

# Focus area:

## Improve fuel efficiency and investigate alternative fuels

### Our context and challenges

#### Kilometres travelled

Fuel is a major driver of logistics cost and our carbon footprint. In total, **361** million road kilometres were travelled in Africa and Europe in F2021 using a fleet of over **4 775** owned trucks, making Imperial a high consumer of fuel.

#### Vehicles

In South Africa, **limitations in national infrastructure** constrain the ability to import electric vans or hydrogen fuel cell electric trucks.

#### Regulations

In Europe, we must meet **stringent** European Union vehicle emissions regulations.

#### Forecasting

Assumptions on fuel consumption are dependent on **client trading volumes and market dynamics**, requiring targets that are set independently of activity level.

## What we are doing

Our transportation activities are the biggest contributor to our carbon footprint, with Logistics Africa being the business that contributes the most. As a significant consumer of fuel, driving sustainable consumption and implementing technologies that provide lower than average GHG emissions in these activities, means we save on our operating costs, and reduce our Scope 1 and our clients' Scope 3 carbon footprints.

We are digitising our fleet as far as possible, leveraging existing and new vehicle management systems and technology to gain efficiencies, including better vehicle performance and more effective fuel and tyre management (see Project Blue Fleet on page 37).

Strict truck service and maintenance programmes in the logistics businesses ensure our trucks run optimally. In line with our vehicle replacement policy, our trucks in South Africa and Europe are not more than 10 years old, which means that most of our fleet is continually improved with newer, more fuel-efficient technologies. Fuel efficiency is a key criterion when procuring new vehicles. Euro 5 vehicles have a reduction in fuel consumption of between 3% and 8% depending on operation and payload. For Logistics Africa, on the same route and with the same payload, our data shows a Euro 5 truck emits around 3,4% less CO<sub>2</sub>e compared to a Euro 3 truck. A bigger benefit is the reduction of up to 60%

in nitrogen oxide (NOx) emissions measured in grams per kilowatt hours (g/kWh). Logistics International operates a modern truck fleet with Euro 6 engines, the highest Euro-rating.

We collaborate with OEMs on ways to make vehicles less emissions intensive and we test electric and natural gas trucks as an alternative to fuel trucks. While infrastructure constraints in Africa do not readily support natural gas trucks, we pilot these vehicles to understand how we can prepare for this future possibility. The testing of hydrogen-powered trucks is also under consideration. In addition, we gain knowledge from Logistics International, which is better positioned to transition to newer technologies. As an early mover in testing advancements in alternative fuels for our fleet, we drive competition and adoption of this technology within the industry.

We engage with our fuel suppliers on improving product ranges to support a modern fleet and to ensure a supply of alternative fuels so that we can successfully test trucks with newer technology.

Market Access is not transport intensive; however, the asset-light approach means that we use subcontractors for transportation services. It is our intention to improve our Scope 3 emissions reporting in future.