

# Environmental, Social & Governance Strategy

---





# About SG Fleet



**SG Fleet's approach to long-term value creation for all of its stakeholders is driven by the principle that industry-leading environmental, social and governance behaviours should be integrated into daily business practices.**

SG Fleet Group Limited ("SG Fleet", "the Company", or "we") is a leading provider of integrated mobility solutions, including fleet management, vehicle leasing and salary packaging services.

SG Fleet operates in Australia, New Zealand and the United Kingdom. The Company employs over 1,100 staff worldwide and has approximately 270,000 vehicles under management. SG Fleet Group Limited listed on the Australian Securities Exchange in March 2014.

The Company has a unique position in the marketplace, built on the experience and product expertise of its team, its innovation capability, and a customer-centric approach to service delivery.

SG Fleet actively contributes to the global discussion about the future of transport and is shaping the new mobility landscape in cooperation with all levels of government, as well as leading corporates. The Company continuously evolves its highly advanced fleet management capabilities and flexible mobility solutions, and selectively invests in new technologies and business models that are changing the way we move.

Our ambition is to be a trusted partner in shaping the future of sustainable mobility. Our purpose is to solve our customers' mobility needs and aspirations.

# About SG Fleet



## A Commitment to Positive Behaviours

SG Fleet's approach to long-term value creation for all of its stakeholders is driven by the principle that industry-leading environmental, social and governance behaviours should be integrated into daily business practices.

SG Fleet established a Sustainability Committee, governed by a Charter, in 2019. In 2021, the Company issued its first Sustainability Statement, outlining the relevant actions taken by the Company during the preceding financial year. This ESG Strategy outlines SG Fleet's overall approach to ESG risks.

## Environment

SG Fleet ensures its day-to-day operations minimise resource consumption, waste and emissions. In addition, we work with our customers and business partners to assist them with their environmental impact reduction initiatives.

## Social

We respect and seek to further the interests of our customers, our employees and the wider communities in which we operate. Our culture is one of trust, respect, care and responsibility, and we apply this in all our interactions with every individual, as well as with community groups.

## Governance

Across our organisation, we ensure we adopt responsible business practices and policies in all aspects of our operations. As a listed entity, SG Fleet Group Limited also reports against the ASX Corporate Governance Council's Principles and Recommendations (4th Edition) via its Corporate Governance Statement. This statement describes the rules, systems and processes we have in place to manage our Company and our operations in a responsible manner.

In addition to the requirements set out by the ASX Corporate Governance Council, we have a number of policies in place to instil and promote ethical behaviour across the organisation, as well as our supply chain. We also ensure our people are aware and observant of these policies by conducting regular e-learning sessions.

## Strategy Purpose

Building on the work of the Company's Sustainability Committee, the 2022 ESG Strategy seeks to further optimise how we determine our key ESG risks and how we approach the management of these risks. In determining key risks, the Company takes into account the nature of its business operations, which are predominantly the provision of services in an office-based environment.

SG Fleet's ESG Strategy has been reviewed and approved by SG Fleet Group Limited's Board.

A yearly Action Plan will be developed prior to the start of each financial reporting period. This Action Plan details the execution of the Company's ESG risk management, in line with the ESG Strategy.

## Strategy Development Process

In the second half of the 2022 financial year, SG Fleet undertook an ESG Materiality Assessment, assisted by a leading independent sustainability consultant.

This process included a number of steps:

### 1. Development of an initial risk universe

To ensure a comprehensive assessment of all possible ESG risks, the Company developed a risk register based on the risk categorisation defined by the Global Reporting Initiative (GRI), generally accepted as the pre-eminent reference for ESG standards. To these standards were added a number of categories specific to the environment in the geographies in which SG Fleet operates ('country-specific'/AUNZ), as well as those linked to specific reporting requirements in these countries, such as the ASX Corporate Governance Principles and Recommendations (CGPR). The resulting risk register included 36 ESG categories.

### 2. Stakeholder materiality assessment

The Company reached out to both internal and external stakeholders to collate input as to the perceived importance of the 36 ESG risks to each stakeholder group and the impact of the management of these risks on stakeholders' assessment and decisions with respect to the Company. This interaction took the form of workshops (staff), extensive surveys (existing customers, suppliers, business partners, industry organisations, charitable organisations, investors, and the Company's leadership team), and analysis of information requests (potential customers).

### 3. Reporting requirements

The Company took into consideration risks related to specific reporting requirements, even if these risks would not normally be perceived as material from a stakeholder's perspective.

The findings of this process were recorded in a risk materiality matrix, which outlines the risks most relevant to our stakeholders and our business. In some instances, risks that would be deemed less material from the perspective of the Company's business activities were identified as material from the perspective of certain external stakeholders (e.g. forced labour) and accordingly were retained as a key risk for the purpose of this Strategy.

In addition to the focus areas directly material to its stakeholders and its business, the Company also takes into account risks that may be relevant to the wider community or society as a whole. Where SG Fleet is able to make a meaningful contribution to the management of these additional risks, they are included in the ESG Strategy as a secondary focus.

The risks, ranked in order of materiality, were then compared to the Company's current levels of risk management by category (gap analysis) to identify priority action areas.

# Our ESG Strategy Approach



SG Fleet's key risks, as determined by the materiality assessment, are:

–  
Level of emissions impacting the environment

–  
Working conditions (employment) and training  
–  
Diversity, non-discrimination, and equal opportunity  
–  
Occupational health & safety  
–  
Customer privacy and data security

–  
Business ethics and conduct  
–  
Risk and crisis management  
–  
Anti-corruption and bribery  
–  
Anti-competitive behaviour  
–  
Supply chain management  
–  
(Presence of) whistle-blower policy

Risks that are perceived as relevant to the wider community, even if not directly material to SG Fleet due to the nature of its business, are:

–  
Other environmental risks, such as energy consumption levels and waste

–  
Forced or compulsory labour in the Company and its supply chain (modern slavery)  
–  
Human rights  
–  
Support of indigenous communities

# Key Risks

Environmental

Social

Governance





# Current Risk Approach and Future Focus

RISK	RELEVANCE	CURRENT APPROACH	FUTURE FOCUS	STANDARD
<b>Environmental</b>				
<b>Energy consumption</b>	As a services company, SG Fleet's energy consumption is largely limited to the operation of its office and warehouse locations, including lighting, power sources, and heating. We approach the management of our energy consumption as an integral part of our overall environmental management approach.	<p>SG Fleet is transitioning some of its office operations, such as lighting, to more energy-efficient solutions.</p> <p>Where possible, the Company explores opportunities with its landlords to improve the sustainability of its office locations.</p> <p>SG Fleet has an Environmental Impact and Performance Policy and holds ISO 14001 Environmental Management certification for parts of its business.</p>	<p>SG Fleet aims to lower its energy intensity ratio by putting in place additional initiatives to reduce overall energy consumption, including the adoption of 'smart working' set-ups.</p> <p>The Company's objective is to obtain 100% of its electricity from renewable, green resources.</p> <p>SG Fleet will move to a group-wide ISO 14001 certification.</p>	<b>GRI302</b>
<b>Emissions</b>	<p>As an office-based services company, SG Fleet does not produce meaningful levels of CO<sub>2</sub> in its day-to-day business operations. The Company only operates a small internal fleet of vehicles and the provision of its services does not generally require significant travel or transport.</p> <p>We view it as our duty to deploy our knowledge and help others reduce the impact of their transport activities and make a positive contribution to the environment.</p>	<p>SG Fleet continuously explores options to further cut emissions across Scope 1, 2 and 3.</p> <p>In order to reduce the use of consumables, measures have been introduced to lower the amount of printing.</p> <p>Emission reduction efforts have also targeted excessive air travel. Where motor travel is essential, the Company seeks to increase the use of low- or zero-emission vehicles.</p> <p>The Australian operations of SG Fleet have carbon-neutral status.</p> <p>With regards to customers, we offer the eStart Zero Emission Vehicle Transition Planning service, which plans and executes the transition from internal combustion to lower emission vehicles for our customers' fleets.</p> <p>We also ask all our preferred suppliers to develop and submit their strategies and initiatives to reduce emissions.</p>	<p>SG Fleet aims to lower its GHG emission intensity ratio by putting in place additional initiatives to reduce overall emissions from company-owned resources, purchased energy and applicable Scope 3 categories.</p> <p>The Company aims to increase the percentage of zero-emission vehicles in its own fleet.</p> <p>SG Fleet has put in place a group EV strategy to further promote take-up of zero emission vehicles amongst its customers as well as in the wider community.</p> <p>We will aim to help change behaviours across all of our stakeholder groups (customers, employees, business partners and suppliers) in terms of emissions awareness and mitigation.</p>	<b>GRI305</b>
<b>Waste</b>	As a services Company, SG Fleet does not produce meaningful quantities of waste, for packaging or other purposes. We approach the management of waste as an integral part of our overall environmental management approach.	<p>SG Fleet aims to minimise waste generation in the conduct of its business. Where waste is generated, for example in the operation of offices, the Company explores opportunities to divert waste from disposal via the process of recycling triage.</p>	<p>We will explore opportunities (in cooperation with our employees) to further reduce waste generation and optimise our disposal process, particularly in the areas of paper, food and equipment disposal, and the use of water.</p> <p>SG Fleet will also cooperate with its suppliers to pursue similar objectives.</p>	<b>GRI306</b>



# Current Risk Approach and Future Focus

RISK	RELEVANCE	CURRENT APPROACH	FUTURE FOCUS	STANDARD
<b>Social</b>				
<b>Working conditions</b>	SG Fleet's success as a business and its ability to deliver excellence in services and products to its customers relies on a motivated workforce. Providing a positive work environment and optimal work conditions is an essential component of our efforts to support our employees.	As part of SG Fleet's recruitment process, vacancies are evaluated for their suitability for flexible work arrangements and for arrangements other than full time. Eligible employees are able to participate in a 'Purchase Annual Leave' program to assist with balancing family commitments. The Company has also introduced employer-funded parental leave, a sick-leave donation program, and Wellness Days in addition to annual leave entitlements.	SG Fleet will continue to implement strategies that support role and work flexibility.  We will also investigate other workplace arrangements and approaches that reflect a greater awareness of the social impacts of working conditions.	<b>GRI401</b>
<b>Occupational health and safety</b>	Safety in the workplace is of paramount importance to SG Fleet. We view a safe and welcoming environment as an essential prerequisite for the wellbeing and productivity of our employees. All appropriate laws and internal regulations (including workplace health and safety laws) are fully complied with.	In addition to providing our staff with a healthy work environment, we conduct regular e-training on a range of topics that can impact their wellbeing. These modules include sexual harassment prevention, work health and safety awareness, workplace bullying and occupational violence, and COVID-19 awareness. The Company also has a Group Exposure Control Policy.  In addition to risk mitigation education, we encourage our staff to proactively look after their physical and mental wellbeing. We provide access to a range of staff wellness benefits and activities.  SG Fleet holds ISO 45001 OH&S Management certification for parts of its business.	We intend to investigate other occupational health and safety aspects (with an increased focus on mental health), within the workplace and in support of our employees' wellbeing outside the workplace and at home.  SG Fleet will move to a company-wide ISO 45001 certification.	<b>GRI403</b>
<b>Training</b>	SG Fleet is committed to support the continued growth of its people. We have a reputation within the industry of developing the best available talent and expertise. Upskilling our staff is essential in order to retain our industry leadership position.	SG Fleet's staff are given access to internal and external development opportunities, such as training programs and courses. Mentoring arrangements are also in place for appropriate roles and functions.	SG Fleet will investigate opportunities to extend the range of its current training structures, both in terms of training topics and the ability of staff to access training.  We will also implement initiatives to optimise the onboarding and continued education process.	<b>GRI404</b>
<b>Diversity and equal opportunity</b>	SG Fleet's business success is built on the expertise of its people. We recognise the importance of being an inclusive employer and have a strong commitment to equal opportunity and diversity, with a focus on gender diversity. Diversity drives the Company's ability to attract, retain and develop the best talent, create an engaged workforce, deliver the highest quality of service to customers, and achieve sustainable growth.	SG Fleet's priority when recruiting is to ensure an appropriate mix of experience, expertise, and qualifications, regardless of age, nationality, gender, sexuality, religious beliefs or physical ability.  We conduct regular e-training on equal employment opportunity.  SG Fleet complies fully with the Workplace Gender Equality Act (2012) and is a complying employer with the Workplace Gender Equality Agency.	SG Fleet continues to work towards a diverse workforce, including balanced gender representation at Board and Senior Management level.  The Company will develop strategies to specifically support gender equality in accordance with WGEA best practice guidelines, such as talent management, remuneration, recruitment and promotion.  The Company intends to widen its diversity focus to other areas, in addition to gender, and ensure that a more diverse representation also translates into actual inclusion of more diverse opinions.	<b>GRI405</b>

# Current Risk Approach and Future Focus

RISK	RELEVANCE	CURRENT APPROACH	FUTURE FOCUS	STANDARD
<b>Social (continued)</b>				
<b>Non-discrimination</b>	We celebrate the diverse range of cultural backgrounds and experiences of our employees and provide a work environment that is free from discrimination. In addition, SG Fleet is committed to ensuring no discrimination occurs against customers, suppliers, and other stakeholders.	SG Fleet's Code of Conduct stipulates compliance with the letter and spirit of a full range of anti-discrimination laws to establish a workplace free from any kind of discrimination.  The Company conducts regular e-training on discrimination to reinforce awareness and correct behaviours.	SG Fleet will continue to improve relevant education as well as enhance the necessary processes to identify and address related incidents.  We will also investigate initiatives that will help break down perceptions that foster discrimination.	<b>GRI406</b>
<b>Forced or compulsory labour</b>	SG Fleet does not tolerate any form of enslavement or exploitation and we are committed to ensure measures are in place to minimise the risk of modern slavery in our business and in our supply chain.	SG Fleet has voluntarily put in place a Modern Slavery Policy, which outlines its overall approach to combatting modern slavery.  We issue Modern Slavery Statements overviewing our initiatives during the respective reporting periods in Australia (pursuant to the Modern Slavery Act 2018 (Cth)) and the United Kingdom (pursuant to the Modern Slavery Act 2015 (UK)).  The Company also regularly conducts supplier surveys in order to identify any modern slavery risks.	SG Fleet intends to optimise the process by which it identifies modern slavery risks as well as how any identified risks are investigated and addressed.	<b>GRI409</b>
<b>Human rights</b>	As an office-based services company, SG Fleet's exposure to the risk of human rights infringement is limited. The Company does however expect partners in its supply chain that are more likely to encounter human rights issues to take necessary measures to mitigate against this risk.	SG Fleet's approach to ensure responsible internal conduct with respect to human rights centres on the training of staff on related topics, such as modern slavery, non-discrimination, and diversity and equal opportunity.  The Company's Supplier Code of Conduct stipulates its expectations with regard to the conduct of suppliers in terms of modern slavery risks, the treatment of labour and human rights generally.	SG Fleet will continue to investigate the need for additional human rights-related employee training.  We also intend to introduce supplier selection criteria that take into account human rights management and behaviours of potential suppliers.	<b>GRI412</b>
<b>Indigenous communities</b>	SG Fleet is committed to furthering wherever possible the cause of Aboriginal and Torres Strait Islander and other indigenous communities in the geographies in which it operates.	In addition to offering employment opportunities, SG Fleet actively supports indigenous business ventures.  We are a proud member of Supply Nation, which aims to promote and support procurement through indigenous organisations and create a more inclusive economy, and we currently source a number of goods from these businesses.	SG Fleet is aiming to build the right perspective amongst its leadership and its people to work towards an effective and impactful Reconciliation Action Plan in the future.  We will also put a greater emphasis on supporting indigenous businesses and employment where practical and viable.	<b>AUNZ02</b>
<b>Customer privacy</b>	To be able to create value for its customers and conduct its business in an efficient manner, SG Fleet needs to collect and process certain personal and business information. The way we collect, use and retain this information is governed by strict protocols and detailed processes.	SG Fleet complies with all applicable privacy laws in each jurisdiction in which we operate and processes customer information in accordance with our privacy policies. Our Personal Data Protection Policy sets out how we protect the personal data we collect.  The awareness of the importance of customer privacy and the need for secure handling of data is reinforced at the individual employee level through regular staff updates and continuous training via our e-learning portal.  The SG Fleet Group has ISO 27001 Information Security Management certification.	Further enhancements of SG Fleet's relevant processes will be introduced as the cyber security environment continues to evolve.  The Company will also further enhance staff data security awareness.	<b>GRI418</b>



# Current Risk Approach and Future Focus

RISK	RELEVANCE	CURRENT APPROACH	FUTURE FOCUS	STANDARD
<b>Governance</b>				
<b>Business ethics and conduct</b>	Across our organisation, we ensure we adopt responsible business practices and policies in all aspect of our operations. As a listed entity, SG Fleet also reports against the ASX Corporate Governance Council's Principles and Recommendations (4th Edition) via its Corporate Governance Statement. This statement describes the rules, systems and processes we have in place to manage our Company and our operations in a responsible manner.	<p>In addition to the requirements set out by the ASX Corporate Governance Council, we have a number of policies in place to instil and promote ethical behaviour across the organisation, as well as our supply chain. SG Fleet also ensures its people are aware and observant of these policies by conducting regular e-learning sessions.</p> <p>Our people are expected to conduct themselves in a manner consistent with the Company's standards and in compliance with all relevant legislation. The Code of Conduct outlines how the Company expects its representatives to behave and conduct business in the workplace on a range of issues. It includes legal compliance and guidelines on appropriate ethical standards.</p>	SG Fleet will continue to review its Code of Conduct as required, further improve the processes in place to ensure adherence to the Code, including training, and optimise how it addresses any breaches.	<b>CGPR3</b>
<b>Whistle-blower Policy</b>	SG Fleet is committed to ensuring that serious misconduct or malpractice is identified and addressed appropriately. We believe that the ability to raise related concerns is an important mechanism to ensure that the Company functions efficiently and in accordance with its own principles of conduct.	<p>SG Fleet has adopted a Whistle-blower Policy in accordance with the Corporations Act.</p> <p>We acknowledge that the Company's core values emphasise a culture encompassing strong corporate governance, sound business practices and good ethical conduct. This is supported by a commitment to maintaining an open working environment in which its employees are able to report unacceptable conduct and behaviour and without fear of intimidation or reprisal. The Whistle-blower Policy encourages whistle-blowers to raise concerns and reportable conduct, where there are reasonable grounds to support such action and to ensure that serious misconduct or malpractice is identified and addressed appropriately.</p>	SG Fleet's Audit, Risk and Compliance Committee will continue to review its Whistle-blower Policy annually, and further improve employee awareness of and access to the whistle-blower process.	<b>CGPR3</b>
<b>Supply chain management</b>	We view it as our responsibility to promote ethical behaviour not just within our business operations, but also at supplier level. SG Fleet views its supply chain as an extension of its own operations, carrying a reputational risk if behaviours are inconsistent with the Company's own ESG values and approach.	<p>Across the group, SG Fleet takes great care in selecting suppliers of goods and services and we expect our suppliers to operate to recognised national and international standards, and appropriate codes of practice.</p> <p>In order to do so, we have put in place a Supplier Code of Conduct and a Procurement Policy. These policies set out the requirements we expect from our suppliers in the areas of: ethical business practice, anti-competitive conduct, labour and human rights, work health &amp; safety, environment, and confidentiality and provision of information.</p>	<p>SG Fleet continuously explores opportunities to optimise its supply chain management process, including in terms of the expected qualifications and behaviours of suppliers.</p> <p>The Company intends to pursue ISO 20400 Sustainable Procurement certification in the future.</p>	<b>GRI204</b>

# Current Risk Approach and Future Focus

RISK	RELEVANCE	CURRENT APPROACH	FUTURE FOCUS	STANDARD
<b>Governance (continued)</b>				
<b>Anti-corruption and bribery</b>	SG Fleet prohibits bribery and corruption in any form, whether direct or indirect, and in any country in which it operates. The Company adheres to all related laws and regulations.	<p>SG Fleet has adopted an Anti-bribery and Corruption Policy. The Policy details the Company's commitment to conducting its business activities with integrity and ensuring measures are in place to prevent bribery and corruption. The Company expects its employees to demonstrate honesty, integrity and fairness in all aspects of their business dealings and exercise a high standard of professionalism and ethical conduct in all their activities.</p> <p>We take appropriate steps to ensure that we do not, directly or indirectly, offer, promise, give, accept or demand a bribe or other undue advantage in order to obtain or retain business. The Company promotes employee awareness of, and compliance with, Company policies against bribery and corruption through appropriate dissemination of our own procedures, policies and training programmes.</p>	SG Fleet will continue to review its Anti-bribery and Corruption Policy as required, further improve the processes in place to ensure adherence to the Policy, including training, and optimise how it addresses any breaches.	<b>GRI205</b> <b>CGPR3</b>
<b>Anti-competitive behaviour</b>	The Company aims to maintain its reputation of having a high standard of ethical behaviour in conducting business and to behave with integrity in all dealings with competitors and customers.	SG Fleet's Code of Conduct stipulates the behaviours required to meet its standards in terms of responsible business practices. The Company actively monitors for any breaches of the Code.	SG Fleet will continue to review its Code of Conduct as required, further improve the processes in place to ensure adherence to the Code, including training, and optimise how it addresses any breaches.	<b>GRI206</b>
<b>Risk and crisis management</b>	The presence of effective risk management structures and processes is essential for the continued conduct of SG Fleet's business operations. The Company identifies relevant risks and ensure they can be addressed as required.	<p>SG Fleet Group Limited maintains a combined Audit, Risk and Compliance Committee as a subcommittee of its Board.</p> <p>The Committee reviews the Company's risk management framework and internal control framework, including the key risk indicators, to ensure that it continues to be suitable for the Company's operations and objectives and that the Company is operating within the risk parameters set by its Board.</p> <p>The Company maintains a dedicated internal audit function. The function's role is to provide the Board and management with independent and objective assurance on the effectiveness of governance, risk management and internal control processes.</p>	SG Fleet will continue to review its risk management approach and processes, in line with the evolving nature of its business and its operational environment. External providers may be consulted as required.	<b>CGPR7</b>



# Review

---

The Strategy will be updated as necessary, but at least once every three years, to incorporate any changes to the Company's ESG risk profile (e.g. changes in materiality of individual risks) or business operations, and reflect progress made with the management of previously identified risks. Changes will also be made in line with any newly introduced regulatory and legislative requirements.

The Company may also engage with independent consultants to further optimise its ESG Strategy and approach.