospel of climate change? Only time will tell.

But one thing is for certain, we need to rethink our strategy, and fast, because the future of every British citizen depends on it.





Contact Us:

Via our website: <https://vaculug.com/about-us/contact-us/>

At our headquarters: +44 1476 593095



Sustainability in motion

Vaculug Limited
Vaculug House, Grantham, NG31 8HE