



HARLECH

EST **FOODSERVICE** 1972

GWASANAETH BWYD



ESG REPORT 2022/23

Message from the Managing Director

Harlech Foodservice has been admired for the quality of our work for more than half a century, but it's important that we are looked upon as a role model for our stance on environmental, social, and governance (ESG) issues.

With that in mind, I am thrilled that the company has been able to produce its inaugural ESG report.

Since 1972, we have strived to support the local community, protect the environment, and run the business both safely and compliantly.

We make a conscious effort to communicate our ESG actions as far and wide as possible, but this report will only help shine a light on the activities the organisation is carrying out.

The report gives an in-depth insight into the work that has been done to reduce our refrigerant gas usage and food mileage as well as our desire to provide a diverse and equal working environment.

Between working towards Net Zero to helping sports clubs and community groups within the areas in which we operate, our teams are also focused on constantly exceeding expectations.

Our commitment to environmental, social, and governance activities has underpinned our business for more than 50 years, and we will strive to continue positively impacting the industries and communities around us.

David Cattrall
Managing Director



Summary of Harlech Foodservice's historic commitment to ESG – it's at the core of all activities

We are devoted to respecting the communities and environments in which we operate, without compromising the quality of our work.

For more than 50 years we have looked to be as creative as possible when it comes to engaging with key stakeholders.

To help reduce our carbon footprint, we have invested heavily in new infrastructure, technology and systems including replacing vehicles and installing solar panels.

We have also supported charitable causes, including Action For Children, Hope House Ty Gobaith, and the Race for Life.

We have backed youth football teams and boxing clubs with activities, whilst sponsorship and assistance has been provided at events such as the Daily Post Food and Drink awards and the Go North Wales Tourism and Hospitality Academy.

As well as nurturing strong links with local communities, we have an impressive track record of creating pathways to education and training.

A prime example of this is the School Holiday Enrichment Programme, which saw us work in conjunction with Gwynedd Council to provide free food and development chefs to go into three schools and teach children recipes and how to eat healthily.

We have also partaken in a 'Meet the Employer' event at Dolgellau's Coleg Meirion Dwyfor, carried out mock interviews with pupils at Ysgol Hafod Lon School in Pwllheli, and backed Porthmadog's Ysgol Eifionydd School's BTEC business qualification.

Alongside supporting young people with work placements and seasonal employment, we have seen warehouse staff work towards an NVQ level two in warehouse and distribution, as well as promoting further training opportunities, apprenticeships, and work experience at the Invest In Skills: Invest in Growth conference.

Environmental

Harlech Foodservice is committed to being Net Zero by 2050, which is in line with the Welsh government's target.

As part of our journey to Net Zero, we are:

- Getting scopes one and two verified by an expert
- Continuing to reduce where possible our carbon footprint
- Studying the feasibility of updating sales fleet to fully electric vehicles
- Utilising and continuously seeking the most carbon efficient transport vehicles, gas utilities, and refrigerant gases
- Ensuring all waste produced is recycled and avoiding landfill
- Finding a carbon offset that meets our requirements to counteract emissions we will be unable to negate in-house

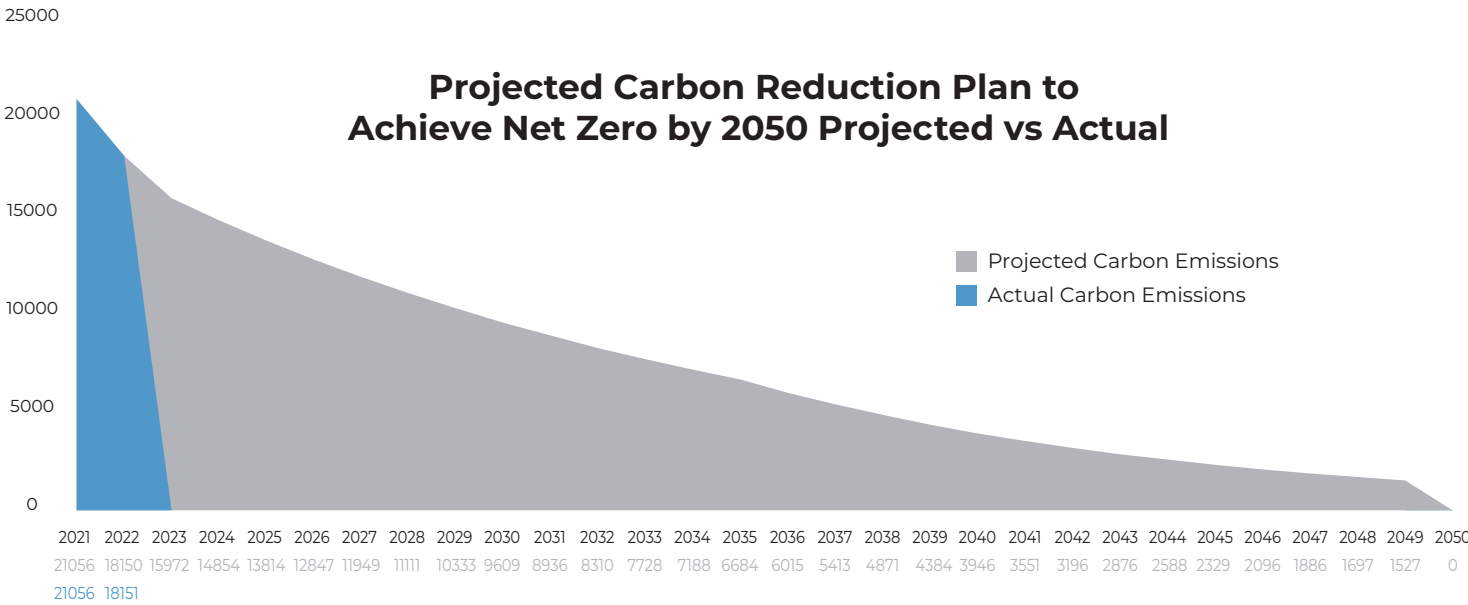
How will we achieve the 2050 goal?

On top of the fact that electric power stations will be Net Zero by 2035 and transport innovations will have improved to further reduce our highest carbon emissions, we at Harlech Foodservice believe the date allows adequate time for:

- Our suppliers to implement their carbon footprint, which impacts ours
- Us to see if new renewable energy innovations are created
- The company to implement changes in-house and phased capital expenditure to upgrade equipment which emits lower or zero carbon emissions
- Us to find the most cost-effective carbon offset to meet our needs



Projected Carbon Reduction Plan to Achieve Net Zero by 2050 Projected vs Actual



Refrigerant Gases

One key focus has been decreasing refrigerant gases, which are the most toxic and last thousands of years in the atmosphere, damaging the ozone layer.

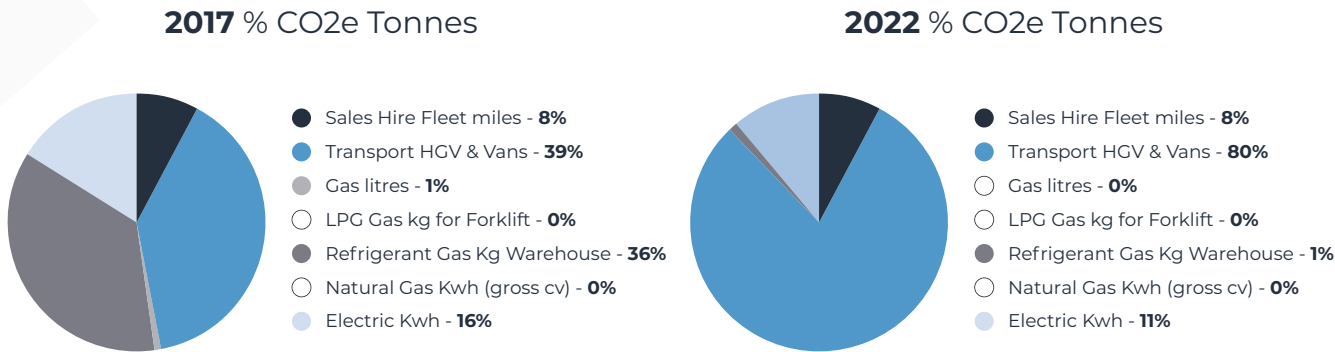
The need to replace refrigerant R404A due to its high Global Warming Potential (GWP) score was only too evident, and we have made the switch to R449A.

The results are phenomenal. One example is changing a condensing unit on the chill store extension cold room, saving 49.91 CO₂e tonnes of refrigerant gas.

Transport vehicles no longer have any refrigerant leaks thanks to yearly upgrades, and our determination to further improve this aspect of operations can be seen in the pie charts provided.

When figures were first produced back in 2017, our refrigerant gas CO₂e tonnes usage per kg was 36 per cent, whereas in 2022 that number had been dramatically reduced to just 0.82 per cent, which equates to a saving of more than 93 tonnes.

Split by Category Sales Hire Fleet



Activity Spotlight

Having almost completely removed refrigerant gas from the equation, the biggest CO₂e challenge we now face is in transport.

We have taken positive steps with investment such as introducing a fuel management system and replacing four HGVs to reduce CO₂e per mile over the past 18 months.

However, our focus remains on driving down emissions by:

- Undertaking a feasibility study to see if delivery days can be reduced for customers
- Improving route planning by 10 per cent by October 2024
- Replacing four more of the current hybrid HGVs before the end of 2024
- Installing engineless refrigeration on six new HGVs, which each use 28 litres of diesel less per month – a saving of 8.6 tonnes of CO₂e per vehicle
- Commission a viability report exploring whether all 40 HGVs and seven vans can become fully electric
- Working with our routing system to achieve higher drop per run and with customers to increase average drop size



Scopes One and Two

Featuring transport and gas (scope one) and electric (scope two), scopes are the new phrases for organisations requesting carbon data.

Comparisons between 2022 and 2019 – the last full year before Covid-19 – show a reduction to 2,044.63 tonnes of CO2e from 2,530.10.

To obtain accurate and consistent measurements we will use CO2e by sales per kilogram, which sees 2022 register at 0.05, a figure that is better than each of the previous three years.

Projected figures for scope one and two for 2023 show a further overall saving of 12 per cent.

Scope Three

We have now completed scope three for 2021 (19,399.67) and 2022 (18,150.19), giving us a baseline year of 2021 to help complete our projected carbon reduction plan.

We used the Standard Industrial Classification (SIC) code to calculate our third-party carrier CO2e. By working closely with manufacturers and producers to collate all initiatives and actions we not only reduce our emissions but also improve our reporting.

By 2026/27, scope three is required by certain public organisations as part of tenders worth more than £5 million.

One key focus area is waste management with the Welsh government introducing legislation that takes effect on 6 April 2024, which states that it will be illegal for certain surplus to go to landfill, including:

- Food waste
- Paper and card
- Glass
- Fibre, including metal, plastic, and cartons
- Electrical and electronic equipment

While Harlech already actions the majority of this, our monitoring of the above allows us to see the difference it makes. It is estimated that we save 45 tonnes of CO2e per year for our main waste streams, whilst a further 10 tonnes is prevented by avoiding

landfill and ensuring all food waste is used to produce displacement fossil fuel.

Another key area of scope three surrounds employee mileage, with business travel distance reduced from 6.26 CO2e tonnes in 2021 to 4.43 CO2e tonnes in 2022.

Other Key Highlights

Harlech, which is a member of wholesale buying cooperative Country Range Group and the Foodservice Packaging Association, also actively discusses reducing the packaging used to contain and distribute products with manufacturers.

One such producer has launched environmentally friendly and 100 per cent biodegradable and compostable, BioPBS-lined, paper-based tubs with insulation properties for our individual ranges of its frozen products.

We have also:

- Launched a Welsh Water bottle which is made from 100 per cent recyclable materials, up from the usual 51 per cent
- Increased the selling size of fresh meat, where possible, including taking 1kg of mince to 2.5kg – using 400 vacuum packed bags instead of 1,000
- Changed all our beef steak ranges to be packed in twos rather than individually

We are also constantly looking at ways to improve our energy consumption after the installation of solar panels on the head office roof in 2016 made a positive impact.

As part of our attempts to streamline operations, we centralised the Chester side of the business. Instead of two buildings in the north west, we stopped renting the office suite at the business park and moved everything to the depot.

This has helped save on energy costs, as will closing the on-site butchery at head office.

Having decided to subcontract out the butchery processing, we've utilised the Bwydlyn building as extra warehouse space, saving more than 47 tonnes of CO2e.



Social

Food Miles

We have increased our backhaul, collecting from producers using delivery vehicles already in the area, and therefore cutting down extra delivery miles.

There are several social improvements which go hand in hand with the ongoing environmental developments.

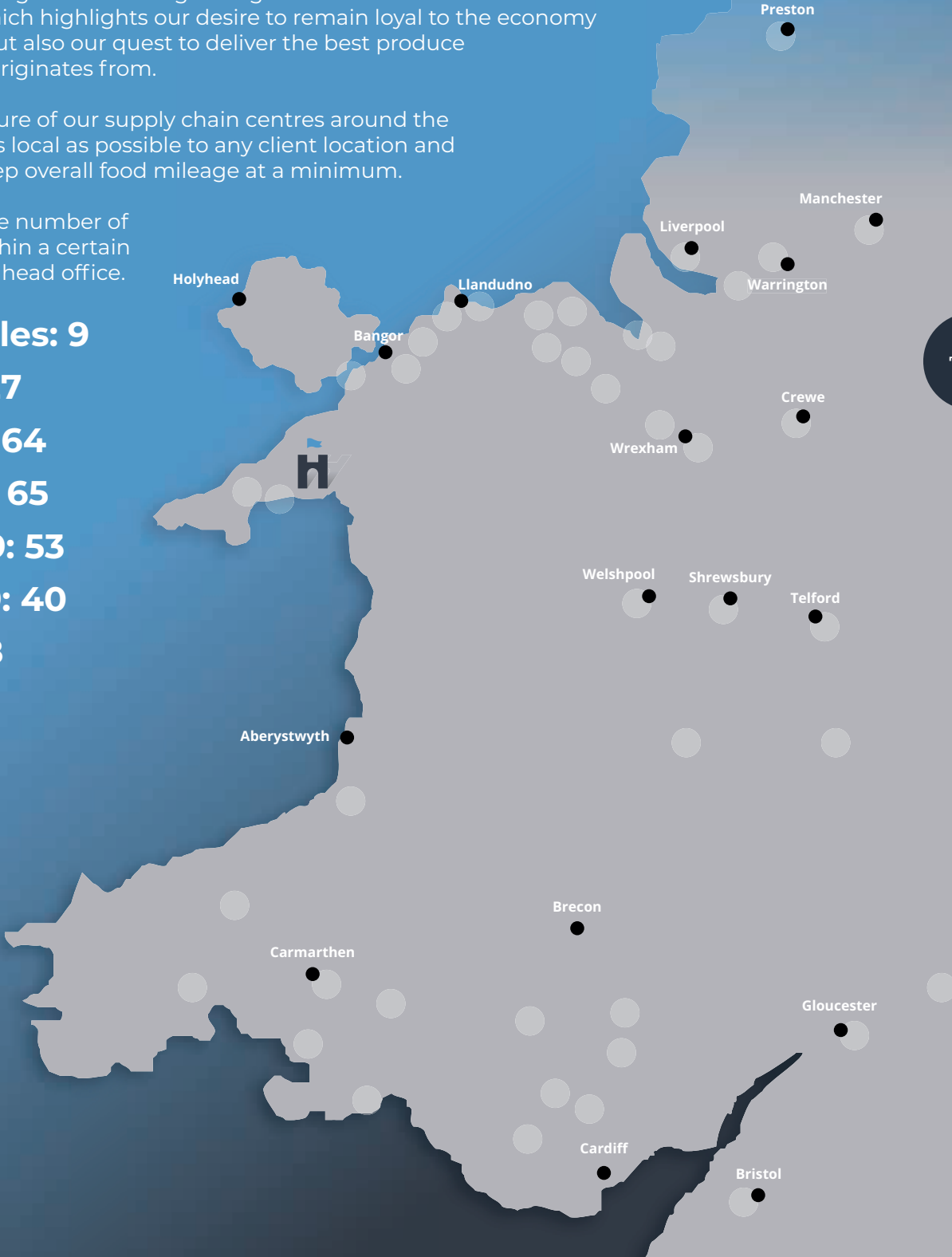
One such element is our review of scope three and the focus on our suppliers and their Net Zero aspirations. This sees us investigating the local supply chain, including overall spend and the use of Welsh products.

We are working with an ever-growing number of Wales-based suppliers, which highlights our desire to remain loyal to the economy around us, but also our quest to deliver the best produce wherever it originates from.

One key feature of our supply chain centres around the need to be as local as possible to any client location and therefore keep overall food mileage at a minimum.

Below are the number of suppliers within a certain radius of our head office.

- 0-49 miles: 9
- 50-99: 27
- 101-149: 64
- 150-199: 65
- 200-249: 53
- 250-299: 40
- 300+: 18



There is also a project underway to collate food miles information from our suppliers to see if these can be reduced and whether any are already Net Zero.

Food miles and scope three play key parts in our quest to be Net Positive, which is an approach focused on putting more back into society, the environment, and the global economy than we take out.

One key step has centred around extending the capacity of our Criccieth storage facility by another 300 pallets through reducing the width of the aisles. This has also removed the need to store this produce in Oswestry, further decreasing our food miles.

As part of Net Positive, we also review our supply chain to make sure that they are meeting regulations surrounding:

- The Roundtable on Sustainable Palm Oil – promoting the growth and use of sustainable palm oil products through global standards
- Red Tractor – certification comprising a number of farm assurance schemes for food products
- MSC – a way of showing that a fishery meets international best practice for sustainable fishing

Laura Holland, Alana Pritchard, and Ursula Scurrah-Price.

There's also a focus on people, whether that be providing careers, training opportunities, or apprenticeships.

One initiative has centred around driver's mate jobs where we've proactively encouraged and supported personnel who have helped the driver unload deliveries to obtain their HGV licence.

We have also promoted four female employees as Josie Swift (head of purchasing), Laura Holland (customer experience manager), Alana Pritchard (business support manager), and Ursula Price (business development manager) have taken on extra responsibilities.

Ian Evans has also been internally promoted to the role of head of operations.

On the subject of people, we operate in line with equal pay guidelines.



Community

Establishing positive community relations is integral to our ethos, and we strive to support local initiatives, charities, and organisations.

As part of our 50th anniversary celebrations, we donated £10,000 to a variety of worthy causes, including:

- Support for a poly tunnel for Ysgol Y Gorlan in Porthmadog to help children learn about growing vegetables
- Helping Christian charity, Capel Fron, Penrhyndeudraeth in its desire to update kitchen and toilet facilities, fire exits, and ramp access
- Assisting Llanystumdwy Football Club in starting a junior team and maintenance of the ground
- Providing hot meals and transport for elderly community members to visit social enterprise Menter Amlwch
- Transforming an unused piece of land into a wildflower garden by Harlech wild flower community group
- Sponsoring Llandudno Cricket Club's Lionesses and their new coloured kit
- Donations towards food hampers for families with school children who are in need by Bagiau Cariad, who deliver more than 70 units a month
- Helping Hope Restored, which supports homeless and vulnerable people by supplying essentials such as warm clothes, food, and accommodation
- Transporting 14 senior citizens to have days out as part of Llangar Royal Voluntary Service
- Donating £1,000 to the DPJ Foundation, with £1 from the sale of every tub of our Welsh Maid ice cream going to the organisation, which has been set up to help those in the agricultural sector suffering from poor mental health
- Providing youth team kit for Prestatyn Athletic
- Maintenance of Wrexham Warehouse Project, which is a charity supporting young carers and children from disadvantaged areas and adults with physical and/or mental disabilities
- The Counselling Hub, which offers care and support for adults and children struggling with self-harm, quest to improve facilities in Mold
- Cycling 4 All's capacity to provide cycling for everyone with a disability
- Chester FC Women's playing kit
- Mobile cancer units for charity Tenovus Cancer Care
- Assisting NEWCIS support more than 1,800 unpaid family carers in Denbighshire, Flintshire, and Wrexham with food supplies
- Beach cleaning in Gwynedd



Governance

We recognise and accept our obligation as an employer to provide a safe and healthy workplace and environment for all employees and visitors.

With that in mind, we have engaged Eryri Consulting, based in Llanberis, to provide health and safety support.

The specialists visit head office two days a month to review our policies and procedures.

Our list of accreditations and certifications includes:

- STS Food Safety earned through procedure based on 45 years' experience delivering frozen, chilled, grocery, disposables, and ice cream
- SALSA (Safe and Local Supplier Approval)
- NSF (National Service Frameworks) to verify Protected Geographical Indication (PGI) status of Welsh lamb and beef
- Green Dragon Environmental Standard Level Two courtesy of demonstrating effective environmental management
- Erudus to provide caterers with comprehensive nutritional breakdowns, dietary advice, and allergen information
- Hazard Analysis Critical Control Points (HACCP) food safety management systems
- Threat Assessment and Critical Control Points (TACCP) food defence, tampering, intentional adulteration, or contamination
- Vulnerability Assessment and Critical Control Points (VACCP) food adulteration for financial gain in the supply chain, such as product substitution or bulking out with cheaper ingredients

Janette Jones and Mark Keats, from the healthcare and education department, have both undertaken a high-speed environmental awareness course, and plan to roll out the information obtained across the company through staff inductions and training.

The duo have also attended several Welsh government led courses, which detailed ways to assist with decarbonisation and how to plan for our journey to Net Zero.

Josie Swift



Harlech Foodservices celebrating 50 years since they were founded by the Foscett family, from left, Laura Foscett, Milli Foscett, Managing Director David Cattrall, Hari Foscett, Toby Foscett, Jonathan Foscett, Andrew Foscett and Ella Foscett.

Board composition

Joint Chairpersons

Andrew Foscett, Jonathan Foscett, and Laura Foscett

Board of Directors

Andrew Foscett
Jonathan Foscett
Laura Foscett
David Cattrall (Managing Director)
Mike Clishem (Finance Director)
Mark Lawton (HCE Director)

Leadership Team

David Cattrall (Managing Director)
Mike Clishem (Finance Director)
Mark Lawton (HCE Director)
Ian Evans (Operations Manager)
Chris Gregson (Head of Sales)
Josie Swift (Head of Purchasing)

Did you know?

Here are some of the eye-catching facts and figures associated with our dedication to improve.

We have:

- A projected total CO2e saving of more than 247 tonnes for 2023
- Dramatically reduced refrigerant gas CO2e usage per kg by more than 93 tonnes
- Repurposed the Bwydlyn building for production, saving more than 47 tonnes of CO2e
- Saved more than 10 tonnes of carbon emissions by avoiding landfill
- Installed engineless refrigeration on six new HGVs which each use 28 litres less diesel each month
- Reduced employee mileage CO2e to 4.43 tonnes from 6.26
- Produced between 17 and 20 per cent of our electric, which totals around 95 per cent of our total energy use, through solar panels
- Donated £10,000 to local initiatives, charities, and organisations

HEAD OFFICE

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