
# SUSTAINABILITY REPORT 2021

At CARU, we think it is important to organize our business activities as sustainable as possible, taking future generations in perspective. For this reason, we at CARU strive to be net zero before 2030.


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# FOREWORD

Sustainability and Corporate Social Responsibility have been at the core of CARU Containers since its foundation. So now that we have become a global market leader in container trade and because doing business in a sustainable way is more critical than ever, it was only logical to us to apply a more structured approach to sustainability in 2021 and the future, in order to ensure that our high ambitions in this field are met.

CARU Containers aims to drive a systemic shift towards a more sustainable and resilient transport system, that empowers people to choose solutions that improve their livelihoods and which ensures the future of the planet for generations to come. To achieve this, we need to integrate sustainability into our entire value chain.

CARU Containers operates within the shipping industry, and we all realize this industry must take important steps towards becoming sustainable. We are committed to do our part. We are intrinsically motivated but we also believe sustainability is important from a strategic point of view, as we are convinced future companies will be expected to be sustainable, efficient, healthy and inclusive.

Our efforts in 2021 were characterized by pragmatism and a can-do mentality within our most evident carbon emitting business aspects. Initially we started in the Benelux but have gradually expanded our sustainable activities in other regions. In 2021, COVID-19 caused serious barriers for personal contact with customers, colleagues and other peers. We are proud that regardless of the circumstances, we have managed to increase sustainability awareness and interest shown by the people in and around CARU. We will work hard to expand this even more in the future.

We are grateful of what we have achieved in 2021 and are looking forward to extending our initiatives in the years to come within CARU and in our value chain as a whole.

The worldwide increase of shipping container usage is symbolic for globalization, growth and wellbeing and we have always been motivated to be a part of that. With our aspirations to become a sustainability leader within the industry, we hope to preserve these benefits in a conscious matter for many generations to come.

**Rob Tromp**
CEO CARU Containers

**Allard Langenhuijsen**
Sustainability Officer

# ABOUT CARU CONTAINERS

We are CARU Containers. We trade and rent new and used shipping containers across the globe operating from offices in 8 countries. Every year over 150.000 containers change ownership because of us.

CARU Containers was founded in the year 2000 with an aim to make container trading more professional and respectful.

At CARU, we love containers because they're an unpretentious product. They do what they do, and they are pretty good at it. And because of their simplicity, the possibilities are endless. In our view is the container the invention from the 20th Century.

We, at CARU, relate to containers, as we are constantly on the move. Exploring other countries, new ways of trading, new digital technologies and now sustainability.

We aim to make buying and leasing containers a pleasure. Simple, human, transparent, and fun. And it seems this approach is working: we have grown to be one of the largest traders of containers in the world.

# RECAP 2021 IN WORDS

# SUSTAINABLE ACHIEVEMENTS IN 2021

When we decided to implement sustainability in our business plan for 2021 we developed the following structure:

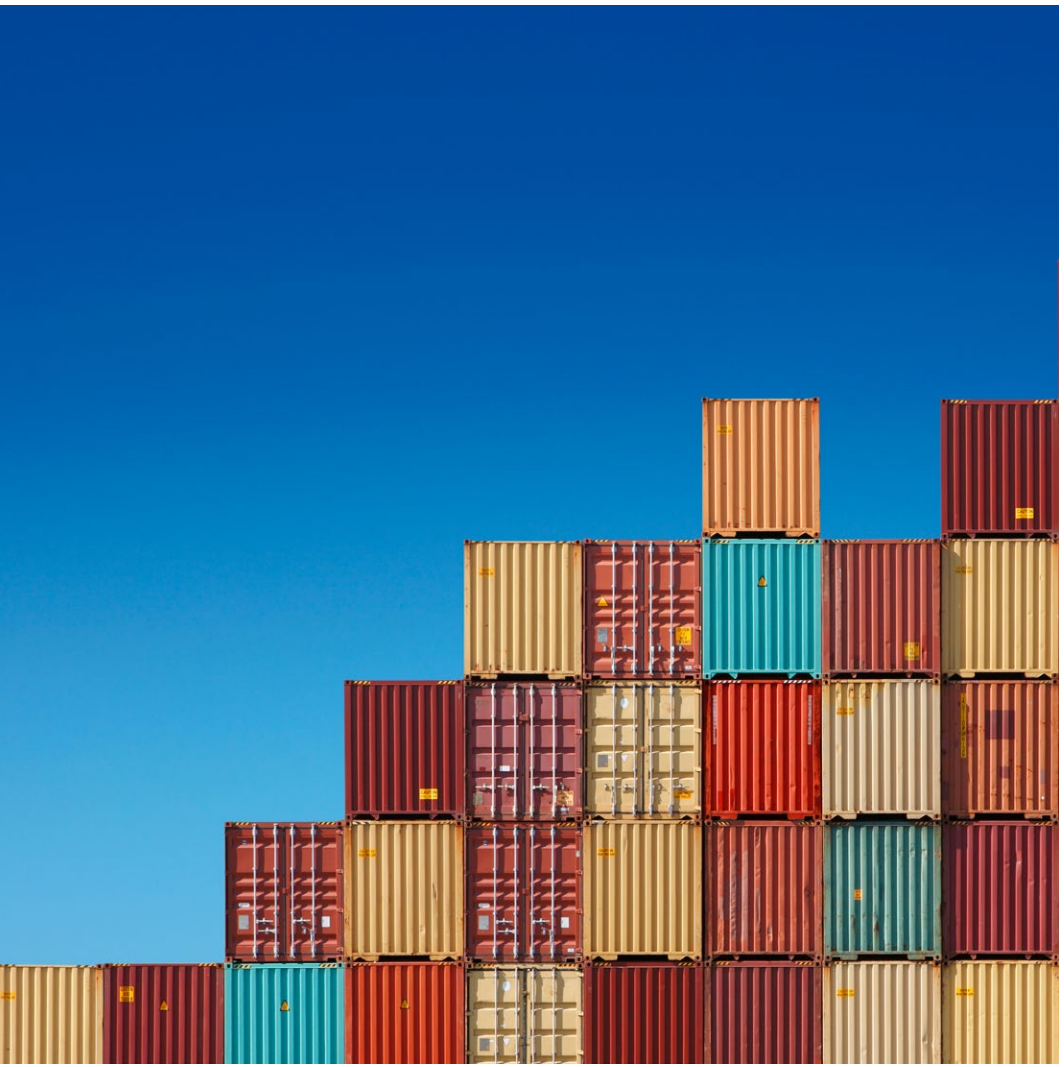
**ANALYSIS**
Knowing what we emit and logical objectives.

**REDUCTION**
Pragmatic objectives to reduce our Greenhouse Gas (GHG) emissions, starting at our HQ in the Netherlands.

**COMPENSATION**
Complementary to reduction and not a stand-alone solution. Eventually we hope for 100% reduction of GHG.

**CERTIFICATION**
A logical consequence of all of the above and valuable to audit our work with through an independent body.

It was a choice to focus our actions on GHG reduction within our most direct operations first, even though we realize the biggest gains lie in our value chain and that sustainability is bigger than the GHG emissions alone. But before we reach out to our value chain and target other sustainability aspects, we wanted to address our internal sustainability challenges first.



# ANALYSIS

Our in-house GHG footprint analysis was completed at beginning of 2021. We used the Greenhouse Gas Protocol as a guideline for reporting.

The gathered data is presented in our sustainability dashboard and was discussed with our colleagues. The sustainability dashboard is updated throughout the year so the entire company can follow CARU's achievements on GHG reduction and to see the impact of certain sustainable choices. As a result, the company's awareness of its own impact and the subsequent potential for positive change became much clearer.

During 2021, we expanded our analysis further through the inclusion of the newly produced containers that CARU is responsible for. Adding other aspects of our value chain to our emission analysis continues to be an objective for 2022.

# REDUCTION

In 2021, we focused on several emission reducing objectives. Some we achieved but some we did not. For a detailed report of our results per segment we refer to sub-chapter ‘Recap – In numbers’.

At the start of the year, we were convinced we could manage to achieve at least a 25% GHG reduction through a more efficient planning of our inventory, resulting in less trucking and depot emissions. However, looking back, it becomes clear our industry is subjected to many incidents and uncertainties so we cannot build our reduction strategy on inventory planning alone. During 2021 it became clear that we needed to invest significantly in technology to reach our long term GHG reduction goals. Therefore, we have already made major investments in solar panels and battery storage to buffer energy. Also, we have replaced 34 cars for electric vehicles, making 95% of our car fleet electric. Significant reduction is also expected from zero emission trucks and container handling equipment that we aim to purchase. This technology is in the early development phase but as a frontrunner, CARU already included the demand for this equipment in the market. During 2021, several pilots with electric trucks and depot equipment were conducted and discussions have started with potential partners and suppliers. During 2022, we expect to roll out our first zero emission solutions.


# OUR $CO_2E$ REDUCTION OBJECTIVES FOR 2021:

**At the end of 2021, the $CO_2e$ emissions from flights will be reduced by 30% (57,9t) compared to 2019.** We managed to reduce flight emissions with 59% compared to 2019. Obviously, the pandemic played a part in our travels but in H2 we witnessed a catch up effect of flights that would have occurred in during the first half.

**Our carpark in Rotterdam will be 100% electric by the end of 2021, saving 121t $CO_2e$.** We replaced all cars on our balance sheet except one. The one exception is a hybrid and it could not be changed as it is regularly going to countries with an inadequate charging network. We have also purchased one H20 fueled car and this vehicle also has zero emission properties.

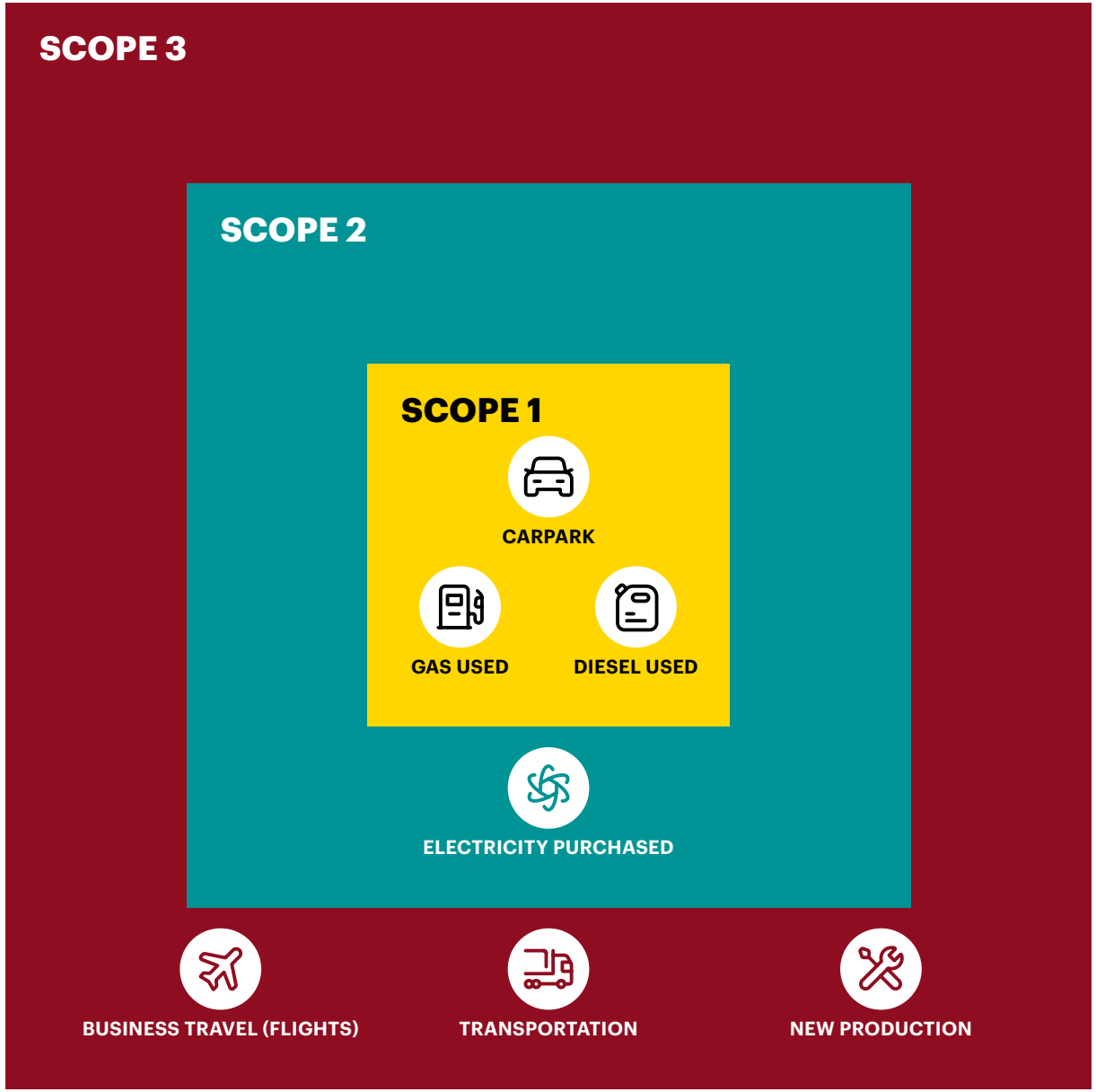
**At the end of 2021, we will reduce the $CO_2e$ emissions from our depot equipment with 30% (29,7t) compared to 2019.** We managed to decrease emissions with 24%. However we believe for a structural and continuous reduction investment in electrification or other zero emission technology is key.

**In 2021, we will have reduced emission through internal transport with 50%, equal to 8t $CO_2e$.** Unfortunately our emissions have grown with 131% from 19t to 44t on this aspect. Hence our remark on further investment in zero emission technology.

**In 2021, we will save 10% on empty shipping emissions, equal to 7,4t CO2e.** A 54% reduction was achieved. In order to keep this reduction structural, the decision was made to prioritize vessels with cleaner fuels over conventional vessels, even if the costs are higher.

# RECAP 2021 IN NUMBERS

The concept of emission scopes was introduced by The Greenhouse Gas Protocol. The goal was to define how a company controls the emissions it is responsible for. It differentiates between direct emissions caused by own operations and indirect emissions caused by company's the supply chain. For this reason, emissions were divided in scope 1, 2 & 3, which will be shortly elaborated on below.



## SCOPE 1

Scope 1 emissions can be explained as Direct Emissions. Direct Greenhouse Gas Emissions come from sources that are owned or controlled by the company itself. This could be the emissions that are directly created by manufacturing goods, for example, factory fumes.

In 2021, CARU emitted **143,019 tons** of $CO_2e$ in its Scope 1. The largest part of these emissions can be related to the fuel usage of the Empty Handler we operate on our depot in Rotterdam. This accounted for **100,991 tons** of $CO_2e$, which is +/- 70% of the total Scope 1 emissions. Other Direct Emissions were the gas used to heat our office and fuel used by some of the company cars which weren't electric yet.

## SCOPE 2

Scope 2 emissions can be explained as Indirect Emissions from Energy. These could be emissions from the generation of purchased electricity, steam, and heating/cooling. These emissions physically occur at the facility where electricity, steam, and cooling or heating are generated. But as a user of the energy, the consuming party is still responsible for the Greenhouse Gas Emissions that are being created.

In 2021 CARU emitted **72,360 tons** of $CO_2e$ in its Scope 2. Approximately two-thirds of these emissions can be assigned to the electricity used by the electric company cars. The other 30% can be allocated to the lights and other electrical-driven devices used in the office.

## SCOPE 3

Scope 3 emissions can be explained as Indirect Emissions. These are emissions from sources that are not owned and not directly controlled by the reporting company. However, they are related to the company's activities. This is usually considered to be the supply chain of the company, so emissions caused by vendors within the supply chain, outsourced activities, and employee travel and commute. In many industries, Scope 3 emissions account for the biggest amount of GHG emissions. This is due to the fact that in today's economy, many tasks are outsourced, and few companies own the entire value chain of their products. At CARU, a large part of our scope 3 emissions are related to business travel. As we have many account managers who need to travel internationally, flights account for a significant part of our emissions.

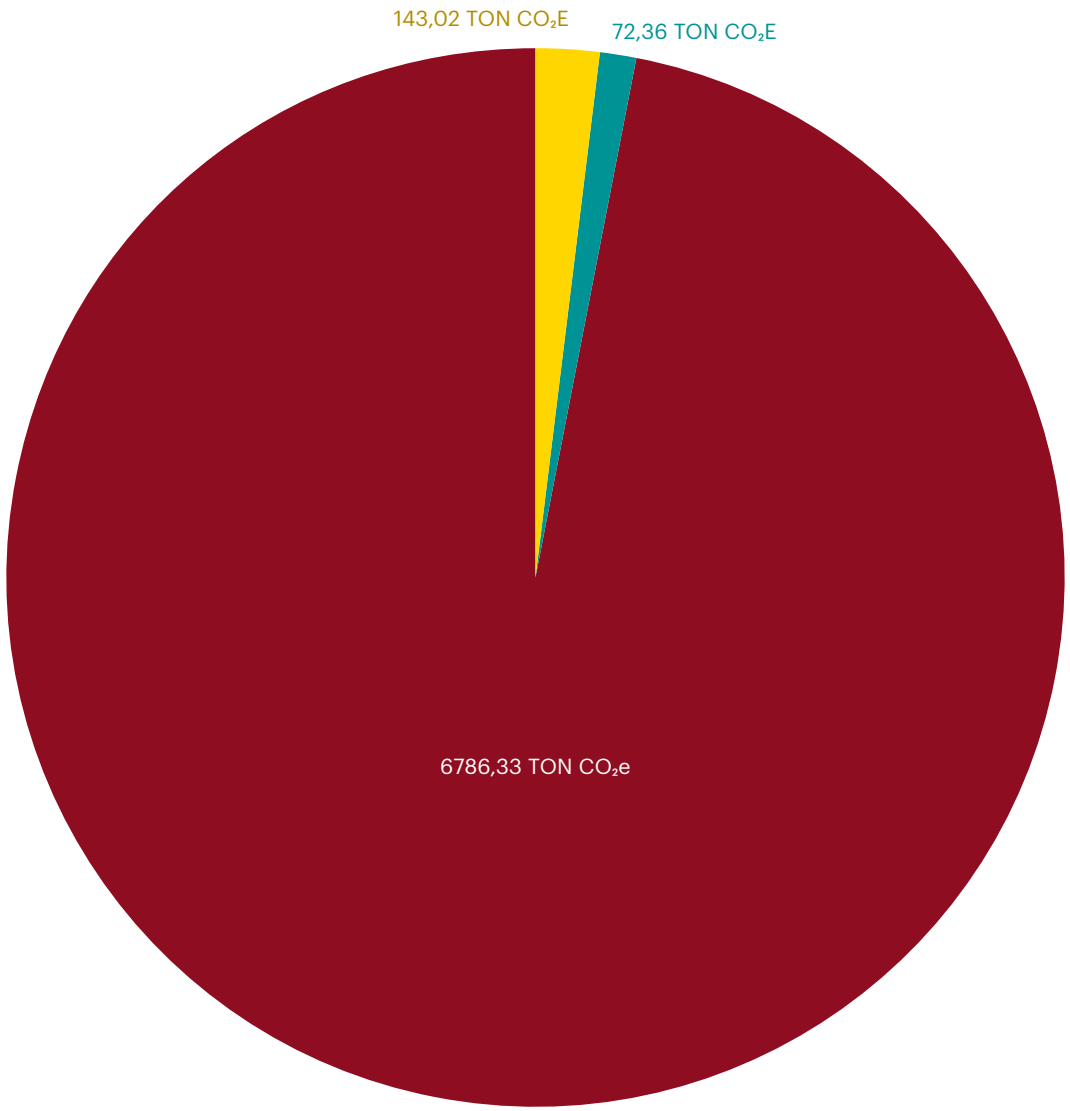
In 2021 CARU emitted **6786,333 tons** of $CO_2e$ in its Scope 3. In line with most organizations, CARU's largest emissions are also allocated to Scope 3. This is because the production of new containers & the transportation of these containers are very polluting and cause enormous amounts of $CO_2e$, both activities which CARU outsources. In 2021 1882 new containers were produced, causing an emission of **6447 tons** of $CO_2e$, accounting for 92% of CARU's emissions in 2021.

# COMPARING TO 2019

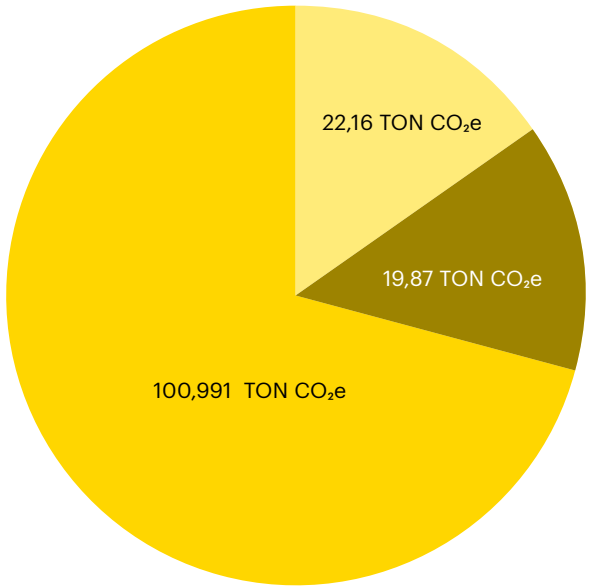
| Scopes | Ton $CO_2e$ 2019 | Ton $CO_2e$ 2021 | Difference % | Goal 2022 % (vs. 2019) |
|---|---|---|---|---|
| **SCOPE 1** | | | | |
| **Gas Office** | 13,82 | 22,16 | +60,38 | -20,00 |
| **Carpark** | 120,92 | 19,87 | -83,57 | -97,00 |
| **Diesel Depot** | 99,04 | 100,99 | +1,97 | -30,00 |
| **TOTAL** | **233,78** | **143,02** | **-38,82** | **-64,06** |
| **SCOPE 2** | | | | |
| **Electricity Office** | 23,32 | 21,80 | -6,51 | -20,00 |
| **Public charging electric carpark** | 11,36 | 50,56 | +345,07 | * +200,00 |
| **TOTAL** | **34,68** | **72,36** | **+108,67** | **+52,07** |
| **SCOPE 3** | | | | |
| **Business Travel** | 149,62 | 47,33 | -68,37 | -30,00 |
| **Transportation** | 336,00 | 292,00 | -13,10 | -20,00 |
| **New Production** | 7815,00 | 6447,00 | -17,50 | -40,00 |
| **TOTAL** | **8300,62** | **6786,33** | **-18,24** | **-39,01** |
| **FINAL TOTAL** | **8569,08** | **7001,71** | **-18,29** | **-39,09** |

This percentage is high because in 2021 our carpark was almost fully electric, and we expect to drive even more electric kilometers in 2022. Since we believe that the change to electric vehicles is a positive thing, we do not set this goal to penalize ourselves but merely to create insight in our emissions. As we have solar-powered charging stations at our office from September 2021, we aim to charge as many kWh's as possible at the office, as we are sure the generated electricity is green there.

# SCOPES

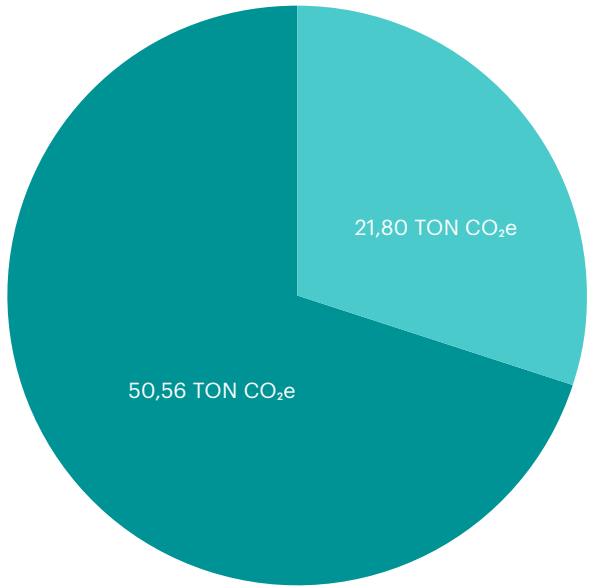

143,02 TON $CO_2E$
72,36 TON $CO_2E$
6786,33 TON $CO_2e$
Scope 1
Scope 2
Scope 3

## SCOPE 1



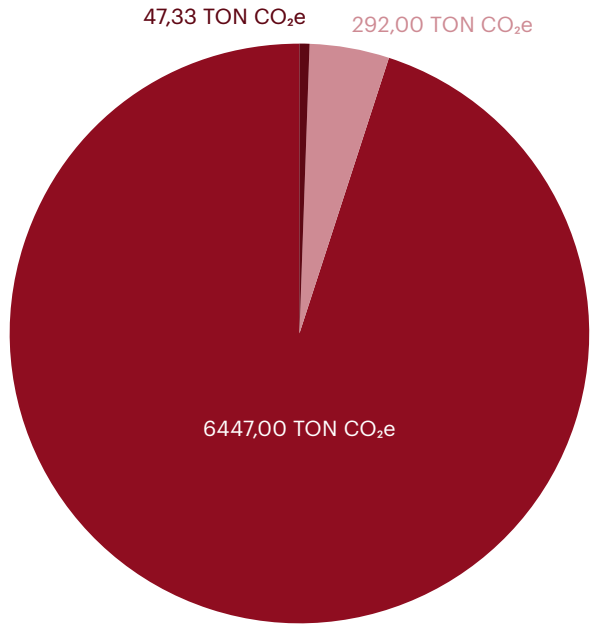

- Gas usage office building
- Carpark
- Diesel forklift/empty handler

## SCOPE 2




- Electricity office building
- Carpark

## SCOPE 3




- Business travel
- Transport
- New production

INTERVIEW

# WILLEM VAN DER HEIJDEN

## WATTSINSTORE

*"For CARU, the goal was to become as sustainable as possible. And there is nothing more sustainable than using energy that you generate yourself."*

**Who is Willem and what does he do?**

I am Willem van der Heijden and I am active for WattsInStore (WIS). We are a company that is fully engaged in project development around energy storage, such as the project at CARU. I am commercially responsible for the rollout of WattsInStore and I founded WIS myself with three others. Personally, I have been active in the solar world for 10 years and building on that background we started WattsInStore. We saw the power grid filling up in 2017 and we also had the idea that local generation, local storage and local use of energy can prove to be a sustainable and efficient solution. So in 2019, WIS arose from that.

**What is WattsInStore?**

Our prime focus is on 'energy storage as a service'. That could on the one hand be through permanent installation of batteries and on the other hand through a rental option. Our customers can be for example in the event sector, the construction sector, locations with charging facilities or locations such as at CARU – where people want to test the concept of local energy production and storage. What makes us unique is that we combine our knowledge of solar energy with energy storage and optional charging facilities, and also make combinations with financing. We put a lot of time and effort into staying up to date on innovations concerning storage technology, so we can always offer the appropriate technology and often multiple options. We want to further specialize ourselves in project development, i.e. mapping the system, dimensioning, advice, design and afterwards also analyzes – which all come together under 'energy storage as a service'.

**What is the project at CARU Containers?**

The project at CARU is actually pilot project to measure how much self-generated solar energy is returned to the grid. The goal of CARU is to use all self-generated solar energy itself, and a number of parameters have to be mapped out for this. By temporarily installing a battery and placing a number of meters, we can very well map out how much energy is actually generated and how much is being consumed, and therefore also know how much is still returned to the grid. Based on that, we can determine the right dimensions of the permanent battery system.

**STATEMENT 1**

**Rent or Buy a Battery?**

Both. It really depends on what you want to use the battery for. Buying is financially the most interesting option, but then you are stuck with that system. If you have a temporary grid transport capacity limitation, such as a temporary grid connection that is too small, then it is wiser to rent. I think is makes sense how CARU first uses a rental option to map out the more permanent approach.

## STATEMENT 2

**Windmills or Solar Panels?**

The big disadvantage of solar is that it is less continuous than wind. But the big advantage is that you can install solar panels almost anywhere and on any scale. We have a lot of roof surface that is still unused, and I think that is the great advantage of sun. In the future, we are going to see both technologies side by side, further optimized by energy storage facilities. So I again say both.

## STATEMENT 3

**Repurpose or Recycle a Battery?**

The idea of repurposing a battery is very good, but in practice it is very difficult because when all the components in such a battery have reached their maximum number of cycles, the degradation of that battery is very rapid. This results in extra costs and the necessary maintenance. A recycling process for batteries means that they will replace those modules, especially the vulnerable parts such as the small electrodes. So at present recycling of batteries cannot be compared with the traditional sense of the word, where something is melted down into something new. When recycling batteries, you should actually think much more about breathing new life into such a module, under the current technologies. Hence at the moment there is a very large overlap between repurpose and recycling.

## STATEMENT 4

**One Battery in each Street or One Single Battery for the whole city?**

I think the answer is a battery at the suburb level. The current grid operators usually have everything equipped with transformers at the district level and these are often overloaded because many private individuals have solar panels in that district.

Hydrogen batteries will probably be used at a central level for very large-scale storage. I think these options will be used side by side. I think local storage will gain a lot of traction. It is already known that we can actually pump 40% more energy into the grid, while we now say that the grid is full. This is only because we reserve space for all those peak powers. If we can absorb those peak capacities with batteries, you will quickly get more power on your grid. In addition, we can make it just a little bit heavier, so if we do that in combination with local storage, I think we'll come a long way.

## STATEMENT 5

**Lithium Ion or Lead Battery?**

Definitely Lithium. Lead is not suitable for what CARU does. Lead is cheap and easier to recycle, but it is not suitable for the number of cycles you want to run. The least durable part in lithium batteries is cobalt. Fortunately lithium batteries are being developed that no longer contain cobalt.


**Why is WattsInStore of added value for CARU/businesses?**

For CARU, the goal was to become as sustainable as possible. And there is nothing more sustainable than using energy that you generate yourself. Value can also be created by balancing supply and demand in energy consumption at CARU, e.g. through peak shaving or by facilitating a smaller grid connection.

# CLIMATE RISK ASSESSMENT

The international container shipping industry has an enormous economic footprint. With that being said, the industry transports more than one-third of the value of global trade, and provides more than 4.2 million jobs. Seaborne trade has grown with the world economy and because shipping routes play a huge role in the regional growth and the development of today's complex supply chains, the industry's economic reach is even greater.

This economic footprint comes with a heavy environmental footprint as well. The biggest environmental impacts are felt in the air and water. Carbon emissions from shipping alone are estimated at 3 to 4 percent of global carbon emissions. While environment presents the biggest risks and opportunities for international container shipping companies, the industry also faces significant issues related to security, health and safety, business ethics, and social responsibility.

These challenges are varied. The industry's role as a global connector and facilitator of trade means it has a meaningful and often significant influence over which producers can attain access to different markets. Another problem: Because container shipping companies operate in a number of global markets with no or limited enforcement of the rule of law, they are regularly exposed to human rights risks and unethical business practices.

Zooming in on the container trading and leasing industry, the sector that CARU operates in, we can differentiate numerous risks, namely operational, commercial, regulatory and human resource risks. We realize addressing these risks properly can turn them into strategic opportunities.

## OPERATIONAL RISKS

Extreme weather events can cause vital infrastructure in containerized shipping to shut down, including ports, rivers, road and rail networks. A single disruption of a main hub or crossroad – like the incident at the Suez Canal, can cause major damage.

Scarcity of resources, loss and shift of production locations will change trade routes across the world and consequently the availability of containers.

Climate change could change insurability drastically. Insurance is vital to global trade and thus container demand.

## COMMERCIAL RISKS

Our customers put more emphasis on sustainability in their business decisions and in some concrete cases sustainability advances are given in tender offers.

In the future containers owners will weigh sustainability in selecting partners for container retirement as it becomes important for them as well. Sustainability can become essential in securing good supply.

## REGULATORY RISKS

Zero emission transport zones from 2025 onwards will seriously hamper our logistics if we do not invest in our zero-emission infrastructure and value chain.

If we do not anticipate on carbon taxation on transport, depots and new container production extra future cost and loss of business are expected.

## HUMAN RESOURCE RISKS

In order to adapt to a changing world we need to attract the next generation of talented people. Future employees are becoming more vocal in their preferences to work for an organization that takes sustainability seriously.

In parallel not educating the future generations or open ourselves to different profiles may lead to missed talent.

# SUSTAINABILITY STRATEGY & GOALS

# SDG FRAMEWORK 2021

Looking at the operational, regulatory, commercial & human resource risks mentioned in the previous chapter, it is important to stretch our view wider than the reduction of Green House Gasses. Besides focusing on carbon emissions, we believe it is equally important to focus on loss of biodiversity, overconsumption, education, inequality, health, etc. Because of this we want to look beyond the Triple Bottom Line (People, Planet & Profit), and guide our business along the Triple Top Line paradigm (Equity, Ecology & Economy) – where we focus on regeneration and becoming climate positive in the future.

Through using this perspective, CARU Containers makes a contribution to the UN Sustainable Development Goals (SDGs), a global agenda which aims to achieve a more equitable and sustainable world by 2030. We do this by searching how our activities can contribute to the Biosphere, Society & Economy. The SDGs balance the three dimensions of sustainable development – economic, social and environmental. This implies that human economies and societies are embedded parts of the Biosphere. As such, the Biosphere provides the life support systems upon which prosperity and development ultimately rest. The Economy is a subsystem of Society – and in turn, a subsystem of the Biosphere.

**BIOSPHERE**

Protecting the biosphere is an essential precondition for social justice and economic development. The container shipping industry has a direct impact on the biosphere through emissions to air and discharges to sea. For this reason it is important to see where we can contribute to field.

**Containing resilience to combat climate change and its impacts.**

**Containing sustainable use of terrestrial ecosystems and halt biodiversity loss.**

## SOCIETY

Addressing societal issues and calls for the eradication of poverty to improve social justice, peace and good health around the world is important to create a solid foundation for healthy economies. The container shipping industry's main contribution to achieving the social goals is related to public health and providing affordable access to global markets for food and other products. As containers transport roughly 60% of the world's goods we play a vital role in societal concerns.

**Containing health and promoting wellbeing for our employees across the world.**

**Containing inclusive and equitable quality education and promote learning opportunities for all.**

**Containing gender equality and empowering all women and girls in the industry we operate in.**

**Containing green energy through developing self-sustaining offices and depots.**

**Containing peaceful and inclusive institutions for sustainable development through reducing corruption and bribery in all forms.**

## ECONOMY

Building on the biosphere and society, the economic goals direct attention towards economic uncertainties that are arising across the globe. For the container shipping industry the challenge is twofold: to provide a decent and safe working environment throughout its value chain; and to facilitate economic growth through affordable services, but not at the expense of the biosphere or society. As containers are the building blocks of the economy, it is important that we do our part in this sphere.

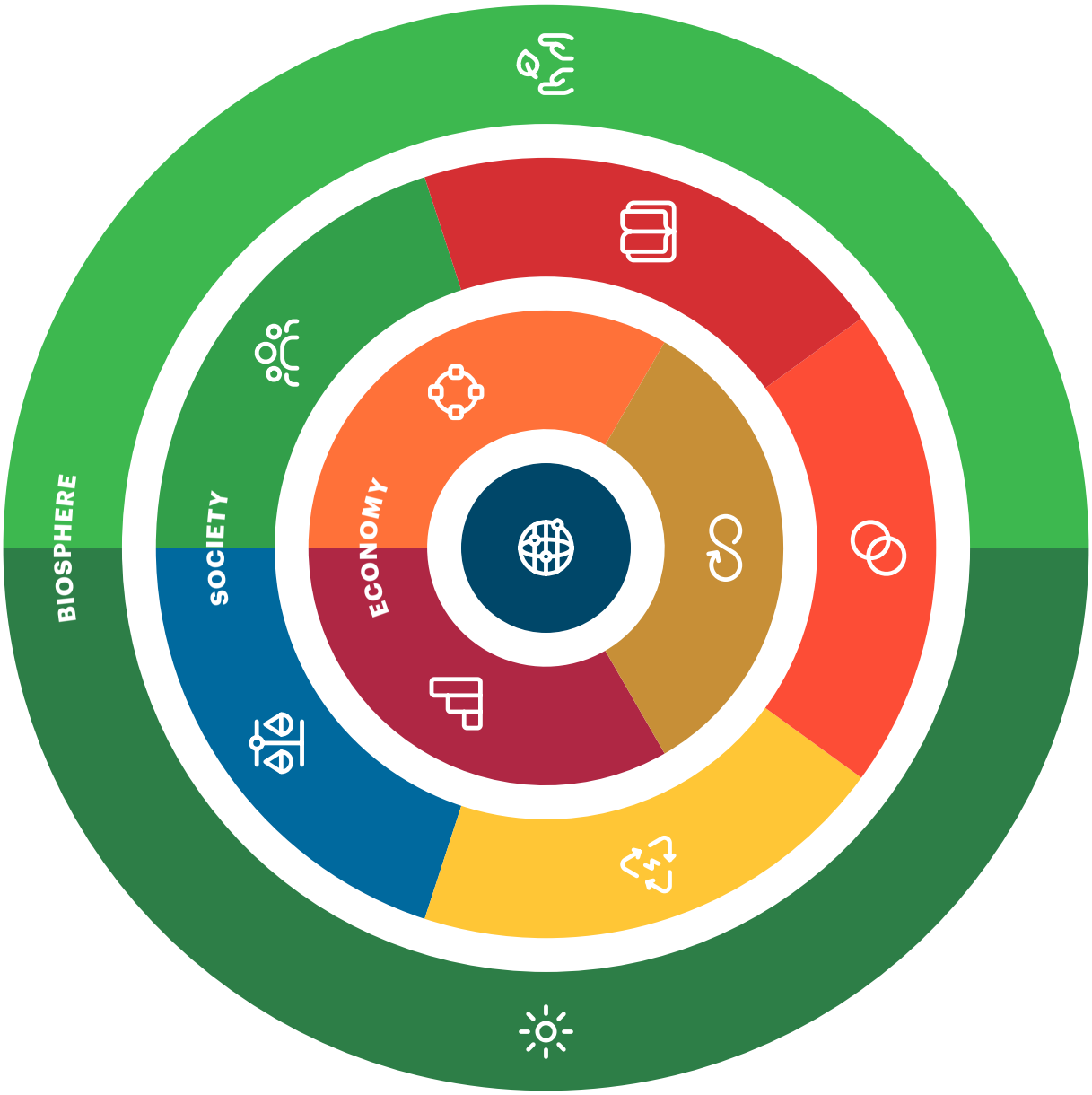
**Containing inclusive and sustainable economic growth, productive employment and decent work across our value chain.**

**Containing resilient infrastructure, promoting sustainable industrialization and foster innovation in our industry.**

**Containing sustainable consumption and production pattern across our value chain.**

We believe partnerships are key to achieve these goals, which is why we strive to seek for peers and partners to learn from and develop with.

**Containing global partnerships for sustainable development across the world.**


BIOSPHERE
SOCIETY
ECONOMY

# VISION 2022

## VISION & OBJECTIVES 2022

In 2021 we have started with the groundwork and basic vision for CARU's sustainability policies. And now that we have released CARU's first sustainability report, we are ready to connect more to the value chain. We will reach out more often to customers, suppliers and partners for ideation and joint solutions. We will more frequently attend conferences and are actively looking for membership of overarching initiatives.

Parallel to this we will continue our efforts to make existing operations more sustainable and reduce emissions in 2022 and we will also start with investigating alternative – more sustainable - business models and products.

## NEW CONTAINER PRODUCTION

The ultimate goal regarding new container production is to create a closed loop supply chain or circular production. This means optimize the use of scrapped container steel into recycled steel applicable for new container production. By doing so emissions from container production – mostly caused by emissions from virgin steel production – will be reduced and container production will be less dependent on finite resources.

Alternatively, CARU is investigating alternative materials with a lower carbon footprint and a lower impact on the depletion of natural resources.

The above cannot be achieved in a short period of time, so for 2022 the sub goals are:

- Build a model that simulates the financial and sustainable consequences as well as consequences for the supply chain if container steel scrap is used in a circular way;
- Discuss the consequences and the potential with other container owners and container producers;
- Set up a pilot container production with higher content of recycled steel;
- Set up a pilot container production where alternative materials to steel, wood or bamboo are used.

## GHG EMISSIONS REDUCING OBJECTIVES FOR 2022

Besides launching more initiatives in our supply chain, we of course also want to continue our efforts in relation to our business activities. For this reason, we formulated new reduction goals for 2022. These goals are based on our 2021 reduction goals and on the things we learned over the past year.

### Depot

- **30% less depot emissions compared to 2019.** This reduction goal has remained the same as 2021, because over the last year we have encountered that through merely reviewing our depot layout and becoming more efficient in the loading and unloading of containers it is difficult to achieve this reduction goal. Because of this, we are looking at other options such as electrification of our depot equipment – which is why we have developed new goals on this that can be seen below.
- **Reduce the ratio liters diesel: gate in/out handlings with 25% compared to 2019.** However be do believe it is very important to keep reducing our internal depot handling moves, to be able to reduce the amount of diesel used in depot equipment. For this reason we have set a reduction goal for this year to reduce the ratio of liters diesel used per in/out move of a container.
- **At least 10% of 2019 depot emissions structurally replaced with zero emission solutions e.g. electric handling equipment.** As mentioned above, we consider the importance of electrification or using hydrogen in becoming net zero, which is why we are actively looking for zero emission solutions to implement at our depot.

### Transport

- **30% less emissions from internal transport compared to 2019 internal transport emissions.** This reduction goal is 20% less as to the goal we had set for 2021, however over the past year we have learned that because of the fluctuating and uncertain market we operate in, the 2021 goal proved difficult to achieve. For this reason we have recalculated our ambition and set a more realistic goal for ourselves for 2022. We aim to achieve this through logistical planning and zero emission solutions.
- **To have solutions in place by the end of 2022 to structurally save 10% of all 2019 road transport emissions through enabling structural use of electric trucking from 2023 on.** Besides reducing our internal transport emissions, we also want to look at our commercial transports. We are actively looking into zero emission transportation, but as we are aware these are developing technologies, we aim to set in place partnerships to achieve this by the end of 2022 in order for us to structurally start reducing transport emissions from 2023 on.
- **25% less emissions from empty shipment of containers compared to 2019.** As we broadly accomplished our reduction goal for empty shipment in 2021, we want to drive ourselves to set a more ambitious goal for 2022. However, we also realize that the past year has been an extraordinary year in our industry, so we want to remain realistic for 2022.

### Business travel

- **In 2022 emissions from flights are 30% less compared to 2019.** In 2021 we were able to reduce more than expected in our flights. However, as a significant part of 2021 remained under the influence of Covid-19 restrictions, we understand that there could be an increase in flights for 2022. For this reason, we have kept this reduction goal the same as our 2021 ambition.

# VISION 2023 – 2030

CARU aims to be net zero in 2030. More explicitly, the total emissions we produce in our scope 1 and scope 2 should be equal or lower than the total emissions we remove from the atmosphere. This goal builds on careful analysis of current emissions against expected technological developments. This ambitious goal is also motivated by our drive to be a sector leader in the transition towards sustainability. In order to stay on track, sustainability is a recurring topic in our board meetings and part of our financial planning.

**LONG TERM OBJECTIVE**

*Before the end of 2030 CARU's Scope 1 and Scope 2 GHG emissions are structurally lower than the GHG emissions we remove from the atmosphere.*

Annual goals and actions are set to reach the long term objective and in order to have a horizon closer in time the overall midterm goal is defined as:

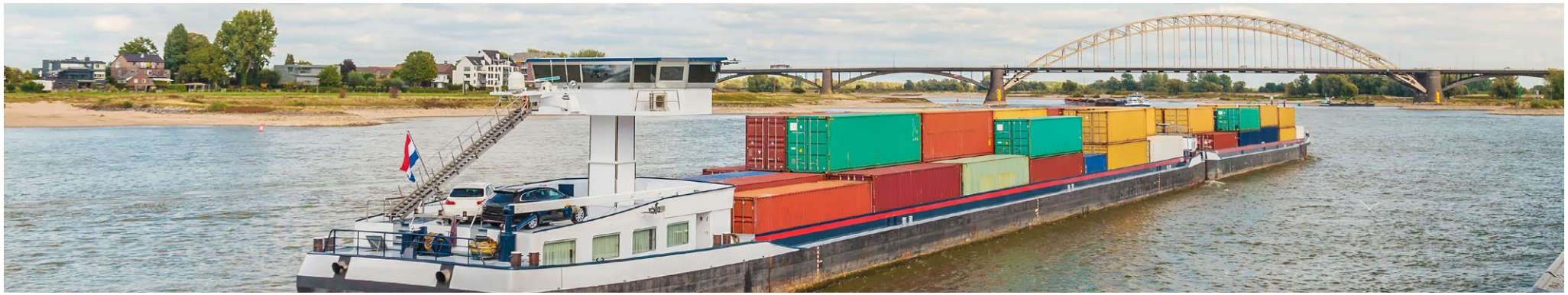
**MID-TERM OBJECTIVE**

*Scope 1 and 2 GHG emissions in 2024 are 50% lower compared to index year 2019.*

In order to reach the mid- and long term objectives structurally we will continue to make significant investments in clean energy production, replacement of assets for zero emission or climate neutral options and contribute to projects that protect bio-diversity and absorb emissions. The emphasis will remain on reduction.

**SCOPE 3 TRANSPORT EMISSIONS**

On top of our net zero ambitions for Scope 1 and 2 emissions, CARU aims to reduce 90% of its transport emissions in Scope 3 compared to 2019, by the end of 2030. The remaining 10% is only to account for situations where zero emission technology is not yet adequate or available.



# INITIATIVES IN THE VALUE CHAIN

**We understand that with CARU alone we can't make a difference in this world. As we demonstrate in this report, CARU's largest emissions are located in its Scope 3 – Transport & New Production. However, just because these are not our direct emissions does not mean they are any less urgent to us. For this reason, we realize that it is important for CARU to look at its value chain, and see if collaborations can be achieved with our suppliers, customers or partners.**

## NEW PRODUCTION

As shown in our Recap 2021 chapter, 90% of our emissions can be allocated to the newly built containers we order each year. As we understand that the production of new containers is a process which has been the same for many years and is therefore not easily adjusted, we agreed that a first step would be to gain insight in the new container production process, and specifically investigating the impact if we increase the portion of recycled steel in new container production. We set up meetings with our colleagues from abroad in order to understand where our containers were produced and how these factories looked like. We also partnered with a recycling company, to understand what happens to containers which are scrapped – where they go, what they get turned into, if they can be recycled, etc. From this information, we concluded that many of the challenges we encountered were of logistic nature. For this reason, from February 2022 we hired a Supply Chain Management student from the Erasmus University, Julia Kulakowska, who is doing a graduation project specifically on this topic. Our aim is to gain as many insights as possible, to be able to contact our suppliers, customers and other partners to create industry collaborations.

# TRANSPORT

Our second biggest emissions are from transporting our containers. 292 tons of $CO_2e$ in 2021 was from shipping and trucking our containers to different destinations. As CARU Containers doesn't own its trucks, we started to look for partners who could help us in reducing these emissions. By creating demand for electric trucking in an early phase of the technological development we want to facilitate the necessary data that helps to mature the technology as well as put confidence in the market that zero emission trucking will take-off. Similar partnerships are in the making for zero emission container handling equipment.

Generally speaking, we reached out to many of our suppliers, customers and partners from other industries to learn from their ideas towards a sustainable future and help shape our own initiatives.

INTERVIEW

# MARIE-JOSÉ BAARTMANS

## VLOT LOGISTICS

*"Most importantly it supports CARU's goal to become the most sustainable container supplier around the world."*

**Who is Marie-José and what does she do?**

I am Marie-José and I work together with Vlot Logistics. Vlot is a family transport company founded 125 years ago, the third generation is now at the wheel. Vlot has a clear long-term strategy in which stewardship is very important to them and we actually met there. Our experience also comes from a family transport company and we wanted to start something new, distinctive in innovation. We noted a lot of sustainable initiatives in public transport, but nothing really in logistics. So that was actually a starting point for us. We were working on a business case for inner-city zero-emission transport and we saw many Vlot trucks driving within this area. So we approached them to discuss their views on zero-emissions and it turned out we have very similar ideas! So we started our collaboration. Together with Vlot we have developed a strong urge the leave the world in a better condition to when we found it.

**What is Vlot Logistics?**

Vlot is a logistics specialist with focus on three main activities. There's a moving company, R Vlot Mondial Movers, Vlot Logistics distribution – that is often B2C, Home deliveries of such as furniture or white goods. There's also Vlot Logistics Specials, which is more of a special transport specialist. This branch is using crane trucks or heavy duty trucks for example in the construction industry. And Vlot Logistics Services, which also includes assembly activities, for instance.

**STATEMENT 1**

**Electric or Hydrogen Trucks?**

At present, let's say for the next three to four years – electric. Because the technology surrounding electric trucks is more reliable. We know this first hand because we have had experience with it ourselves. We ran tests with a hydrogen truck and we saw that it is still very vulnerable and that there is still a lot to be developed. In addition, the infrastructure is still lacking at the moment. Furthermore, a hydrogen truck is perhaps six or seven times the investment of a diesel truck, where an electric truck is four times as expensive compared to conventional diesel equipment. At present the range of a hydrogen truck is not really larger than what you can currently get with batteries, because battery technology is moving very quickly. But of course, I don't rule out the possibility that hydrogen trucking will come available on a large scale. It will be used in parallel to electric trucks, but for the longer distances.

**STATEMENT 2**

**Fast Charging or Gradual Charging?**

"At the moment, looking at the rates, fast charging is quite expensive. If the truck has a sufficient battery pack so you can manage with overnight charging it is

recommended, also for the life of your battery. For the state-of-health it may be better to charge a little slower. On the other hand, we want to achieve a far reaching logistic network with each other, and if you want to go somewhere you will have to fast-charge once or twice during the day to be able to do your routes properly. It is also a matter of balancing the investment of batteries against your charging strategy e.g. in how many years do you want to depreciate the equipment. If that's in six years you might be able to fast-charge a little more compared to an eight-year depreciation strategy.

**STATEMENT 3**

**Aerodynamic Trucks or Less Weight?**

The weight of electric trucks compared to diesel trucks differs between 800 to 2000 kg, but in the Netherlands, we are lucky that we are allowed up to a Gross Combination Weight of 50 tons on the roads. So we have quite a bit of room in payload to accommodate the higher net weight of the equipment. If you look at aerodynamics, actually the current trucks are not optimized for electric. All truck manufacturers work with the diesel truck as a starting point and they build batteries under it. The only one who doesn't is Tesla, which has consciously chosen to go for a completely different design. And that is purely to gain a lot of range. We have done driving tests where we measured the frontal wind on the cabin and that really shows a lot of difference. So we could still improve aerodynamics a lot. The European Union fortunately facilitates this potential since they have now indicated that the noses of trucks may be different, for which there were previously specific rules. Hopefully, we will see new designs by truck manufactures that take aerodynamics into consideration!

**STATEMENT 4**

**Regulating or Invisible Market Hand?**

Regulations. Really wholehearted. Unless there are very large disrupters such as Tesla regarding the passenger cars which had a very instant and game changing effect. One needs to come with an electric vehicle that is cheaper than the conventional options because then all carriers will be on board immediately. As long as that's not the case, you need regulation to achieve something. But also, when we zoom out a bit, the (logistics) industry is just very conservative by nature so I don't think that a large shift will happen on its own.

**STATEMENT 5**

**One single longer trip Rotterdam – Hamburg or Multiple shorter trips in Rotterdam?**

I believe several short trips. This is because when you are going to drive long distances it takes a lot of power to get the truck up to speed, hold the pace and slow down again. Shorter distances also cost power, but you have more opportunity to generate energy throughout the day through multiple 'stop and start' moments, so on balance it is more efficient.

**Why is Vlot Logistics of added value for CARU/ businesses?**

"I think it is an added value because you offer or deliver a different service to your end customer. So instead of transporting something from A to B, you transport something clean and quiet from A to B. It's this different service that can give you distinctiveness in your own proposition to your customers. And it is something you can gain experience with during this period. You can still say that you are going to do it in steps, through pilots, learning and seeing where you can best deploy.
CARU and others will face new regulation soon, such as zero emission zones after 2030, or the truck tax, which will increase the cost of emissions from 2026. Gaining experience now means you have your blueprint ready and you won't be surprised by new developments."Further more CARU can use the overcapacity of its own Solar energy for charging zero emission trucks, which is efficient and helpful for the business case. Most importantly it supports CARU's goal to become the most sustainable container supplier around the world.


100% elektrisch
emoss
Vlot Logistics
0% uitstoot, 100% bouwlogistiek
15-BPH-4

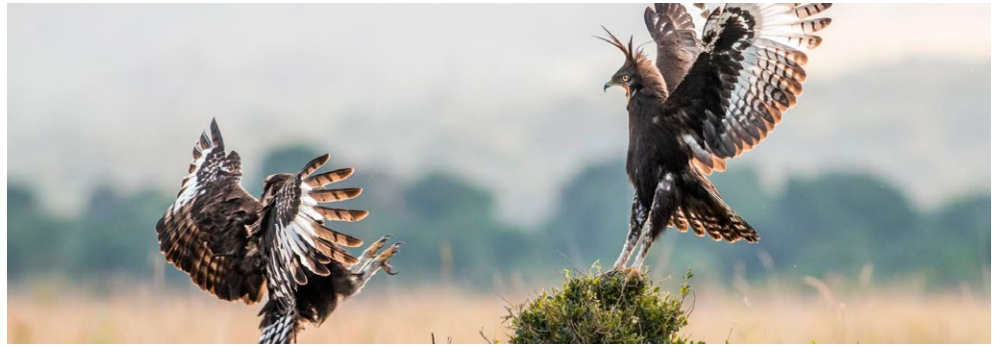
# COMPENSATION

**Compensation is secondary to our GHG reduction ambitions but at present still an important pillar in our sustainability strategy. CARU's compensation policy is to look further than just carbon. We want to contribute to the preservation and restoration of eco-systems and biodiversity. Administration of carbon offset is secondary to the actual results made in preservation. In order to make sure we do enough, we prefer to overshoot the amount of carbon our actions absorb or capture.**

**Evidently, CARU feels connected to all life below water and clean oceans. But as a result of our presence in more than 60 countries, we equally feel connected to life on land. Therefore, we decided to biannually rotate our focus on compensation projects that are oriented on life below water & oceans, and life on land. In 2021 we focused in Life on land.**

In 2021, we chose to focus our efforts on conservation of endangered nature in Kenya. To achieve an effective contribution, we partnered with two local organizations that were selected on their great potential for large impact and their direct involvement in the area.

50% of the donated funds went to scientific research on raptor bird populations based in Kenya's Maasai Mara ecosystem. Their research and monitoring efforts are carried out in close partnership with Wageningen University and Research in the Netherlands. One of the goals of these efforts is to monitor the nests of Endangered and Critically Endangered raptor species. The gathered data may set the foundation for large scale protection programs for the birds, but also the eco-system they live in. The immediate carbon compensation effects of supporting biodiversity research and monitoring are zero, but if a whole eco-system becomes eligible for further protection or even under the attention of the international community the end results will be significant and much higher than CARU can achieve with direct carbon compensating actions.



The other half of the donated funds was used to protect one of Africa's most threatened habitats the Dakatcha Woodlands. With our help 51 ha of this forest was purchased to secure it against deforestation. An estimated 3000t of $CO_2e$ now remains captured within this eco-system, which would have been released if de-forestation were to take place.

# CERTIFICATION


Certification is never a stand-alone goal, our actions are deeper motivated. But for us it makes sense to ask an independent auditor if we are on the right path and apprise adjustments if necessary. Of course a renowned certificate helps us to communicate our sustainability engagements too.

In 2021, we decided to apply for the initial "$CO_2e$ Performance Ladder" certification. This standard regulates the way organizations analyze and reduce carbon emissions and how the communicate their results and is therefore a good match with our activities in 2021. Also this norm is well known and widely used in The Netherlands and Belgium. In 2022, next to the recertification of the $CO_2e$ Performance Ladder, an audit for ISO 14001 will be initiated, on top of our existing ISO 9001 certification.

In November and December 2021, we had two successful $CO_2e$ Performance Ladder audits, which resulted in the award of this certificate.

INTERVIEW

# ROEL KLAASSEN

## HAPTONOMIST

*"Ultimately, feeling, thinking and acting must be in balance – that is the goal of Haptonomy. If those three aspects are in balance with each other, then I think people can be their best selves."*

**Who is Roel and what does he do?**
"I am originally a physiotherapist and have a background in top sport where I have had a lot to do with performing under pressure and that is reflected in my work. I have been working as a Haptotherapist for a long time, both for individuals and within the business community with teams."

**What is Haptonomy?**
"Haptonomy concerns the development of the human emotional life, the role of emotions and feelings, but always related to other important aspects such as thinking and behavior. Ultimately, feeling, thinking and acting must be in balance – that is the goal of Haptonomy. If those three aspects are in balance with each other, then I think people can be their best selves. In such a situation people are the most stable and can best deal with all kinds of things that life entails, so that you also can have an optimal relationship with your environment."

**Who is Haptonomy for?**
"Actually for everyone. But what usually happens is that people ask for help only when they get stuck at something and get certain complaints. We call these non-specific complaints and they can be physical, psychological and sometimes also social. There is no underlying biomedical problem present which accounts for these complaints. These complaints are often healthy reactions to unhealthy living conditions. When you are ready to realize that, people are usually ready to start a process with me."

**What does a Hapto-therapeutic process look like?**
"You pay attention to emotional development. The very specific thing about Haptotherapy is the role of the body in it, because according to our view emotions are primarily physical processes. So you will not only talk about it, but you will also experience it physically. This can be done through experiential exercises and sometimes, if it fits within the relationship, also through touch."

**STATEMENT 1**

**Difference Between Psychologist & Haptonomist?**
"Psychology is about the human psyche, about cognitive thought processes, where Haptonomy is about emotions and feelings. Emotions and feelings are primarily physiological bodily reactions. For example, you can feel butterflies in your stomach, I call that the emotion. You feel in your body that something is happening. The moment you realize that that physiological reaction in your body is love, an emotion actually becomes a feeling. This means that you recognize the physical reaction and that you can link it and label it as being in love. This works the same with a lump in your throat or a knot in your stomach for example."

**STATEMENT 2**

**Difference between Ratio & Emotion?**

So emotions are those very physiological processes and ratio is about thinking. We also have what we call 'reason' in Haptonomy. Emotions always set things in motion, that's what the word emotion means – 'e' is 'outward' & 'motion' is 'move' in Latin. So an emotion is actually something by nature that always wants to move outwards and that always gets things going, including thoughts. If a thought process starts from a feeling, we call it reason. When you are a more analytical person and when you get into your head to start thinking about feelings from a distance, we call that ratio.

**STATEMENT 3**

**Difference between Physical Health & Mental Health?**

In our society, that is very divided. We have mental healthcare and we have physical healthcare. That has benefited us a lot, because if you break your leg, you should of course treat it as just a broken leg. So if there are biomedical problems you will have to treat them physically. However, you should always realize that with every biomedical problem comes an experience, it also evokes an emotion. Because those emotions give physical reactions, it is also true that you can get complaints of physical nature without something being medically broken. These two are always linked. It is an artificial distinction to pull these two apart in our society. We also know, for example, that psychiatric patients admitted to mental healthcare also have physical complaints. For example, they have a shorter life expectancy and more age-related complaints such as diabetes or cardiovascular disease. So if there is psychological suffering, it is often accompanied by physical suffering.

**Why is Haptonomy of added value for CARU/businesses?**

By working on individual development, including emotional development, you hope to contribute to people being able to bring out the best in themselves. And, that they are well aware of their qualities as well as their limitations and that they can deal with them. That is also a basis for working together better and working in your own strength. Emotions can also overtake you in my view, in a way that you can't control them. If you can help people in Hapto-therapeutic processes to be very well in touch with those emotions, they can experience them when those emotions are still very small. Also, for example, the emotions that you should not express in professional contexts. CARU is also very concerned with sustainability and in fact sustainability is not only about caring for the environment but also in how you deal with people. I have been working at CARU for 7 years now and that is very special. I often work for companies but for a much shorter time period, a few days or sometimes even just a day. Then you really go for the 'quick fixes' and that is not where these individual processes can fully come to light. So the fact that I can work freely with all employees for these 7 years is very special. CARU dares to trust that such individual processes, without being managed very strictly, ultimately contribute to increasing the quality of the company, which is very special.


CARU
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CARU
CONTAINERS
www.carucontainers.com
E60
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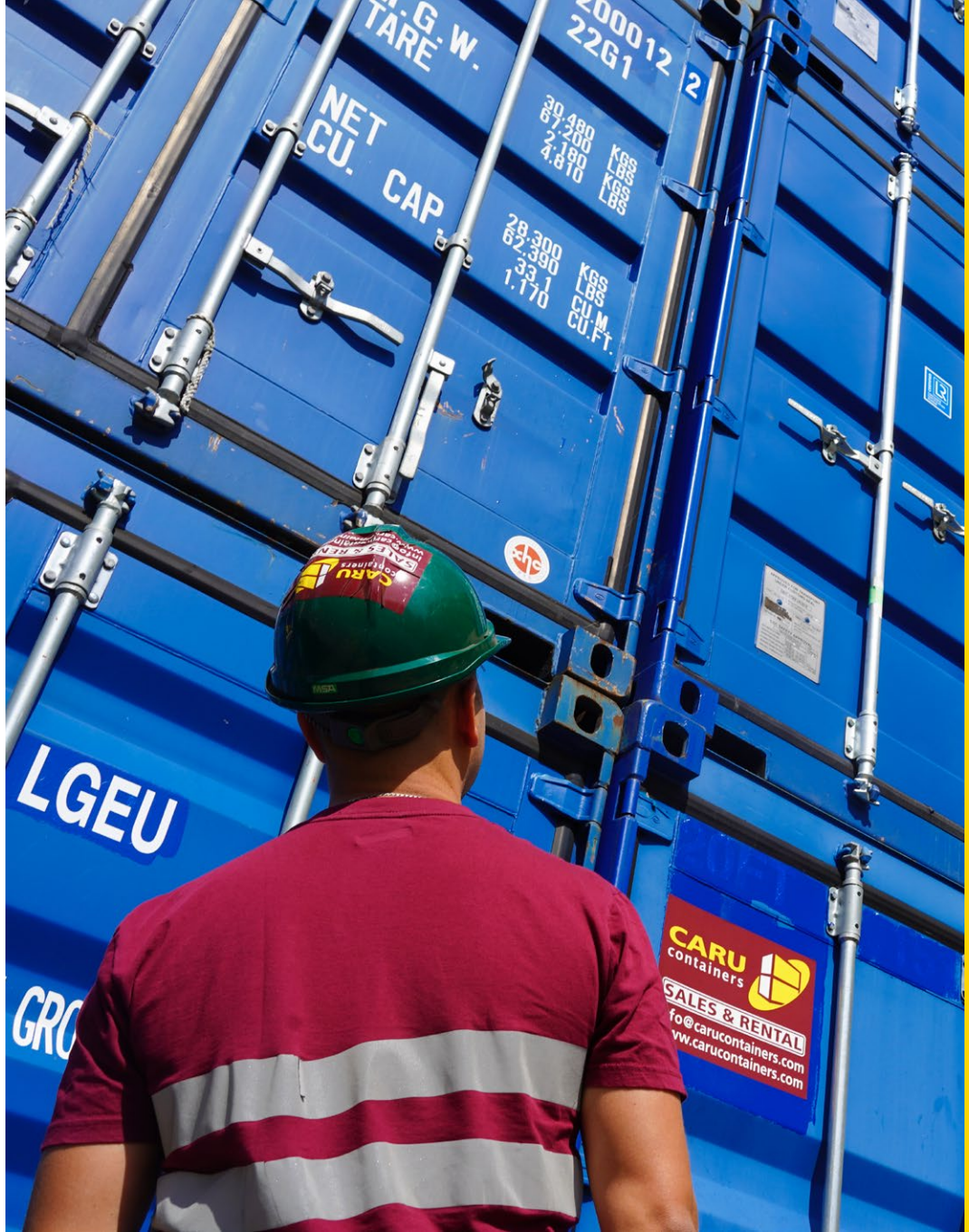
# ETHICS AND WELLBEING

All employees of CARU are bound by a code of conduct but values like respect, integrity, ethical business, and a safe work environment are deeply embedded in CARU's culture.

Since CARU's establishment, a lot of emphasis has been put on employee well-being, health, and personal development. We want all our employees and those of our suppliers to feel safe at work and work in healthy conditions.

We believe in reliability and transparency, and in the resulting long-lasting business partnerships.

We believe in the power of communities and give back where we can to support those in need.



# MEET THE SUSTAINABILITY TEAM

**CARU's Sustainability Team is two man big. Allard Langenhuijsen as Sustainability Officer, and Thirza Belder as Sustainability Advisor. Over the past year the Sustainability Team have launched many great initiatives and they have been working hard to make 2022 nearly as successful. As final chapter of this Sustainability Report we thought it might be interesting to see their reflections on this past year. Therefore, they were asked to have a conversation about CARU's 2021 Sustainability highlights.**

**Allard Langenhuijsen**
Sustainability Officer

**Thirza Belder**
Sustainability Consultant

**THIRZA** ***"To start off, Allard – could you explain a bit when and why you joined the Sustainability Team?"***
Allard: "I've been working at CARU for nearly ten years now, mostly as a Sales Account manager for our international business. One of my responsibilities was the container trade in South-America, so for my role I travelled a lot. I've seen many places where there was a lot of pollution and where circumstances weren't as in the Netherlands. This triggered me to become more active in sustainability. That's why as of last year I transferred my position as International Sales Manager to one of our colleagues and became a full time Sustainability employee."

**ALLARD** ***"How about you Thirza?"***
Thirza: "I always knew a little bit that I wanted to give something back to our planet, but never really knew how. So when after my Bachelor studies I learned about the Master program Global Business & Sustainability, I became really enthusiastic about trying to make Sustainability my professional job. So in February 2021 I joined CARU as an intern, focusing on the sustainability transition within CARU and how CARU's employees perceived this transition. After graduating in August, I joined the Sustainability Team full time."

**THIRZA** ***"How would you say the past year has been for CARU in terms of sustainability?"***
Allard: "It's been a busy year! We've taken on a lot of interesting projects. In the beginning of the year we really captured our emissions through the creation of our sustainability dashboard. By doing this we knew where to put our focus and where we could reduce emissions. The pilots we have done with zero emission and the steps we have taken towards electrification made our reduction tangible. I believe this really helped our colleagues to get on board. By showing

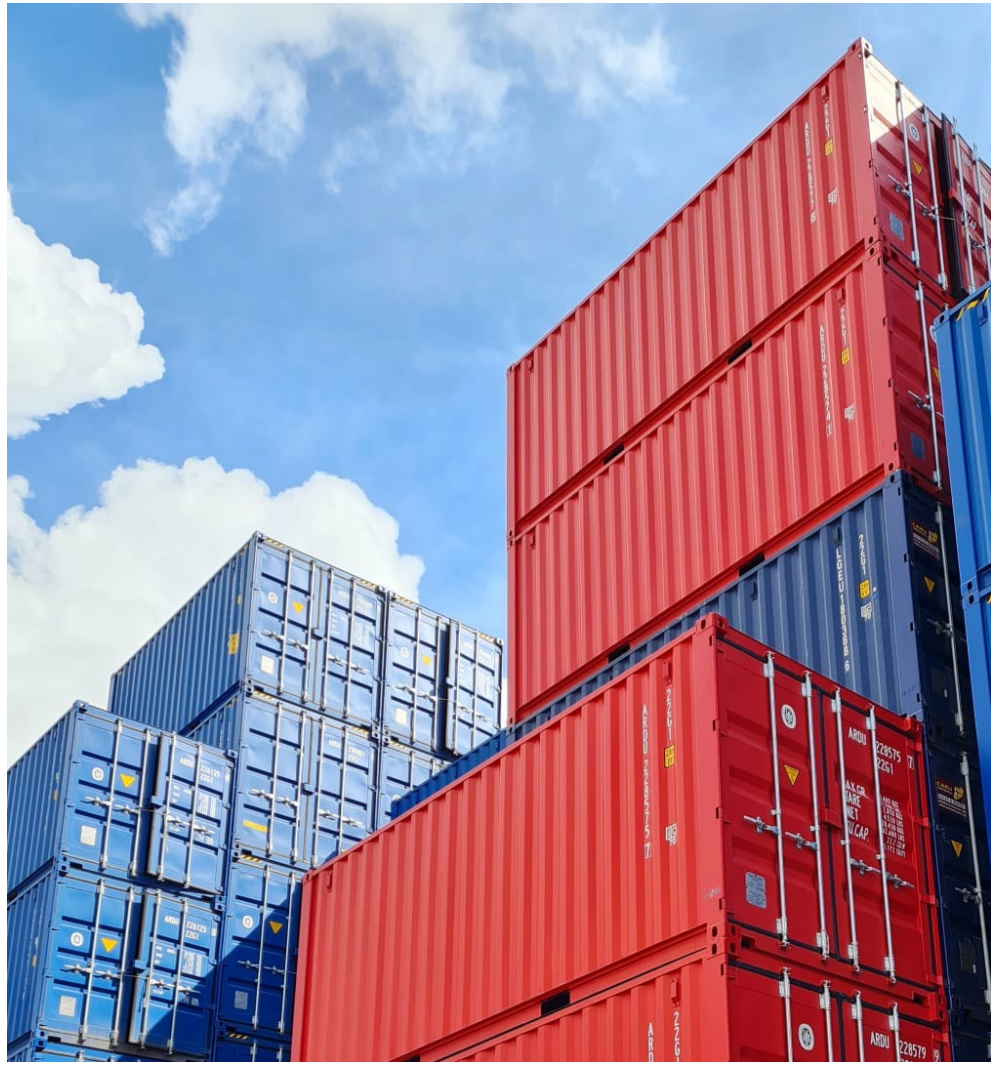
how fun and practical sustainability can be, we achieved better understanding companywide on what our sustainability visions were."

**ALLARD** ***"What was your favorite moment from the past year?"***
Thirza: "I'm really proud that we've launched several successful pilots with electric trucking. As we know that our second biggest emissions are from our transport, I believe this is a very important step towards the future. It shows how collaboration in our value chain can produce successful efforts to create a sustainable industry. Especially since the shipping industry is a sector in which there is a lot of room for sustainable improvements, I think cooperation between value chain partners is vital."

**THIRZA** ***"What is one thing you hope to achieve in the upcoming year?"***
Allard: "I would like to implement zero emission initiatives on a structural basis. Like you mentioned, I want to be able do a specific percentage of all our transports with electric trucks every year, to achieve our net-zero goal in 2030. Furthermore it's important, now that we have our basic work done, to connect more to our value chain and learn from them."

**THIRZA**

***"I think that's a good goal to set for ourselves! Let's see if we've achieved that in the next edition..."***



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