Fleet Transport Strategy

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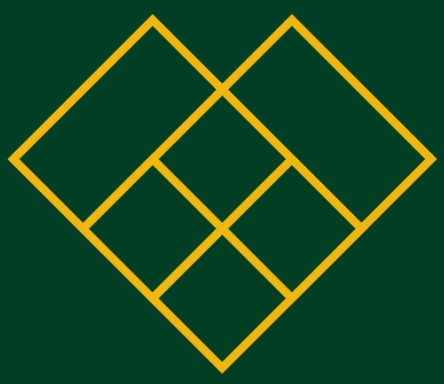


01
Purpose: Driving Forward the “One Igne” Vision

At Igne, our purpose is clear: to operate as a unified, forward-thinking, and responsible organisation that reflects the best of our people, our projects, and our principles. This Transport Strategy is built to support our "One Igne" vision -integrating all parts of our business into a cohesive, efficient, and sustainable fleet operation that delivers value, reduces risk, and showcases professionalism at every level.

Transport touches every corner of our operations - from how our engineers reach site, to how our brand is perceived on the road, to how we meet carbon and regulatory obligations. By embedding this strategy into the way we plan, procure, and manage our vehicles, we align our transport footprint with our core values of Safety, Sustainability, Professionalism, and Innovation.

This is not a static document. It is part of a three-year strategic roadmap designed to elevate fleet operations from a transactional function to a key enabler of business performance and ESG leadership.

Three-Year Transport Strategy Plan

Year 1 – Foundation & Visibility (2025–2026)

Build the systems, gather the data, and set the standards.

- Establish centralised fleet governance and policy oversight
- Implement full telematics and compliance monitoring across fleet
- Consolidate vehicle specifications, Chapter 8 compliance, and “One Igne” livery
- Introduce mileage-based utilisation metrics and cost-of-ownership tracking
- Apply the 1.5% lease value rule to all new agreements
- Begin detailed Driver Performance measurement

Year 2 – Optimisation & Alignment (2026–2027)

Refine operations, increase efficiency, and link fleet performance to value.

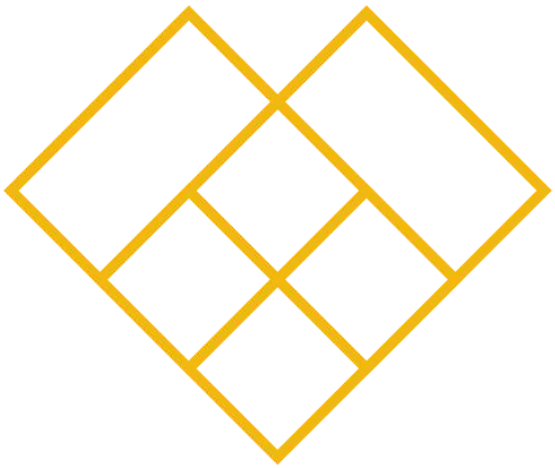
- Review and rationalise under-utilised or duplicate assets
- Expand electrification in line with infrastructure readiness
- Reduce average TCO per vehicle through smarter procurement
- Reallocate vehicles dynamically across business units to improve utilisation
- Introduce fleet training and road safety campaigns linked to behavioural KPIs
- Integrate fleet data into ESG and Board reporting

Year 3 – Transition & Leadership (2027–2028)

Position Igne as a sector leader in sustainable, intelligent fleet operations.

- Achieve 25%+ reduction in fleet GHG emissions from 2024 baseline
- Reach ≥80% fleet utilisation target across all divisions
- Electrify at least 100% of the company car fleet
- Publish fleet performance as part of Igne's annual ESG disclosures
- Review and refresh strategy based on future business and regulatory demands

This staged plan ensures the Transport Strategy evolves alongside Igne's growth, technological advancements, and environmental commitments - ensuring transport is not only operationally effective but a true asset in our long-term ESG and risk framework.

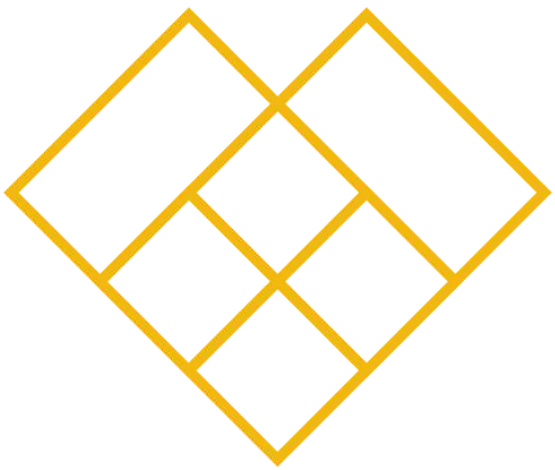


2. Strategic Objectives: Aligning Fleet with Business Goals

Our transport and fleet operations must actively support Igne's strategic goals by enabling efficient project delivery, reducing environmental impact, safeguarding our teams, and controlling costs. This section sets out clear, measurable objectives to drive continuous improvement across our fleet, while staying true to our corporate values and ESG ambitions.

Objectives:

- Operational Efficiency: Deploy the right vehicle, in the right place, at the right time.
- Sustainability: Transition to a low-emission fleet and minimise our Scope 1 carbon footprint.
- Compliance: Ensure all fleet operations meet or exceed legal and industry standards.
- Cost Control: Optimise lease terms, asset life cycles, and whole-life vehicle value.
- Brand Representation: Visibly project our professionalism and safety commitment.
- Data-Driven Decisions: Use fleet intelligence to optimise utilisation and performance.



3. Strategic Targets: Measuring Our Impact

Targets are how we hold ourselves accountable. This section translates strategic objectives into actionable, time-bound KPIs that will be monitored by the ESG and Regulatory Risk Director and reported to the Board. Each target is designed to reinforce our ESG goals and strengthen operational excellence.

Objective	Target	Timeline
Reduce fleet GHG emissions	-25% from 2024 baseline	End of 2028
Electrify company car fleet	100% electric or hybrid vehicles	End of 2028
Reduce TCO per vehicle	-25% from 2024 baseline	End of 2026
Fleet utilisation	⩾80% (mileage-based)	End of 2028
Reduce road incidents	-20% reported incidents	End of 2025
Telematics deployment	100% fleet integration (excluding STH)	End of 2025

4. Current Fleet Holdings: Understanding Our Assets

Knowing the size, composition, and condition of our fleet is essential for smart planning and investment. This section provides a snapshot of our operational assets, allowing us to benchmark performance and inform decisions on replacement, electrification, or redeployment.

The following table is based on current fleet list as of July 2025

Vehicle Category	Count	Example Models
Light Commercial Vans (LCVs)	72	Ford Transit, VW Crafter
Commercial 4x4 Pick Up	105	Toyota Hilux, Ford Ranger
MPVs	3	Vauxhall Astra, Tesla Model 3
HGVs & Specialist Vehicles	17	MAN TGL, DAF LF, Knebel
Short Term Hires	23	All Variants
Company Cars	30	EV & Hybrid

Total Fleet Size: 250 Vehicles

5. Total Cost of Ownership (TCO): Managing Cost with Clarity

To ensure value and efficiency, we must look beyond monthly lease costs and consider the full lifecycle cost of every vehicle. This section breaks down the TCO model used at Igne to inform purchasing, leasing, and replacement decisions, helping us allocate budget wisely while reducing downtime and emissions.

First year: depending on the car and lots of other variables, a car may lose 15-35% of its value in the first year. Years two and three: After that first big drop, the rate of depreciation tends to slow down to around 10-15% from the start of year two.

Understanding and managing the **Total Cost of Ownership (TCO)** is essential for making informed decisions about vehicle procurement, leasing, replacement, and disposal. Igne uses a holistic approach to TCO assessment that captures all direct and indirect costs associated with running a vehicle over its lifecycle.

TCO Criteria:

Cost Category	Description
Acquisition Cost	Lease deposit, upfront purchase cost, registration fees
Monthly Lease Payments	Fixed lease or rental fees over the agreed contract term
Depreciation (for owned assets)	Decline in resale value over time vs. original purchase price
Fuel/Energy Costs	Diesel, petrol, or electricity usage over average mileage
Insurance	Annual premiums including business use and liability cover

Cost Category	Description
Maintenance and Repairs	Routine servicing, tyres, wear & tear, breakdowns, MOT
Road Tax / Vehicle Excise Duty	Annual tax obligations based on emissions and weight class
Telematics & Compliance Systems	Costs associated with GPS, tracking, and fleet compliance tools
Downtime Costs	Loss of productivity or replacement vehicle hire during repairs or service
Mileage Charges (Lease)	Excess mileage penalties or underutilisation cost offsets
End-of-Lease Charges	Fair wear & tear, cleaning, or damage costs on vehicle return

6. Vehicle Specifications and Standards

Every Igne vehicle must be safe, efficient, compliant, and represent our brand with pride. This section sets minimum specifications across the fleet, including safety features, emissions standards, and visual presentation through Chapter 8 compliance and corporate livery.

Vehicle ordering criteria can be found at **Appendix A**

6.1 General Standards

- Euro 6 compliant (ICE)
- Max age: 5 years or 100,000 miles
- Telematics installed on all leased and owned commercial vehicles
- Ergonomic fit for operators

6.2 Chapter 8 Compliance

- Required for highway and site-facing vehicles
- High-vis chevrons, roof mounted amber beacons, hazard decals
- “Highway Maintenance” signage where relevant

6.3 Igne Livery

- Refer to Appendix B for details
- Applied by certified installers
- Maintained regularly as part of inspection regime

6.4 Other specialist requirements

- Specific Gross train Weight (GTW)
- Towing capability
- Cab sizes and variants
- Specialist canopy design
- Other requirements as required

7. Sustainability & Carbon Reporting: Transport’s Role in ESG

Transport is a major contributor to our Scope 1 emissions. This section defines how we track, report, and reduce our transport-related carbon footprint as part of our wider ESG performance.

- Fuel & mileage data integrated via telematics and fuel card systems
- Emissions factors per DEFRA guidelines
- Fleet emissions disclosed under **ESRS E1** annually in our ESG report

8. Fleet Utilisation Monitoring: Methodology and Strategic Value

Effective monitoring of fleet utilisation ensures vehicles are deployed efficiently, support operational productivity, and deliver return on investment. Igne uses two complementary methods to monitor utilisation: **Active Operational Utilisation** and **Mileage-Based Utilisation**. Each offers unique insights that, when combined, provide a full picture of vehicle efficiency and value.

8.1 Active Operational Utilisation

This method calculates the proportion of vehicles actively in use (assigned to projects or fieldwork) versus those available in the fleet during a given period.

Utilisation = (Vehicles in Use/Total Fleet)×100

- Target: ≥80%
- Vehicles in use = assigned to jobs, moving ≥10 miles/day
- Inactivity flagged via telematics

✅ **Advantages:**

- **Real-time Operational Insight**: Highlights whether vehicles are idle, underused, or strategically positioned.
- **Workforce Deployment Correlation**: Helps ensure the right volume of vehicles supports field teams without oversupply.
- **Supports Pooling Strategy**: Identifies surplus vehicles that can be pooled or reassigned.
- **Non-Leased Assets Included**: Covers both leased and owned vehicles, offering a full fleet picture.

8.2 Mileage-Based Utilisation (Lease Efficiency Method)

This method compares actual mileage driven by each leased vehicle against the pro-rata allowance set out in the lease agreement.

Formula:

Utilisation = (Actual Mileage/Pro-Rata Lease Allowance) × 100

Utilisation	Interpretation
<60%	Underutilised – review or return
60–80%	Acceptable
80–100%	Optimal
>100%	Overuse – monitor for excess charges

✅ **Advantages:**

- **Financial Efficiency Tracking**: Indicates whether leased vehicles are delivering value relative to their cost.
- **Contract Risk Mitigation**: Helps avoid underutilisation (wasted lease spend) or overuse (excess mileage charges).
- **Data-Driven Adjustments**: Informs early lease termination, swap-outs, or reallocation decisions.
- **KPI Alignment**: Links directly to sustainability and cost-per-mile reporting metrics.

Strategic Integration

Both methods are tracked via the Telematics and Fleet Management System and reported quarterly.

Vehicles that score low in either metric (<60%) for two consecutive quarters are reviewed by the **ESG and Regulatory Risk Director** for reassignment or commercial renegotiation.

This dual-method approach ensures Igne balances **operational needs, financial control**, and **fleet right-sizing**.

9. Fleet Management & Monitoring: Visibility, Accountability, Action

A modern fleet requires modern tools. This section outlines how telematics, digital platforms, and reporting systems are used to track vehicle status, ensure compliance, and optimise performance across the business.

- Telematics (Kenises Pro) in all operational vehicles (excluding STH)
- Monitoring of vehicle downtime
- Driver behaviour monitoring: speed, braking, idling
- Alerts for MOTs, inspections, and excess mileage

10. Procurement & Lifecycle Policy: Buying Smarter, Holding Better

Fleet procurement is guided by whole-life value and operational fit. This section sets out Igne's approach to acquiring and disposing of vehicles, including sustainability criteria for suppliers and asset lifecycle rules.

Considerations should be made to the following:

- Lifecycle target: 3–5 years (vehicle-type dependent)
- Lease vs. buy assessed using TCO and utilisation metrics
- Preference for OEMs with low-CO_2 supply chains
- Disposal via certified green resale channels

11. Risk Management: Protecting People and Assets

Fleet risk management supports our core value of Safety First. This section details how driver safety, vehicle condition, and incident management are embedded into our daily operations.

To ensure compliance is maintained Igne will regularly review the following:

- Annual licence checks and driver validation
- Incident reporting via FMG Accident reporting line
- CheckedSafe usage to ensure Roadworthiness checks and pre-start inspections
- Grey fleet policies enforced for private vehicles used on business

12. Optimal Leasing Strategy: The 1.5% Rule and Smarter Terms

Smart leasing allows Igne to flex with project demand while controlling cost. This section introduces the 1.5% Rule for lease value and outlines preferred lease durations by vehicle type.

12.1 Lease Duration Guide

The following leasing term guidance is recommended to maximise cost efficiency and reduce risk.

Vehicle Type	Lease Terms
LCV / Pickup	36 - 48 Months
Car / EV	36 - 48 Months
HGV / Specialist	48 - 60 Months

12.2 The 1.5% Rule: What It Is and How It Works

The **1.5% Rule** is a widely recognised industry benchmark used to evaluate the cost-**effectiveness of vehicle leasing**.

It helps ensure that monthly lease payments remain proportionate to the overall capital value of the vehicle.

At Igne, we apply the 1.5% Rule as follows:

The total monthly lease cost (including maintenance, roadside assistance, etc.) should not exceed 1.5% of the vehicle's Manufacturer's Suggested Retail Price (MSRP).

Why It Matters:

- It prevents overpaying for vehicles based on inflated residual values or lease profit margins.
- It aligns leasing with total cost of ownership principles.
- It provides a transparent financial boundary to support budget planning.

Example:

If a vehicle has a manufacturer's suggested retail price (MSRP) of **£36,000**:

Calculation: 1.5%×£36,000=£540

Therefore, a **lease deal exceeding £540/month** (fully maintained) would **not meet Igne's 1.5% value threshold** and would trigger further commercial review or negotiation.

12.3 Lease Performance Monitoring

- All lease agreements are reviewed against the 1.5% Rule before approval.
- Quarterly fleet lease audit to track average monthly cost vs. TCO per vehicle.
- Under-utilised vehicles (based on mileage) are considered for early termination or redeployment

13. Governance & Review

Strong governance ensures the strategy stays relevant. This section sets the review schedule and reporting process that holds us accountable to our transport goals.

- Strategy reviewed annually by the ESG and Regulatory Risk Director
- Fleet utilisation monitored and reported monthly
- Driver Performance reported monthly
- Quarterly reporting to board on Accident statistics, behaviours and utilisation
- Adjusted as needed in response to regulation, innovation, or business change

Appendix A: Vehicle Specification Templates

Please use this template as a guide for selecting vehicle specification for your orders.

Vehicle Type (Example Models)	Small Van (e.g., Ford Transit Connect, VW Caddy)	Medium Van (e.g., Ford Transit Custom, Vauxhall Vivaro)	Pickup Truck (e.g., Toyota Hilux, Ford Ranger, Isuzu D-Max)
Chapter 8 Compliant Decal	Yes/No	Yes/No	Yes/No
Highway Maintenance Required?	Yes/No	Yes/No	Yes/No
Cab Size	Standard	Standard	Single/Double/Crew
Livery	Yes	Yes	Yes
Tow Bar	Yes/No	Yes/No	Yes/No
Gross Train Weight (GTW)	Standard or Uprated	Standard or Uprated	Standard or Uprated
Canopy Type	-	-	Please specify
Racking System	Yes/No	Yes/NO	Yes/No
Roof Mounted Beacons	Yes/No	Yes/No	Yes/No
Telematics	Yes/No	Yes/No	Yes/No
Tachograph	Yes/No	Yes/No	Yes/No
Other specialist requests			

Appendix B: Igne Livery Specification