

Junction 4 Pallets Ltd

Annual ESG, Sustainability and Carbon Report

Including Voluntary SECR Disclosure

Reporting Period: June 2025 – May 2026

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1. Sustainability Highlights

During the reporting period the Company continued to invest in lower carbon operations through:

- On-site solar photovoltaic electricity generation
- Introduction of two electric 44-tonne DAF tractor units
- Increased pallet repair and refurbishment activities
- Development of FSC and PEFC certification programmes
- Implementation of Chain of Custody procedures
- Ongoing improvements in energy and resource efficiency

Junction 4 Pallets Ltd continues to invest in practical sustainability improvements including on-site solar photovoltaic electricity generation, electric heavy goods vehicles, pallet repair and reuse activities, responsible timber sourcing and the implementation of timber traceability systems.

Key Performance Indicators

Indicator	Value
Annual Turnover	£30,219,326
Employees	181
Operational Sites	2
Pallets Manufactured	1,485,062
Pallets Repaired	1,082,000
Pallets Purchased for Resale	3,527,949
Total Pallets Supplied	5,013,011
Solar Electricity Generated	146,000 kWh
Total Water Consumption	8280 m ³
Scope 1 Emissions	2,411 tCO ₂ e
Scope 2 Emissions	376.2 tCO ₂ e
Scope 3 Emissions	5722 tCO ₂ e
Total Carbon Footprint	8509 tCO ₂ e
Waste Recycled	208.75 Metric Tonnes
Certified Timber Purchased	8,700 m ³
Suppliers Assessed	7

2. Managing Director's Statement

At Junction 4 Pallets Ltd, sustainability is an important part of how we operate our business.

As a manufacturer, repairer and supplier of pallets, we recognise the environmental, social and economic impacts associated with our operations. We are committed to responsible resource management, reducing environmental impacts, supporting our employees, maintaining high ethical standards and working collaboratively with suppliers and customers to promote sustainable practices.

The repair, refurbishment and reuse of pallets form a key part of our business model and contribute directly to the circular economy by extending product life, reducing waste and maximising the value of timber resources.

During the reporting period, the Company continued to invest in lower carbon operations through renewable electricity generation, fleet decarbonisation initiatives and responsible sourcing programmes.

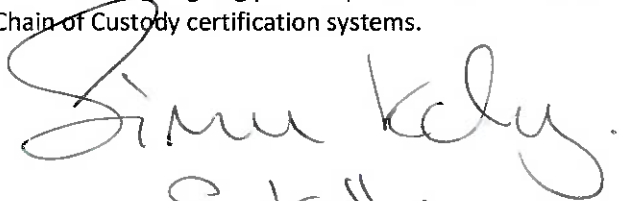
Although the Company is not currently required to report under SECR, we have voluntarily adopted many of its principles to improve transparency, support continual improvement and better understand our environmental impacts.

The Company recognises that sustainability extends beyond carbon emissions and includes the responsible management of energy, water, timber resources, waste, biodiversity and supply chain impacts.

Through continual improvement and the implementation of recognised management systems, we aim to strengthen environmental performance while supporting long-term business resilience and sustainable growth.

During the reporting period, Junction 4 Pallets Ltd continued to invest in sustainability initiatives that support both environmental performance and long-term business resilience. These initiatives include renewable electricity generation through solar photovoltaic panels, the introduction of two electric 44-tonne DAF tractor units, ongoing pallet repair and refurbishment activities, and the development of FSC and PEFC Chain of Custody certification systems.

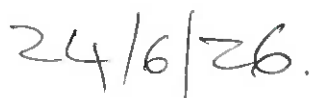
Signed



Managing Director:



Date:



3. About the Company

Junction 4 Pallets Ltd manufactures, repairs, purchases, resells and distributes pallets throughout the United Kingdom.

Our activities include:

- Manufacture of new pallets
- Purchase and resale of new and used pallets
- Pallet repair and refurbishment
- Collection and recovery services
- Distribution and logistics
- Timber processing operations

In addition to pallets manufactured in-house, the Company purchases finished pallets from third-party suppliers for resale to customers, and purchases used pallets for inspection, repair and resale. These purchased pallets are an important part of the Company's product offering and are addressed within the Scope 3 greenhouse gas emissions, sustainable procurement and circular economy sections of this report.

Business Profile

Indicator	Value
Annual Turnover	£ 30,219,326
Employees	181
Operational Sites	2
Pallets Manufactured	1,485,062
Pallets Repaired	1,082,000
Pallets Purchased for Resale	3,527,949
Total Pallets Supplied	5,013,011

4. Why Sustainability Matters to Our Business

Timber is the principal raw material used within our operations and is a renewable resource when sourced responsibly.

As a pallet manufacturer and repair specialist, we support circular economy principles through:

- Repairing pallets and extending product life
- Reusing components and materials
- Recovering timber resources
- Reducing waste generation
- Supporting sustainable supply chains

We continue to invest in technologies that support emissions reduction, including renewable energy generation and lower-emission transport solutions.

5. Sustainability Governance

Responsibility for sustainability rests with senior management.

Sustainability considerations are integrated into business planning and operational decision-making, with environmental, social and governance (ESG) matters reviewed periodically by management.

The Company maintains policies and procedures covering:

- Environmental Management
- Health and Safety
- Quality Management
- Equal Opportunities
- Anti-Bribery and Corruption
- Data Protection
- Sustainable Procurement
- Supplier Management
- Ethical Business Conduct

Management Systems Development

Junction 4 Pallets Ltd is committed to developing robust management systems that support continual improvement across quality, environmental performance and occupational health and safety.

During the reporting period, the Company commenced the implementation of integrated management systems aligned with the requirements of ISO 9001 (Quality Management), ISO 14001 (Environmental Management) and ISO 45001 (Occupational Health and Safety).

The Company has engaged with an accredited certification body and has formally initiated the certification process. Activities undertaken to date include the development of management system documentation, policies, procedures, operational controls, risk assessments and implementation planning.

The management systems are intended to support:

- Improved operational performance
- Enhanced customer satisfaction
- Environmental protection and pollution prevention
- Improved workplace health and safety
- Risk-based decision making
- Regulatory compliance
- Continual improvement throughout the business

Certification is targeted for January 2027.

Management System Status

Management System	Current Status	Target Certification Date
ISO 9001 – Quality Management	Implementation Underway	January 2027
ISO 14001 – Environmental Management	Implementation Underway	January 2027
ISO 45001 – Occupational Health and Safety	Implementation Underway	January 2027

The implementation of these internationally recognised standards forms part of Junction 4 Pallets Ltd's long-term commitment to responsible business practices, sustainability and operational excellence.

6. Voluntary SECR Disclosure

The Company has assessed its position against the UK Streamlined Energy and Carbon Reporting (SECR) Regulations.

SECR generally applies to large UK companies and LLPs meeting at least two of the following criteria:

- Annual turnover exceeding £36 million
- Balance sheet total exceeding £18 million
- More than 250 employees

Based on the Company's current size and structure, including annual turnover of approximately £30 million and a workforce of approximately 185 employees, Junction 4 Pallets Ltd is not presently within the scope of mandatory Streamlined Energy and Carbon Reporting (SECR) requirements.

Nevertheless, the Company has elected to voluntarily adopt the principles of SECR and disclose energy consumption, greenhouse gas emissions and energy efficiency initiatives as part of this Annual Sustainability and Carbon Report.

Voluntary disclosure supports transparency, customer requirements, sustainability objectives and continual improvement in environmental performance.

7. Environmental Performance

Environmental Policy

The Company is committed to:

- Reducing energy consumption
- Using water resources responsibly
- Reducing greenhouse gas emissions
- Minimising waste generation
- Promoting reuse and recycling
- Using timber resources responsibly
- Preventing pollution
- Continual environmental improvement

Energy Consumption

Energy Source	Consumption
Grid Electricity Purchased (kWh)	1,710,000
Solar Electricity Generated (kWh)	146,000
Natural Gas (kWh)	20,166
Diesel (Litres)	899,661
LPG (Litres)	0

Water Management

Junction 4 Pallets Ltd utilises both mains water and an on-site borehole to support operational and welfare activities.

Water consumption is relatively low compared with the Company's consumption of timber, electricity and transport fuels; however, the Company recognises the importance of responsible water stewardship and seeks to manage water resources efficiently.

The use of an on-site borehole reduces reliance on public water supplies and contributes to operational resilience.

The Company will continue to monitor water consumption and identify opportunities to improve water efficiency where practical.

Water Indicator	Value
Mains Water Consumption (m ³)	4,600
Borehole Water Abstracted (m ³)	3,680
Total Water Consumption (m ³)	8280

Renewable Energy

Solar Photovoltaic Generation

Junction 4 Pallets Ltd has invested in on-site solar photovoltaic (PV) technology to generate renewable electricity and reduce reliance on purchased grid electricity.

Solar Electricity Generated: *146,000 kWh*

The electricity generated is utilised within Company operations and contributes directly to reducing Scope 2 greenhouse gas emissions.

Biodiversity and Environmental Stewardship

Junction 4 Pallets Ltd recognises the importance of protecting biodiversity and supporting the sustainable management of natural resources.

As a business operating within the timber supply chain, the Company seeks to minimise environmental impacts through responsible sourcing practices, waste reduction, pollution prevention and resource efficiency initiatives.

The Company's commitment to FSC and PEFC Chain of Custody certification supports responsible forest management, timber traceability and the protection of ecosystems throughout the supply chain.

Environmental considerations are incorporated into operational planning and decision-making processes where reasonably practicable.

Greenhouse Gas Emissions

Scope 1

Sources include:

- HGV fleet got
- Forklifts got
- Gas heating got
- Generators none
- Company cars got

Scope 1 Emissions: *2,411 tCO₂e*

Scope 2

Purchased electricity consumed within Company operations.

The Company also generates renewable electricity through on-site solar photovoltaic panels.

Scope 2 Emissions: 376 tCO₂e

Scope 3

The Company has undertaken a materiality assessment of Scope 3 emissions.

High Priority Categories

- Category 1 – Purchased Goods and Services
- Category 4 – Upstream Transportation and Distribution
- Category 5 – Waste Generated in Operations
- Category 9 – Downstream Transportation and Distribution
- Category 12 – End-of-Life Treatment of Sold Products

Category 1 – Purchased Goods and Services

In addition to manufacturing pallets, the Company purchases new and used pallets from third-party suppliers for resale to customers. Category 1 – Purchased Goods and Services therefore includes:

- Purchased pallets bought for resale
- Timber purchased for manufacturing
- Pallet components and repair materials

Purchased pallets for resale are expected to represent one of the Company's largest Scope 3 emissions sources, as the embodied carbon associated with their production occurs upstream within the supply chain rather than within the Company's own operations.

Scope 3 Treatment of Pallets and Timber

The table below sets out how the Company's principal pallet and timber-related activities are categorised for Scope 3 reporting purposes.

Activity	Scope 3 Treatment
Timber purchased for manufacturing	Category 1 – Purchased Goods and Services
New pallets purchased for resale	Category 1 – Purchased Goods and Services
Used pallets purchased for repair and resale	Category 1 (purchase), plus associated repair activity within Company operations
Transport from supplier to Junction 4 Pallets Ltd	Category 4 – Upstream Transportation and Distribution
Delivery to customers	Category 9 – Downstream Transportation and Distribution

Medium Priority Categories

- Category 2 – Capital Goods
- Category 3 – Fuel and Energy Related Activities
- Category 6 – Business Travel
- Category 7 – Employee Commuting

Low Priority or Not Material

- Category 10 – Processing of Sold Products
- Category 11 – Use of Sold Products
- Category 13 – Downstream Leased Assets
- Category 14 – Franchises
- Category 15 – Investments

Scope 3 Emissions: 5722 tCO₂e

Carbon Intensity Metrics

“Pallets supplied” is used as the primary denominator for carbon intensity, as it reflects the Company's total output across manufacturing, repair and resale activities rather than manufacturing volumes alone. “tCO₂e per pallet produced” is retained as a supporting metric specifically for manufacturing efficiency.

Metric	Result
tCO ₂ e per pallet supplied (primary metric)	1.69
tCO ₂ e per pallet produced (supporting metric)	5.73
tCO ₂ e per pallet repaired (supporting metric)	7.287
tCO ₂ e per £m turnover	284
tCO ₂ e per employee	8510

8. Sustainability Projects and Investments

Solar Photovoltaic Installation

Junction 4 Pallets Ltd has invested in solar photovoltaic generation to reduce greenhouse gas emissions and improve energy resilience.

Indicator	Value
Solar Electricity Generated	146,000 kWh
Estimated Carbon Reduction	29 tCO ₂ e

Fleet Decarbonisation

During the reporting period, Junction 4 Pallets Ltd introduced two electric 44-tonne DAF tractor units.

These vehicles form part of the Company's long-term strategy to reduce transport-related emissions and support the transition towards lower-carbon logistics operations.

Indicator	Value
Electric DAF Tractor Units	2
Estimated Annual Mileage	170,000
Estimated Carbon Reduction	230 tCO ₂ e

9. Sustainable Timber and Pallet Sourcing and Procurement

The Company seeks to source timber, pallet products and related materials from legal and responsibly managed sources.

This includes pallets purchased from third-party suppliers for resale, as well as timber and components purchased for manufacturing and repair.

Supplier expectations include:

- Legal compliance
- Responsible forestry practices
- Product quality standards
- Ethical business conduct
- Health and safety compliance

Supplier Indicators

Indicator	Value
Purchased Pallets for Resale	3,527,949
Suppliers Assessed for Sustainability	2
Key Suppliers Assessed	3
Suppliers Accepting Supplier Code of Conduct	7
FSC/PEFC Certified Suppliers	7
Timber Suppliers Subject to Due Diligence Review	0

10. Responsible Timber Sourcing, Certification and Traceability

Timber traceability is an important element of Junction 4 Pallets Ltd responsible sourcing strategy.

The Company has implemented Chain of Custody procedures to support timber traceability throughout the supply chain and provide assurance regarding timber origin.

Junction 4 Pallets Ltd is actively working towards:

- FSC Chain of Custody Certification
- PEFC Chain of Custody Certification

These certification programmes support:

- Responsible forestry
- Supply chain transparency
- Timber traceability
- Customer sustainability requirements
- Continuous improvement in procurement practices

Certification Status

Certification	Status
FSC Chain of Custody	In Progress
PEFC Chain of Custody	In Progress
Chain of Custody Procedure	Implemented
Responsible Timber Sourcing Procedure	Implemented

11. Waste and Circular Economy

The Company's pallet repair and refurbishment activities contribute directly to the circular economy by:

- Extending pallet life
- Reducing timber consumption
- Reducing waste generation
- Supporting resource efficiency
- Reducing demand for virgin raw materials

These activities form a core component of Junction 4 Pallets Ltd sustainability strategy.

In addition to repairing pallets manufactured in-house, the Company purchases used pallets from customers and third parties for inspection, repair, refurbishment and resale. This activity extends

product life, reduces demand for new timber resources and further supports circular economy principles across the Company's supply chain.

Waste Performance

Indicator	Value
Waste Generated (tonnes)	461
Waste Recycled (tonnes)	293
Waste Recovered (tonnes)	N/A
Waste Sent to Landfill (tonnes)	168

12. Transport and Logistics

Transport activities include inbound raw materials and outbound customer deliveries.

The Company continues to pursue:

- Route optimisation
- Vehicle maintenance programmes
- Driver efficiency initiatives
- Fleet modernisation
- Deployment of electric vehicles

13. Labour, Human Rights and Health & Safety

Human Rights Commitment

Junction 4 Pallets Ltd respects internationally recognised human rights principles.

The Company does not tolerate:

- Forced labour
- Modern slavery
- Child labour
- Harassment
- Discrimination

These expectations extend to suppliers, contractors and business partners.

Workforce Profile

Indicator	Value
Employees	181
New Starters	40
Number of Training Hours received by employees	7314
Training Courses Delivered	2540

Health and Safety

Junction 4 Pallets Ltd maintains health and safety procedures designed to protect employees, contractors and visitors. These include risk assessments, safe systems of work, employee training, equipment inspections, incident investigations and periodic site audits.

Indicator	Value
Lost Time Incidents	1
Reportable Incidents	1
Near Misses Reported	4

14. Community Engagement

Junction 4 Pallets Ltd recognises the importance of supporting the communities in which it operates.

The Company seeks to contribute positively through:

- Providing local employment opportunities
- Supporting employee development and training
- Developing workforce skills
- Engaging with local suppliers and service providers where appropriate
- Supporting community initiatives where practical

As a regional employer, Junction 4 Pallets Ltd aims to make a positive contribution to the local economy through responsible business practices, employment opportunities and long-term investment in its operations.

15. Ethics and Business Conduct

The Company is committed to conducting business ethically and transparently.

Policies include:

- Anti-Bribery and Corruption
- Data Protection
- Ethical Procurement
- Regulatory Compliance
- Fair Competition

No significant ethical breaches were identified during the reporting period.

16. Sustainability Objectives and Future Commitments

The Company is committed to continual improvement.

Objective	Target	Review Date
Maintain legal and responsibly sourced timber procurement	Ongoing	Annual
FSC Chain of Custody	Complete	By September 2026
PEFC Chain of Custody	Complete	By September 2026
Increase supplier sustainability reviews	Review key suppliers annually	Annual
Improve utilisation of solar-generated electricity	Increase where practical	Within 24 months
Continue fleet decarbonisation programme	Assess additional low emission vehicles / fuel	Annual
Reduce waste sent to landfill	Year on year reduction	Annual
Improve waste recycling performance	Year-on-year improvement in recycling rates where practical	Annual
Monitor and improve water efficiency	Annual review of water consumption and efficiency opportunities	Annual
Improve supplier sustainability assessments	Review 100% of key suppliers annually	Annual

Objective	Target	Review Date
Improve Scope 3 emissions data quality	Increase supplier engagement and primary data collection	Annual
Improve Scope 3 reporting	Expand available data collection	Within 24 months
Achieve ISO 9001	Certification achieved	January 2027
Achieve ISO 14001	Certification achieved	January 2027
Achieve ISO 45001	Certification achieved	January 2027

17. Reporting Methodology

This report has been prepared using information collected from Junction 4 Pallets Ltd operations during the reporting period.

Where greenhouse gas emissions have been calculated, recognised carbon accounting principles and UK Government greenhouse gas conversion factors have been applied.

The organisational boundary for this report includes operations under the operational control of Junction 4 Pallets Ltd.

Emissions Methodology

Greenhouse gas emissions have been categorised in accordance with the Greenhouse Gas Protocol and reported under:

- Scope 1 – Direct emissions from owned or controlled sources
- Scope 2 – Indirect emissions from purchased electricity
- Scope 3 – Other indirect emissions occurring throughout the value chain

Where applicable, emissions calculations have been completed using UK Government DEFRA greenhouse gas conversion factors relevant to the reporting year.

Carbon Intensity Methodology

Carbon intensity is reported primarily on a “tCO₂e per pallet supplied” basis, calculated as total Company emissions (Scope 1, Scope 2 and material Scope 3 categories) divided by total pallets supplied during the reporting period.

Pallets supplied includes new pallets manufactured and sold, pallets repaired and refurbished for resale, and pallets purchased for resale. This basis was adopted in preference to a manufacturing-only denominator, as it reflects the Company's full output across manufacturing, repair and resale activities and avoids understating emissions intensity where a significant proportion of turnover is derived from repaired or traded pallets.

“tCO₂e per pallet produced” and “tCO₂e per pallet repaired” are reported as supporting metrics to provide visibility of manufacturing and repair efficiency respectively.

Assumptions and Exclusions

Where primary data was unavailable, reasonable estimates have been applied based on:

- Utility invoices
- Fuel purchase records
- Supplier information
- Operational records
- Industry averages and recognised estimation methodologies
- Water consumption data has been obtained from utility records and, where available, borehole abstraction monitoring records

Scope 3 emissions include only those categories assessed as material to Junction 4 Pallets Ltd operations and for which sufficient data was available.

Certain upstream and downstream emissions may have been estimated or excluded where reliable data was not currently accessible.

The Company intends to improve data collection processes and expand Scope 3 reporting coverage over time as data quality and availability improve.

The Company considers the disclosures contained within this report to provide a fair and proportionate representation of its environmental, social and governance performance for the reporting period.

18. Conclusion

Junction 4 Pallets Ltd remains committed to operating responsibly and sustainably.

The Company will continue to develop its environmental, social and governance performance through responsible sourcing, renewable energy generation, fleet decarbonisation, circular economy activities, employee development and continual improvement in sustainability reporting.

Although it is not currently required to report under the UK Streamlined Energy and Carbon Reporting (SECR) Regulations, the Company has voluntarily adopted SECR principles to improve transparency and support informed decision-making.

Future priorities include achieving FSC and PEFC Chain of Custody certification, enhancing timber traceability, improving Scope 3 emissions reporting and identifying further opportunities to reduce environmental impacts across the business.

19. Approval

Approved by:

Name:

S. Kelly

Position:

Director

Date:

24/6/26.

Signature:

Sina Kelly