

**DELIVERING IMPACT THROUGH
LOW CARBON LOGISTICS SOLUTIONS**

Sustainability Report

2023



UNCOMPLICATE YOUR WORLD >>

**SCAN GLOBAL
LOGISTICS**

HOW TO READ THIS REPORT

ABOUT THIS REPORT

The Sustainability Report supplements the 2022 Annual Report. The Sustainability Report has been prepared in accordance with the Global Reporting Initiative's (GRI) Core requirements and in compliance with sections 99a and 99b of the Danish Financial Statements Act covering SGL Group and all its subsidiaries. Separate GRI and SASB index tables can be downloaded at: www.scangl.com/investor/sustainability-report

SGLT HOLDING

The figures in this section comprise the combined sustainability highlights and operations overview of SGL International A/S and TransGroup Global Inc., including their respective subsidiaries, constituting the combined group SGLT Holding II LP ("SGLT Holding").

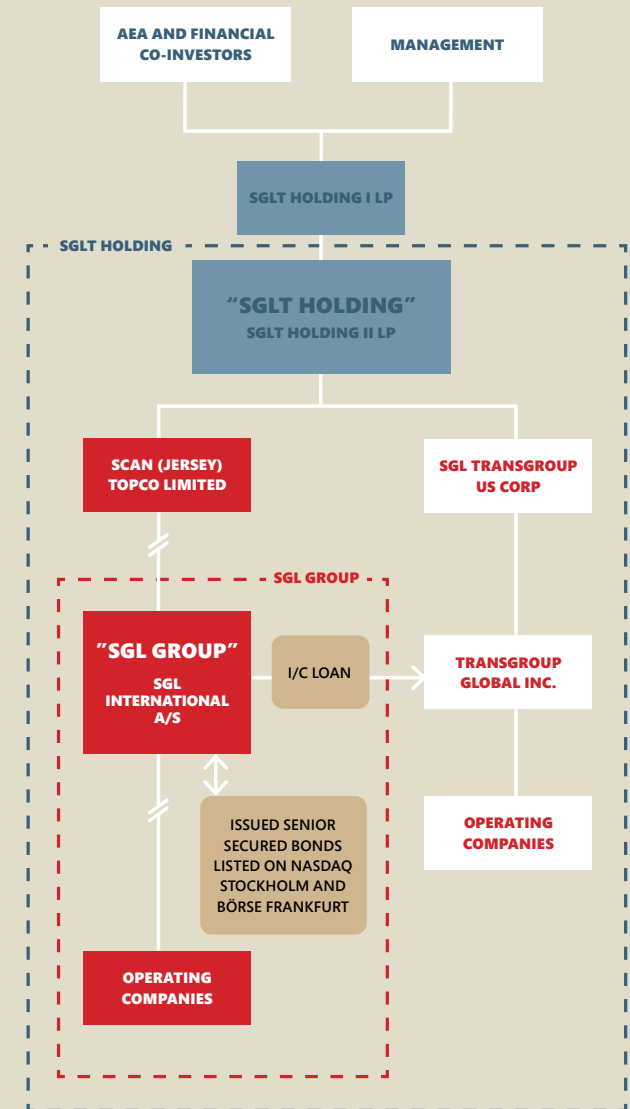
The information for SGLT Holding is included because it highlights the non-financial performance to which attention should be given when understanding the current combined performance and predicting future combined performance supporting the issued senior secured bonds through SGL International A/S.

SGL GROUP

SGLT Holding II LP owns SGL International A/S (SGL Group), and the ultimate owner is SGLT Holding I LP. SGL Group includes SGL International A/S and all its subsidiaries.

On 31 December 2022, SGL International A/S as issuer (together with SGL TransGroup US Corp and their respective subsidiaries) has issued EUR 250 million senior secured floating rate bonds within a framework of EUR 315 million of which EUR 58 million is repurchased. A further total of EUR 300 million senior secured fixed rate bonds is issued within a framework of EUR 350 million. Hence, on a gross level, a total of EUR 550 million is issued within a framework of EUR 665 million. Excluding bonds repurchased by SGL International A/S, a total of EUR 492 million is issued. Further, SGL International A/S has issued EUR 41 million of subordinated unsecured PIK fixed interest bonds.

SIMPLIFIED STRUCTURE



CONTENTS

INTRODUCTION

Sustainability highlights for SGLT Holding	4
Operations overview	5
Letter to our stakeholders	6
Business model	8
Science-based emissions reduction target	9
Our sustainability commitments	12
Our sustainability memberships & ratings	13
Progress overview	14

STRATEGY & APPROACH

Overview of our sustainability strategy	18
Introduction	19
Sustainability governance	20
Stakeholders and materiality	21
Our seven material ESG topics	22
Our four ESG priorities	24

ENVIRONMENT:

CLIMATE CHANGE & FOOTPRINT

Priority overview	28
Approach and ambition	30
Our climate-related risks and opportunities	32

Low carbon logistics services and partnerships	35
Low Carbon Logistics solutions	36
Low Carbon Logistics services	37
Main drivers of scope 3 reductions by 2030	38
Sea-Air solution	42
Environmental management	43

SOCIETY:

SUPPORTING AID & RELIEF

Priority overview	45
Introduction	46
More than 45 years of humanitarian logistics around the world	47
Urgent aid delivery to Pakistan in the wake of devastating floods	49

PEOPLE:

OUR GREATEST SOURCE OF VALUE

Priority overview	51
Employee engagement & development	52
Diversity & inclusion	54
Health & Safety	56

RESPONSIBLE BUSINESS:

INTEGRITY ACROSS OUR VALUE CHAIN

Priority overview	58
Approach and Code of Conduct	59
Anti-corruption & bribery	62
Data protection and security	63
Tax and donations	63
EU Taxonomy for sustainable activities	65

ESG PERFORMANCE DATA

Environment	70
Social	72
Governance	73
Accounting principles	74

STATEMENTS

Management statement	79
Independent auditor's Assurance Report on selected energy and climate data	80

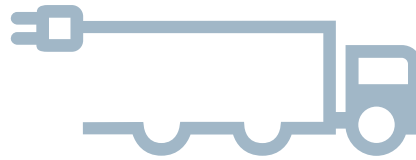
SUSTAINABILITY HIGHLIGHTS FOR SGLT HOLDING

EMISSIONS REDUCTION REDUCED SCOPE 3 EMISSIONS INTENSITY

In 2022, we reduced our Scope 3 GHG emissions intensity by 13% per gram CO₂e / tonne-kilometre – a strong result given that Scope 3 represents 99% of our emissions.

CUSTOMERS 100+ MEETINGS

Held over 100 meetings with customers to provide them with visibility on their transport emissions and how to reduce them by 50-100% through our catalogue of Low Carbon Logistics solutions.



DECARBONISATION ELECTRIC TRUCKS

Committed to deploy 12 Scania electric 40-foot container trucks in ten countries across Europe, the Middle East and Asia Pacific to fast-track full electrification of heavy container trucking.

DECARBONISATION OCEAN BIOFUEL

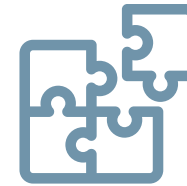
Signed an agreement for a global solution for ocean biofuel to offer our customers 100% CO₂-neutral ocean freight for their containers.

CLIMATE ACTION A- CDP SCORE

Achieved an A- in our first year of disclosing to CDP, placing us within the 'Leadership' category which recognises companies for implementing current best practices on climate action.

PARTNERSHIPS SUPPLY CHAIN LEADERSHIP

Extended our partnership with the Exponential Roadmap Initiative to cut GHG emissions from transportation among members by 50-100% within a decade and to help scale best practices through the SME Climate Hub and the UN Race to Zero campaign.



SUSTAINABILITY RATING ECOVADIS RATING

Received a Silver Medal rating from EcoVadis for the quality of our ESG efforts, placing us within the top 25% of companies within our industry.



MEANINGFULNESS ANNUAL EMPLOYEE SURVEY



Achieved a score of 80% in our annual employee Meaningfulness Questionnaire (MQ), thereby meeting our 2025 target three years ahead of schedule – a strong result.

TRAINING DEVELOPING OUR PEOPLE



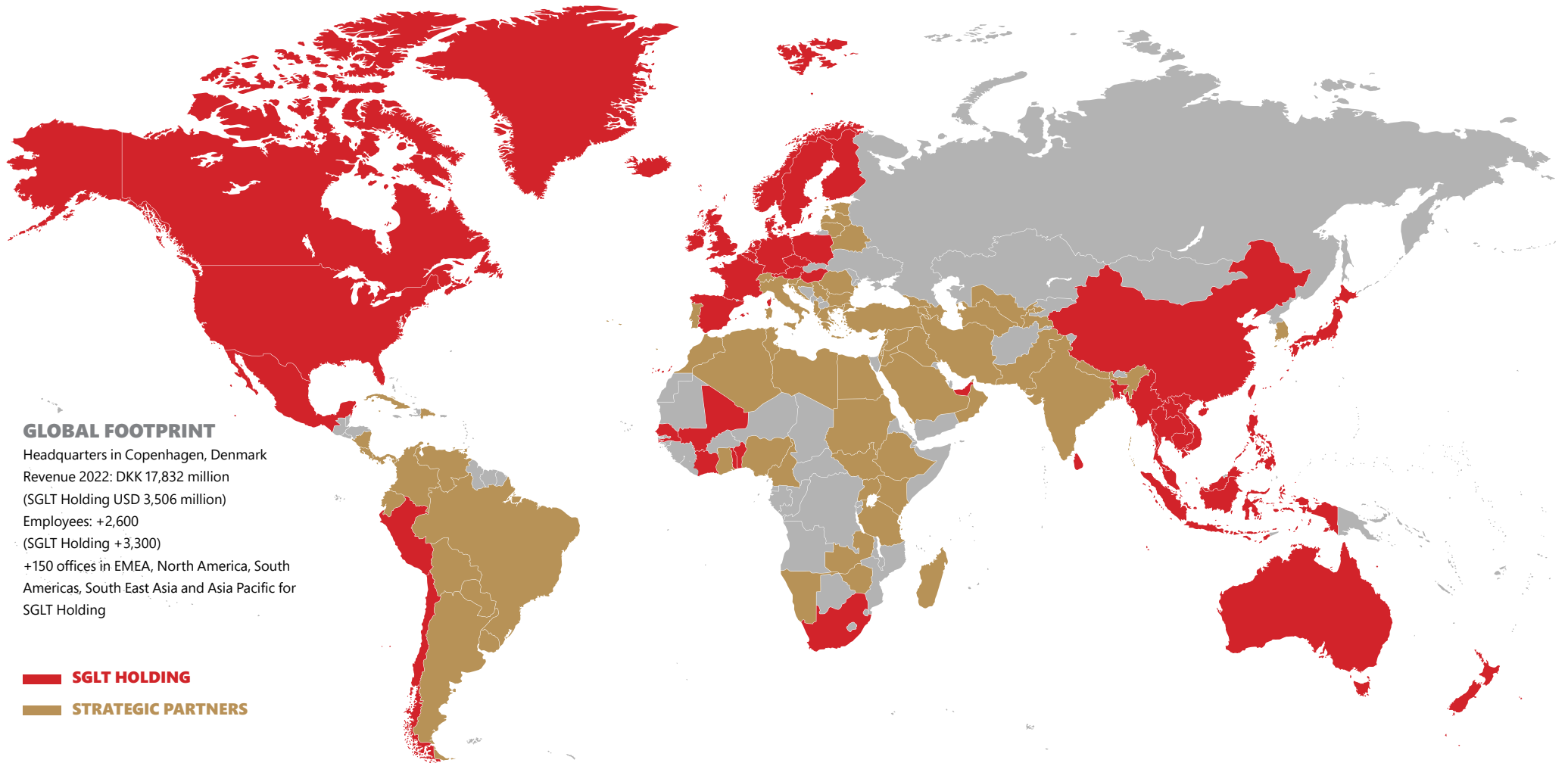
Trained 2,245 employees who successfully completed 54,319 courses in the SGL Group Academy.

ESG DATA MANAGEMENT PREPARING FOR ESG REGULATIONS

Implemented the ESG platform from Position Green to manage our ESG data and prepare for compliance with the EU's CSRD and forthcoming ESG regulations in the US, UK and other markets.

OPERATIONS OVERVIEW

SGLT HOLDING	Americas	EMEA	South East Asia	Asia Pacific	TOTAL
Countries	5	24	13	3	45
Offices	48	67	34	9	158



GLOBAL FOOTPRINT

Headquarters in Copenhagen, Denmark
 Revenue 2022: DKK 17,832 million
 (SGLT Holding USD 3,506 million)
 Employees: +2,600
 (SGLT Holding +3,300)
 +150 offices in EMEA, North America, South Americas, South East Asia and Asia Pacific for SGLT Holding

- SGLT HOLDING
- STRATEGIC PARTNERS

LETTER TO OUR STAKEHOLDERS

DEAR STAKEHOLDERS,

The science is clear that emissions must be halved by 2030 to keep global heating as close to 1.5°C as possible.

While it is encouraging to see that an increasing number of companies are making net-zero commitments and setting science-based targets, translating these into action remains a challenge for many – something that we often hear in conversations with our own customers.

SGL Group's strategy is focussed on decarbonising the transport emissions in our customers' supply chains.

In 2022, we launched a catalogue of Low Carbon Logistics solutions to drive this forward. Backed by supplier and partner agreements, the catalogue consists of six solutions that offer significant CO₂e reductions through changes to transport modes, switching to low emissions fuels and optimising the logistics setup.

Our message to customers is clear: 50-100% reductions in transport emissions are available today.

By reducing our customers' transport emissions, we are in turn making progress

on achieving our science-based target Scope 3 emissions, which represent 99% of SGL Group's emissions.

We are pleased to report that in 2022, we reduced our Scope 3 GHG emissions intensity by 13% per gram CO₂e / tonne-kilometre, thereby meeting the annual requirement for our Scope 3 science-based target.

This strong result follows more than 100 meetings with customers to explore opportunities to reduce their emissions, including switching their logistics from Air to Ocean services and Intermodal Sea-air solutions, both of which have significantly lower emissions intensity than Air.

DEEPENING OUR NET-ZERO PARTNERSHIPS

Given the complex nature of the decarbonisation challenge, collaboration across industries and supply chains is essential to making progress. In 2022, we extended our partnership with the Exponential Roadmap Initiative to cut GHG emissions from transportation among members by 50-100% within a

decade and to help scale best practices through the SME Climate Hub and the UN Race to Zero campaign.

During the year, we committed to deploy 12 Scania electric 40-foot container trucks in ten countries across Europe, the Middle East and Asia Pacific to fast-track full electrification of heavy container trucking. We also signed an agreement for a global solution for ocean biofuel to offer our customers 100% CO₂e-neutral Ocean freight for their containers.

CREATING A MEANINGFUL WORKPLACE

Developing our people and supporting a consistent understanding of SGL Group's culture, operating procedures and compliance framework are essential to realising our growth strategy. Our ambition is to become the most meaningful company within the logistics industry.

In 2022, we achieved a score of 80% in our annual employee Meaningfulness Questionnaire (MQ), thereby meeting our 2025 target three years ahead of schedule

– a strong result during a period of significant growth through acquisitions and organic activities. We also continued to invest heavily in development and training.

PREPARING FOR GLOBAL ESG REGULATIONS

For this year's sustainability report, we have updated our materiality assessment using the principle of double materiality, as described in the EU's Corporate Sustainability Reporting Directive. Additionally, we have integrated a digital platform to host our ESG data. Having mapped SGL Group's Scope 1, 2 and 3 emissions, implemented the TCFD recommendations and submitted a science-based target, SGL Group is well positioned to comply with forthcoming ESG regulations in the EU, US and other key markets.

RATINGS RECOGNITION

Our sustainability efforts are earning recognition. In 2022, SGL Group achieved an A- in our first year of disclosing to CDP, placing us within the 'Leadership'

category which recognises companies for implementing current best practices on climate action. We also received a Silver Medal rating from EcoVadis, placing us within the top 25% of companies within our industry.

SUSTAINABILITY AS A STRATEGIC GROWTH ENABLER

In 2022, the world confronted a host of multifaceted challenges, including Russia's invasion of Ukraine, an ensuing energy crisis, food insecurity and a surge in devastating weather-related incidents, most notably the catastrophic flooding in Pakistan.

These crises are inextricably linked, with climate change exacerbating their impact on the world's most vulnerable regions.

Yet, for SGL Group, they also serve as powerful catalysts. The need to decarbonise global supply chains drives the development of our Low Carbon Logistics solutions, while our Aid & Relief solutions deliver vital humanitarian aid for the UN agencies, NGOs and governments that we partner with.

These solutions are core to our everyday business.

As such, sustainability is a fundamental strategic enabler of our growth and success, equipping us to thrive in the face of the world's pressing challenges.

CLOSING THE IMPLEMENTATION GAP

The window to limit dangerous global warming and ensure a sustainable future is quickly closing. Companies face mounting pressure from regulators, investors, and customers to achieve progress on their emissions targets.

Nonetheless, SGL Group's experience in 2022 demonstrates that closing the implementation gap is achievable even in the hard-to-abate logistics industry. The solution lies in making decarbonisation a core part of the business and collaborating with customers, suppliers, and industry partners to achieve results.



Allan Melgaard
Group CEO,
Executive Management
SGL International A/S



Claes Brønsgaard Pedersen
Group CFO,
Executive Management
SGL International A/S

FOCUS ON GLOBAL END-TO-END LOGISTICS SOLUTIONS ACROSS ALL TRANSPORT MODES

Freight forwarding is a service industry specialised in the worldwide movement of goods on behalf of exporters and importers (i.e., shippers). Freight forwarding in its purest form is an asset-light business where forwarders organise transportation for their customers by purchasing capacity from capacity providers (ocean carriers, airlines, trucking companies, etc.). The actual physical transportation is performed by the capacity provider, who also owns the assets used in the transportation, with the freight forwarder taking an arbitrary fee/margin to organise the shipment.

The freight forwarding market is affected by underlying demands from shippers and

supply-side factors within Air & Ocean, Rail, and Road transportation, i.e., capacity availability. SGL Group's activities focus on international freight-forwarding services, primarily within Air & Ocean, Road, and Rail freight. Additionally, SGL Group offers complementary and value-added services such as PO Management, Supply Chain consultancy, Consolidation services, Customs House Brokerage and Insurance. SGL Group revenue is derived from a diverse portfolio of global blue-chip customers and a concentration of customers within the SME segment. SGL Group provides services to its customers worldwide through its extensive network of own regional of-

fices present on all continents. SGL Group holds world-leading positions in key verticals such as Aid & Relief, Automotive Logistics, Government & Defense, Fashion & Retail, and food ingredients and additives.

SGL Group's primary focus is to have a diversified business approach within complementary verticals and across all customer segments, be it standard high-volume solutions or tailor-made entrepreneurial transport solutions to solve complex logistic challenges somewhere in the world.

Agility, flexibility, geographic presence, sector expertise and customer-centricity are SGL Group's key success factors. SGL Group competes head-to-head with large

global players as well as local hero forwarders. With the launch of the 1-3-5 strategy, SGL Group is pursuing an ambitious growth and acquisition strategy allowing it to expand its global footprint in relevant markets and verticals to fuel long-term growth ambitions.

SGL Group is present in 45 countries across all continents with over 2,600 employees (SGLT Holding +3,300) in more than 150 offices in EMEA, the Americas, China, South-East Asia and the Pacific. SGL Group serves more than 25,000 customers, of which the average tenure among the 10 largest is approximately twelve years.

FULL-SERVICE OFFERING ACROSS THE VALUE CHAIN



OUR SCIENCE-BASED TARGET

IN 2022, SGLT HOLDING REDUCED THE INTENSITY OF ITS SCOPE 3 EMISSIONS IN LINE WITH OUR SCIENCE-BASED TARGET

SGLT Holding's emissions reduction targets are anchored in science. In 2020, we were the first freight forwarder in Denmark to commit to the 1.5°C target which was then submitted to the Science Based Targets initiative (SBTi) in 2021 for validation.

Targets are considered to be 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement.

RECALCULATION OF TARGET

Since submitting our science-based target to the SBTi, we have undertaken

significant acquisitions and made improvements to the accuracy of our emissions data. These events trigger the requirement under the SBTi's Target Validation Protocol to retroactively recalculate our base-year emissions to ensure consistency.

As a result, we have recalculated our emissions and in early 2023 re-submitted the ten-year emissions reduction target to the SBTi for validation, which we expect to receive in Q2 2023.

The target meets the criteria for the SBTi's near-term target, which requires rapid, deep cuts to emissions now and over the next 5-10 years to reduce emissions in line with a global temperature increase of 1.5°C before 2050.

OUR SCIENCE-BASED TARGET

SGLT Holding's near-term target sets out the reductions that we will make as a company by 2030 in our Scope 1, 2 and 3 greenhouse gas emissions. The targets cover SGL Group and are being implemented accordingly:

We commit to reducing absolute Scope 1 and 2 GHG emissions by 42% by 2030 from a 2021 base year.

We commit to reducing Scope 3 GHG emissions by 51.6% per gram CO₂e / tonne-kilometre by 2030 from a 2021 base year.

SCIENCE-BASED EMISSIONS REDUCTION TARGET

The Scope 3 target is a physical intensity target based on the amount of carbon dioxide equivalent (CO₂e) emitted to transport one tonne for a distance of one kilometre – a standard unit of measurement in the transport industry.

Reducing Scope 3 emissions intensity by 51.6% by 2030 requires us to make a 7% annual intensity reduction, even while we are growing our business.

The ten-year target also applies to SGL Group. Our decarbonization strategy to reduce our Scope 1, 2, and 3 emissions in line with the target is outlined in the section *Environment: Climate Change & Footprint*.

SGLT HOLDING'S CARBON FOOTPRINT

SGLT Holding's emissions amounted to approximately 1,441,232 million tonnes of CO₂e in 2022. In accordance with the GHG Protocol, these are divided into three scopes:

1. Scope 1 emissions are those that we can directly influence through our own operations – such as emissions produced by the forklifts, company cars and the few trucks we operate.
2. Scope 2 emissions are indirect emissions from the electricity and heat produced elsewhere for SGLT Holding's offices and warehouses.
3. Scope 3 emissions are indirect and are mainly generated upstream in the value chain by the ocean carriers, airlines, and trucking companies from which SGLT Holding purchases capacity for its customers.

99% (1,432,443 million tonnes of CO₂e) of the emissions in SGLT Holding's carbon footprint are Scope 3 emissions that are generated upstream in the value chain by ocean carriers, airlines, and trucking companies that we contract on our customers' behalf.

Our Scope 3 emissions were calculated using a platform we have developed which integrates EcoTransIT and provides full CO₂e transparency down to each transport mode, lane and leg with tracking of year-on-year CO₂e performance. The CO₂e calculation method meets requirements for EU standard EN16258, the GLEC Framework and the Greenhouse Gas Protocol.

Scope 1 and 2 emissions account for less than 1% (8,789 tonnes of CO₂e) of SGLT Holding's carbon footprint, with around 50% of these generated by the forklifts, company cars and the few trucks that we operate. Scope 1 and 2 emissions are calculated through our global annual collection of operational ESG data.

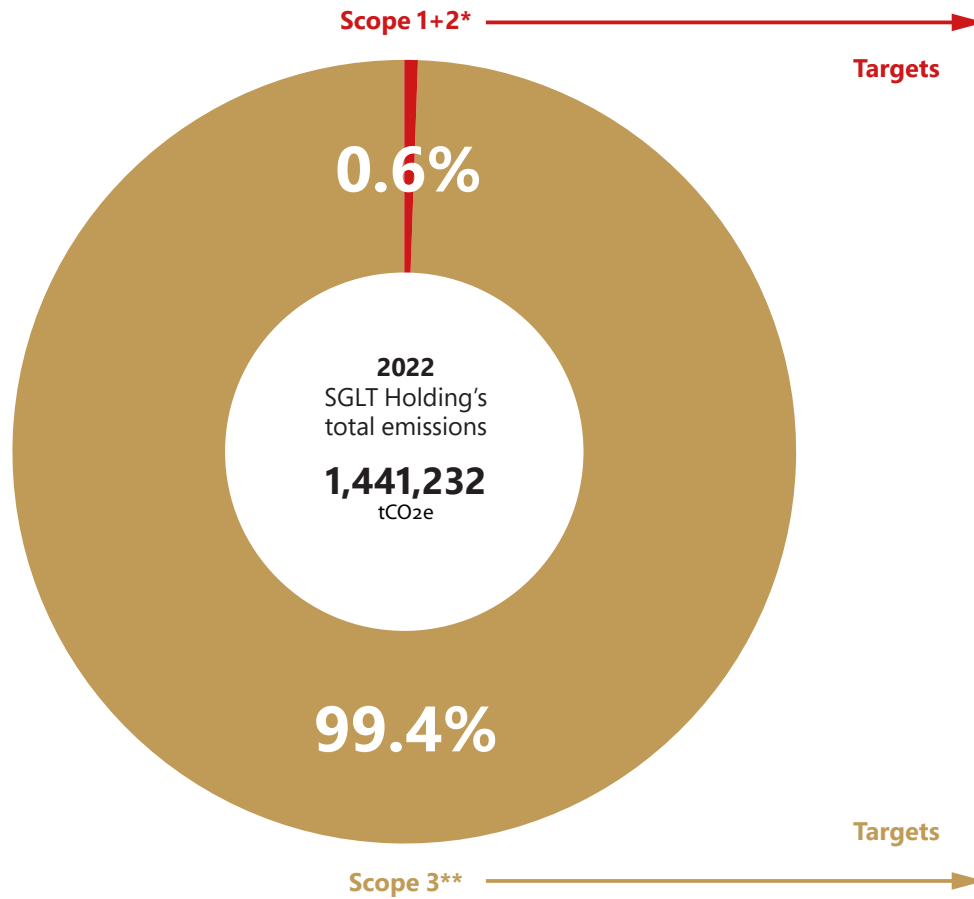
EMISSIONS PERFORMANCE IN 2022

In 2022, we reduced our Scope 3 GHG emissions intensity by 13% per gram CO₂e / tonne-kilometre, thereby meeting the annual requirements for our science-based target for Scope 3. This was driven largely by customers switching their logistics away from Air to Ocean and Sea-Air solutions, both of which have significantly lower emissions intensity than air. During the year, we held more than 100 meetings with customers during which they expressed strong interest in our Low Carbon Logistics solutions, which contributed to the result.

Our absolute Scope 1 & 2 emissions decreased by 17% due to better data quality and improved methodology.

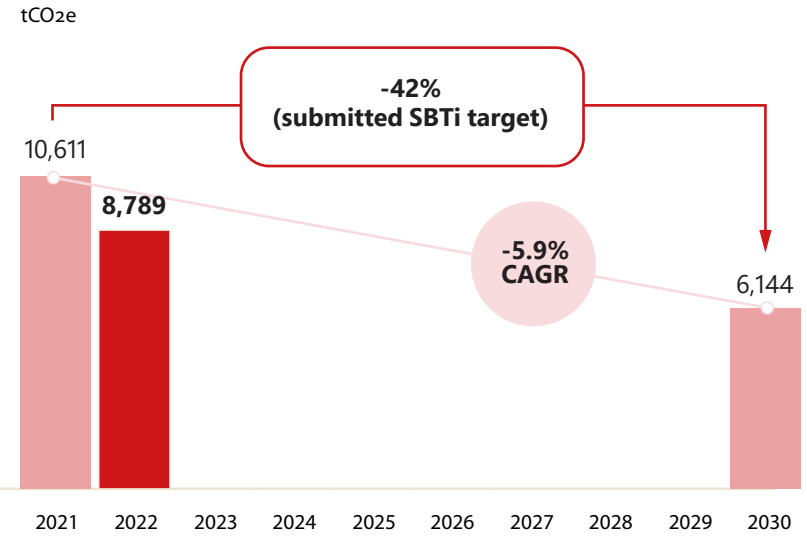
SCIENCE-BASED EMISSIONS REDUCTION TARGET

SGLT HOLDING CO2e EMISSIONS AND SCIENCE-BASED TARGETS

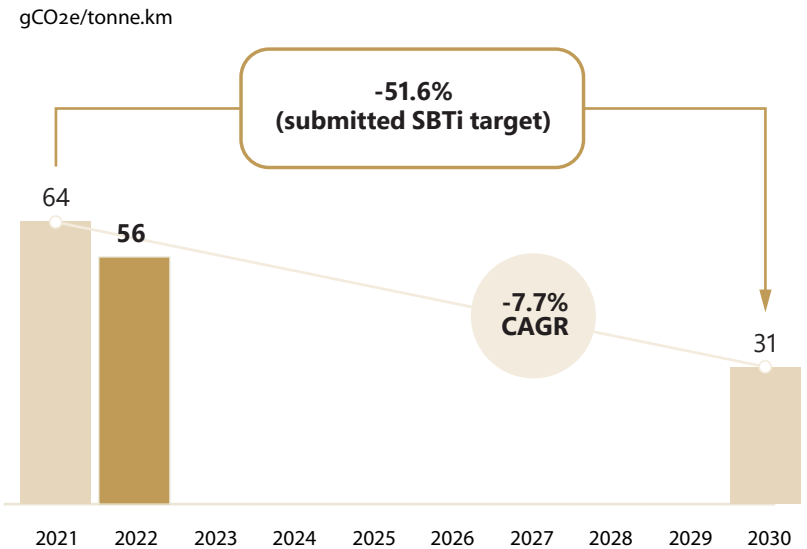


*Scope 2 market-based approach
**Scope 3 category 4: Upstream transportation and distribution

ABSOLUTE REDUCTION TARGET BY 2030 (SCOPE 1 AND 2)



PHYSICAL INTENSITY REDUCTION TARGET BY 2030 (SCOPE 3)



OUR SUSTAINABILITY COMMITMENTS

SGL Group has been a signatory to the United Nations Global Compact since 2015 and supports the Compact's ten principles and the 17 Sustainable Development Goals (SDGs).

In order to ensure that we are applying our efforts to where we can have the most impact, we focus on two SDGs: SDG 13 Climate Action and SDG17 Partnership for the Goals.



13. CLIMATE ACTION
Key ambition to reduce CO₂e emissions for SGL and help our customers reduce their transport emissions, anchored in our science-based target and Low Carbon Logistics solutions catalogue.

17. PARTNERSHIPS FOR THE GOALS
Drive the zero-carbon journey together with like-minded companies. Support humanitarian agencies, along with governments to provide aid & relief logistics services and distribute vaccines globally.

OUR SUSTAINABILITY MEMBERSHIPS & RATINGS

MEMBERSHIPS



United Nations
Global Compact

United Nations Global Compact (UNGC)



World Economic Forum – member of the Supply Chain and Transport community which works to chart pathways for resilient, sustainable and inclusive supply system solutions.



The Exponential Roadmap Initiative (ERI) brings together innovators, transformers and disruptors with a common mission to halve greenhouse gas emissions before 2030 through exponential climate action and solutions.



The sub-group 1.5°C Supply Chain Leaders drives climate action throughout global supply chains and supports small and medium-sized enterprises (SMEs) in their efforts to reduce emissions through the SME Climate Hub.



EcoTransIT World Initiative (EWI) - an industry standard for calculating emissions from transportation.

ESG RATINGS



ENVIRONMENTAL PERFORMANCE RATING FROM CDP

Received an A- rating on climate action from CDP which places Scan Global Logistics within the CDP Leadership band for implementing current best practices. CDP is the highest standard of environmental reporting with the world's largest, most comprehensive dataset on corporate and city environmental action.



SUSTAINABILITY RATING FROM ECOVADIS

Awarded a Silver Medal for being among the top 25% of companies assessed by EcoVadis. The EcoVadis sustainability assessment is a rating system of companies within the areas of environment, labor & human rights, ethics and sustainable procurement impacts.

2022 PROGRESS OVERVIEW

ESG PRIORITY

ENVIRONMENT
CLIMATE CHANGE AND FOOTPRINT

MATERIAL ESG TOPICS AND SDGS

Climate change



KEY AMBITIONS

- Decarbonise our logistics solutions through partnerships
- Take responsibility for our footprint

KEY TARGETS

- We commit to reducing absolute Scope 1 and 2 GHG emissions by 42% by 2030 from a 2021 base year
- We commit to reducing Scope 3 GHG emissions by 51.6% per gram CO₂e / tonne- kilometre by 2030 from a 2021 base year
- We commit to achieving net-zero emissions by 2050 across Scope 1, 2 and 3
- Through the Exponential Roadmap Initiative, SGL Group commits to reducing GHG emissions across all Scopes 1, 2 and 3 by 50% before 2030 and every 10 years towards net-zero emissions in 2050

2022 PROGRESS

Decarbonise our logistics solutions through partnerships

- ✓ Held 100+ meetings with customers on their transport & logistics emissions
- ✓ Launched catalogue of Low Carbon Logistics solutions
- ✓ Signed global ocean biofuel agreement
- ✓ Committed to deploying electric trucks in ten countries
- ✓ Deepened work with Exponential Roadmap Initiative

Take responsibility for our footprint

- ✓ Reduced Scope 3 emissions intensity by 13%, in line with our science-based target
- ✓ Achieved an A- in first year submission to CDP
- ✓ Awarded Silver Medal ESG rating by EcoVadis
- ✓ Joined Air France KLM Sustainable Aviation Fuel programme to reduce emissions from business travel
- ✓ Recalculated and submitted ten-year emissions reduction target to Science Based Targets initiative

2022 PROGRESS OVERVIEW

ESG PRIORITY

SOCIETY
SUPPORTING AID & RELIEF

MATERIAL ESG TOPICS
AND SDGS

Aid & Relief



KEY AMBITIONS

- Increase our Aid & Relief support
- Enhance our capabilities and extend our footprint

KEY TARGETS

- Be a leading provider within humanitarian logistics services

2022 PROGRESS

Increase our Aid & Relief support

- ✓ Ongoing ADP support to UN agencies and NGOs for humanitarian projects

Enhance our capabilities and extend our footprint

- ✓ Delivered majority of the 1.5 billion vaccines provided by COVAX from 2021-2022
- ✓ Platform partner to WEF and charter signatory for WEF/UNICEF
- ✓ Extended presence to Ukraine and the Sahel region in Africa

2022 PROGRESS OVERVIEW

ESG PRIORITY

PEOPLE
OUR GREATEST SOURCE OF VALUE

MATERIAL ESG TOPICS
AND SDGS

Employee engagement, development and diversity | Health & Safety

KEY AMBITIONS

- Become the most meaningful company within the logistics industry
- Improve well-being and minimise safety hazards and injuries

KEY TARGETS

- Meaningfulness score of 80 by 2025
- Appoint 1 female board member in 2023
- 0 cases of severe injuries and fatalities

2022 PROGRESS

Become the most meaningful company within the logistics industry

- ✓ Achieved the 2025 target for our annual employee survey three years ahead of schedule
- ✓ Trained 2,245 employees
- ✓ 54,319 training courses completed
- ✓ Maintained the ratio of female employees at 47%
- ✓ Slight decline in the ratio of female managers to 34% due to M&A growth
- ✓ Appointed new VP of Global People, Leadership & Culture

Improve well-being and minimise safety hazards and injuries

- ✓ Improved LTI frequency to 1.19
- ✓ 0 severe injuries or fatalities
- ✓ Completed the roll out of ISO 45001 certification where the Industrial Projects division operates
- ✓ Introduced new chemical workplace assessments and hazardous materials training
- ✓ Continued to implement measures focused on mitigating the risk of COVID-19

2022 PROGRESS OVERVIEW

ESG PRIORITY

RESPONSIBLE BUSINESS
INTEGRITY ACROSS OUR VALUE CHAIN

MATERIAL ESG TOPICS
AND SDGS

Anti-trust | Customer privacy | Compliance

KEY AMBITIONS

- Run a responsible business in line with our four virtues

KEY TARGETS

- Zero cases of bribery and corruption
- Zero customer privacy complaints and data protection incidents
- Zero compliance incidents

2022 PROGRESS

Run a responsible business in line with our four virtues

- ✓ 2,245 employees trained on our Code of Conduct Policy (85%)
- ✓ 2,240 employees trained on the Anti-Corruption Policy (85%)
- ✓ 2,061 employees trained on the Information Security Policy (78%)
- ✓ 2,205 employees trained on the GDPR Policy (84%)
- ✓ 2,179 employees trained on the Health & Safety Policy (83%)
- ✓ Completed 54,319 training courses
- ✓ New supplier audit process introduced
- ✓ New policies for human rights, compliance and sanctions regulations
- ✓ Conducted multiple cyber security awareness campaigns
- ✓ Two whistle-blower concerns resolved

OVERVIEW OF OUR SUSTAINABILITY STRATEGY

Sustainability is a strategic growth enabler for SGL Group. Our sustainability strategy is fully integrated with our company strategy Vision 2027 '1-3-5' and is built around four priorities that respond to our material ESG issues, risks and opportunities.

SUSTAINABILITY AS AN ENABLER OF GROWTH

ENVIRONMENT



CLIMATE CHANGE AND FOOTPRINT

- Decarbonise our logistics solutions, build partnerships to drive decarbonisation across supply chains at speed and scale, and take responsibility for our own footprint
- Reduce emissions in line with 1.5°C and achieve 50% reduction before 2030 and every 10 years towards net-zero emissions in 2050 across all scopes

SOCIETY



SUPPORT AID AND RELIEF

- Increase our Aid & Relief support and enhance our capabilities and extend our footprint
- Be a leading provider within humanitarian logistics services

PEOPLE

OUR GREATEST SOURCE OF VALUE

- Underpin our growth by becoming the most meaningful company within the logistics industry and increase diversity
- Improve well-being and minimise safety hazards and injuries

RESPONSIBLE BUSINESS

INTEGRITY ACROSS OUR VALUE CHAIN

- Conduct our business with integrity and comply with all laws across our value chain
 - Run a responsible business in line with our four virtues

INTRODUCTION

SUSTAINABILITY AS A STRATEGIC GROWTH ENABLER

In 2022, the world confronted a host of multifaceted challenges, including Russia's invasion of Ukraine, an ensuing energy crisis, food insecurity and a surge in devastating weather-related incidents, most notably the catastrophic flooding in Pakistan.

These crises are inextricably linked, with climate change exacerbating their impacts for the world's most vulnerable regions.

Yet, for SGL Group, they also serve as powerful catalysts. The need to decarbonise global supply chains drives the development of Low Carbon Logistics solutions, while our Aid & Relief solutions deliver vital humanitarian aid for the agencies, NGOs and governments that we partner with.

These solutions are core to our everyday business. As such, sustainability is a fundamental strategic enabler of our growth and success, equipping us to thrive in the face of the world's pressing challenges.

Our approach to sustainability is underpinned by our reporting against leading frameworks, including TCFD, GRI and SASB.

In 2022, SGL Group disclosed via the CDP platform for the first time, achieving a score of A-. We also updated our materiality assessment using the definition of double materiality outlined in the EU's Corporate Sustainability Reporting Directive (CSRD), and the draft European Sustainability Reporting Standards.



SUSTAINABILITY GOVERNANCE

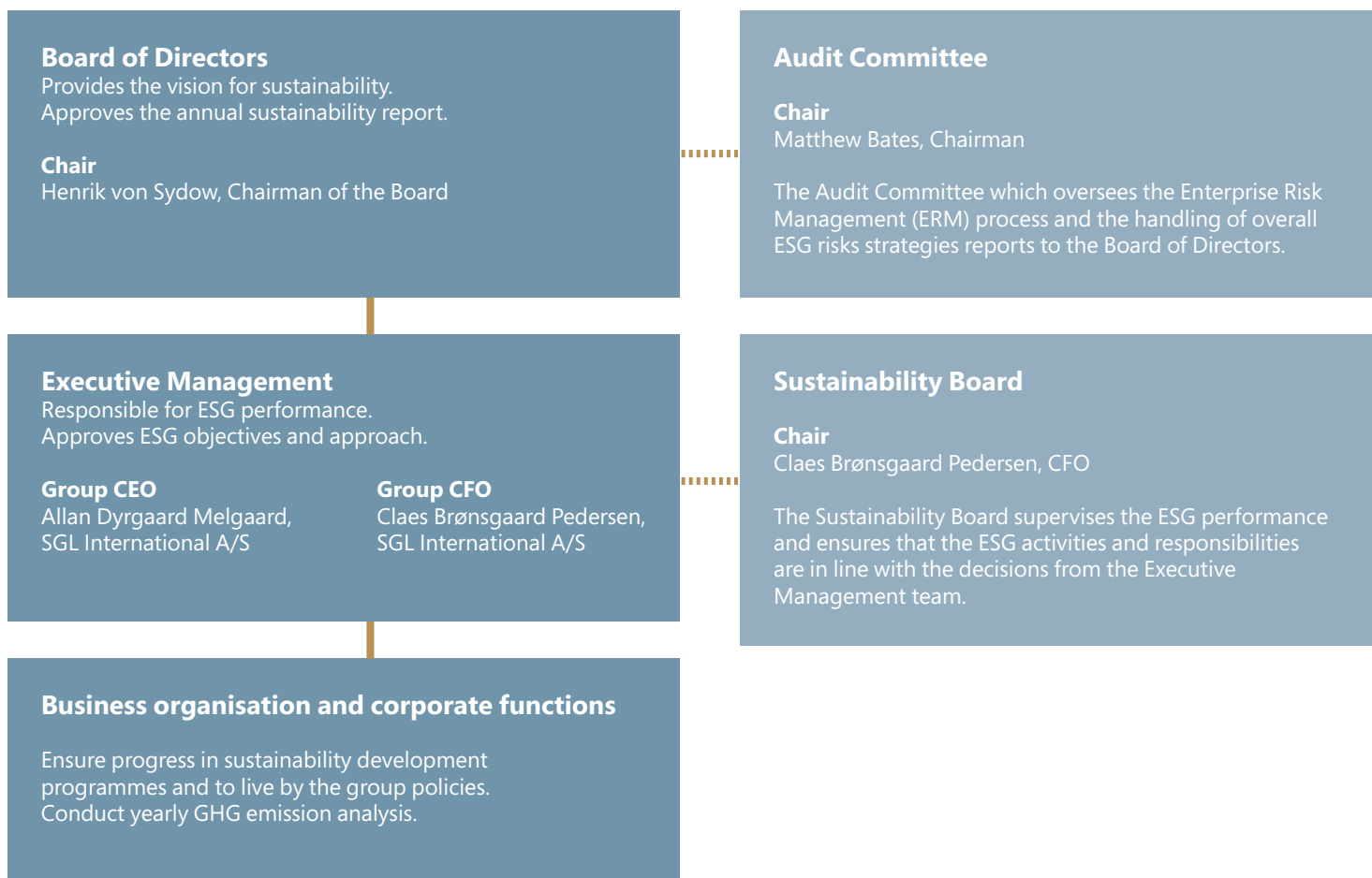
SUSTAINABILITY GOVERNANCE

Our sustainability work is led by the Global Head of Sustainability | ESG and Quality, who reports to the Global CFO. Our Group Sustainability team manages day-to-day sustainability topics together with Human Resources, Legal, and Finance functions.

The Sustainability Board steers SGL Group's ESG agenda. It is chaired by the Group CFO, and its remit includes identifying ESG opportunities and sharing best practices.

The Group CFO is a member of the Board of Directors and the Executive Management team and is responsible for ensuring the implementation of the ESG strategy.

Climate-related risks are considered as part of our annual TCFD process and are incorporated along with other ESG risks into SGL Group's Enterprise Risk Management (ERM) process, as well as into the ERM system. The ERM Committee which oversees the ERM process and performs the scoping and development of overall risk strategies reports to the Audit Committee of the Board of Directors. The Board of Directors approves our annual sustainability report.



STAKEHOLDERS AND MATERIALITY

UPDATED MATERIALITY ASSESSMENT

In 2022, we updated our materiality assessment which had previously been undertaken in 2020 in line with the GRI reporting recommendations and the EU's non-binding guidelines for the Non-Financial Reporting Directive.

For the updated assessment, we applied the principle of double materiality, as described in the EU's Corporate Sustainability Reporting Directive (CSRD), and the draft European Sustainability Reporting Standards (ESRS).

Double materiality comprises of 1) impact materiality – the company's impact on people or the environment; and 2) financial materiality – sustainability matters that trigger effects on the company's cash flows, development, performance, position, cost of capital or access to finance.

The ESRS provides that a sustainability matter meets the criteria of double materiality if it is material from either the impact perspective or the financial perspective or both perspectives.

ENGAGING OUR KEY STAKEHOLDERS

Our sustainability strategy prioritises six stakeholder groups whose decisions significantly impact SGL Group:

1) customers, 2) employees, 3) investors, banks and bond holders, 4) suppliers, 5) owners and 6) regulators/authorities.

We engage with these stakeholders in our daily work and through structured surveys (with employees). We also participate actively in industry partnerships such as the 1.5°C Supply Chain Leaders group. These activities provide us with valuable insights to determine which ESG topics are material and how we should respond to them.

SGL Group also participates as a member in organisations working on ESG issues

- UN Global Compact
- International Air Transport Association (IATA)
- Nordic Association of Freight Forwarders, through the Danish branch of the Association (DASP)
- International Federation of Freight Forwarders Associations (FIATA)
- EcoTransIT World Initiative (EWI) – an organisation which develops and harmonises emissions calculation methodology for the global transport sector

OUR SEVEN MATERIAL ESG TOPICS

The materiality assessment identified seven material sustainability topics that include 11 sub-topics (A-K) for SGL Group. These are listed to the right along with relevant links to the Global Reporting Initiative’s topic-specific standards (GRI series 200-400) and illustrated in the materiality matrix.

The assessment determined that SGL Group’s most material sustainability topics are:

AID & RELIEF

Each year, our Aid & Relief solutions support humanitarian programmes that deliver life-saving relief and supplies to millions of people in need. They represent SGL Group’s most significant form of positive impact on society.

EMISSIONS & ENERGY

SGL Group has launched a catalogue of Low Carbon Logistics solutions and is partnering with customers, suppliers and other industry stakeholders to help decarbonise supply chains.

TRAINING & DEVELOPMENT

Training and development and creating diverse and inclusive workplaces are essential to realising SGL Group’s growth strategy.

1 CLIMATE CHANGE

A Emissions and Energy (GRI 305)

2 AID & RELIEF

B Aid & Relief (N/A)

3 EMPLOYEE ENGAGEMENT, DEVELOPMENT AND DIVERSITY

C Working conditions (GRI 401)

D Training and Development (GRI 404)

E Equal opportunities (GRI 405)

F Human Rights (GRI 412)

4 HEALTH AND SAFETY

G Health and Safety (GRI 403)

5 ANTI-TRUST

H Corruption (GRI 205)

6 CUSTOMER PRIVACY

I Customer Privacy (GRI 418)

7 COMPLIANCE

J Business conduct (GRI 206)

K Suppliers (GRI 204)

MATERIALITY MATRIX



OUR FOUR ESG PRIORITIES



ENVIRONMENT

CLIMATE CHANGE

Our sustainability strategy addresses the material ESG topics through four priorities.

The transport and logistics sector represents approximately 14% of global emissions and must be decarbonised to limit climate change to the temperature thresholds established within the Paris Agreement.

Given its hard-to-abate nature, achieving the required level of systemic change necessitates partnerships and collaboration. The sector faces numerous climate-related risks, such as higher costs

due to carbon taxes and emissions trading schemes.

However, as an asset-light freight forwarder, SGL Group is not exposed to significant risks and has revenue opportunities from offering Low Carbon Logistics solutions to customers. These opportunities are discussed in the Climate Change & Footprint section and in SGL Group's standalone TCFD report.

99% of our carbon footprint is Scope 3 emissions generated upstream in the supply chain by ocean carriers, airlines, and trucking companies. These emissions are also our customers' Scope 3 transport emissions.

SGL Group has an opportunity to provide lower emissions logistics services to reduce our customers' transport emissions and our own Scope 3 footprint.

CLIMATE CHANGE AND FOOTPRINT

This priority seeks to capture the revenue opportunity for SGL Group while taking responsibility for our environmental footprint by reducing emissions from our own operations and improving our use of resources.

The main challenge (and opportunity) is reducing upstream emissions in our supply chain by switching customers to Low

Carbon Logistics solutions and partnering with them, suppliers and other industry stakeholders to help decarbonise supply chains.

In our own operations, we are switching to renewable energy through Power Purchase Agreements, using Sustainable Aviation Fuel (SAF) to reduce our business travel emissions, and decarbonising the

small number of forklifts, company cars and other vehicles we operate.

Our pathway is based on a ten-year target to reduce Scope 1, 2 and 3 emissions that we have submitted for validation by the Science Based Targets initiative, as well as our commitment to achieving net-zero emissions across all scopes by 2050.



SOCIETY

AID & RELIEF

Climate change is expected to be a growing cause of, and contributor to, humanitarian crises for the UN agencies and NGOs that we partner with. Under all climate scenarios, the need for aid and relief operations is expected to grow to address these impacts.

SUPPORTING AID & RELIEF

This ESG priority builds on SGL Group's more than 45 years of experience in handling complex logistics and support for aid and relief globally, delivered in partnership with UN agencies and NGOs. Our ambition is to continue to enhance our capabilities in order to support

the agencies, governments and other stakeholders that we partner with in line with our commitment to SDG 17. Our target is to be a leading provider of humanitarian logistics services.

PEOPLE

TRAINING & DEVELOPMENT, EQUAL OPPORTUNITIES

SGL Group has grown significantly through organic growth and acquisitions. In order to integrate newly acquired businesses and harness our full capabilities, we must ensure a consistent understanding of SGL Group's culture, operating procedures and compliance framework. Therefore, training and development, and creating diverse and inclusive workplaces where everyone can

OUR GREATEST SOURCE OF VALUE

This priority aims to position SGL Group as the most meaningful company within the logistics industry in order to attract, retain and develop the best people. We are building a unique corporate culture and capability within the transport

HEALTH AND SAFETY

succeed through equal opportunities are essential to realising our growth strategy. With few assets to operate, SGL Group is less exposed to safety issues. While health & safety is not a material issue for SGL Group, it remains a material topic for our industry, and we continue to report on it.

and logistics sector that underpins our ambitious growth strategy. This priority also aims to ensure the well-being of all employees and protect them from any safety hazards or severe injuries in the workplace.

RESPONSIBLE BUSINESS

BUSINESS CONDUCT

The transport and logistics sector is vulnerable to anti-trust issues and SGL Group can make a positive impact by ensuring it operates via responsible procurement and supply chain practices.

CUSTOMER PRIVACY

Transport and logistics companies hold data on employees and customers, which must be managed effectively.

CORRUPTION

SGL Group operates in multiple jurisdictions and the transport and logistics sector is vulnerable to compliance issues.

INTEGRITY ACROSS OUR VALUE CHAIN

This priority aims to ensure that SGL Group always conducts business with integrity and complies with all laws applicable to our business in all the regions and countries in which we operate.

CONTINUING OUR ESG MOMENTUM IN 2023

In 2023, SGL Group will double-down on switching customers to our Low Carbon Logistics solutions, thereby helping to decarbonise their supply chains and to reduce our own Scope 3 emissions.

We will also continue to collaborate closely with our customers and with industry partnerships such as the 1.5°C Supply Chain Leaders group.

We expect to have our ten-year emissions reduction target validated in Q2 2023 by the Science Based Targets initiative. Following this, we aim to submit a long-term target for validation and complete the requirements for a science-based net-zero target, in line with the SBTi's new Net-Zero Standard.



ENVIRONMENT:

CLIMATE CHANGE & FOOTPRINT



PRIORITY OVERVIEW

CLIMATE CHANGE

AMBITION AND APPROACH

Decarbonise our logistics solutions through partnerships

- Develop low and net-zero emissions solutions for customers
- Partner with customers, suppliers and other value chain stakeholders to develop solutions

Take responsibility for our footprint

- Mitigate our risks by taking responsibility for our footprint

2022 PROGRESS

- ✓ Held 100+ meetings with customers on their transport & logistics emissions
- ✓ Launched catalogue of Low Carbon Logistics solutions
- ✓ Signed global ocean biofuel agreement

- ✓ Reduced Scope 3 emissions intensity by 13%, in line with our science-based target
- ✓ Achieved an A- in first year submission to CDP
- ✓ Awarded Silver Medal ESG rating by EcoVadis

KEY TARGETS

We commit to reducing absolute Scope 1 and 2 GHG emissions by 42% by 2030 from a 2021 base year

We commit to reducing Scope 3 GHG emissions by 51.6% per gram CO₂e / tonne-kilometre by 2030 from a 2021 base year

2022 PROGRESS

- ✓ Committed to deploying electric trucks in ten countries
- ✓ Deepened work with Exponential Roadmap Initiative

- ✓ Joined Air France KLM Sustainable Aviation Fuel programme to reduce emission from business travel
- ✓ Recalculated and submitted ten-year emissions reduction target to Science Based Targets initiative

We commit to achieving net-zero emissions by 2050 across Scope 1, 2 and 3

Through the Exponential Roadmap Initiative, SGL Group commits to reducing GHG emissions across all Scopes 1, 2 and 3 by 50% before 2030 and every 10 years towards net-zero emissions in 2050

APPROACH AND AMBITION

OUR APPROACH

As an asset-light freight forwarder, 99% of SGL Group's emissions come from the ships, aircraft and trucks that are operated by the carriers that SGL Group purchases capacity from. These emissions are part of SGL Group's Scope 3 emissions and represent the transport-related Scope 3 emissions of our customers that SGL Group is responsible for.

With the vast majority of SGL Group's emissions being Scope 3, our decarbonisation strategy is focussed on helping our customers to switch to our catalogue of Low Carbon Logistics solutions in order to reduce their transport emissions.

We are also building partnerships with suppliers to offer these services and participating in industry groups, such as the Exponential Roadmap Initiative and 1.5°C Supply Chain Leaders group, to accelerate the decarbonisation of global supply chains and to support small businesses through the SME Climate Hub.

At the same time, we are taking responsibility for own environmental

footprint to reduce our Scope 1 and 2 emissions, which represent 1% of SGL Group's emissions.

In addition, we consider climate-related risks in our annual TCFD process. They are incorporated along with other ESG risks into SGL Group's Enterprise Risk Management (ERM) system and annual process.

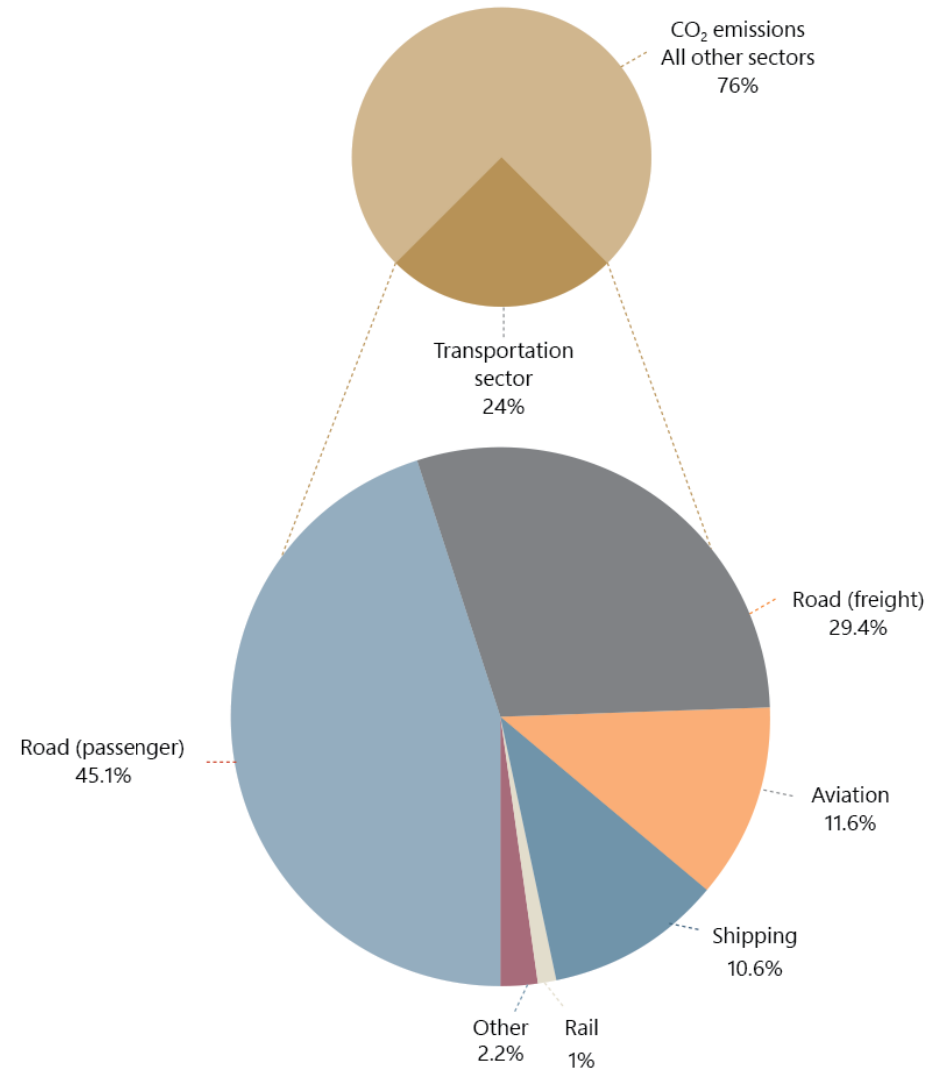
OUR AMBITION

Our climate targets are anchored in science (see the section *Science-Based Emissions Reduction Target* for further details).

Through the Exponential Roadmap Initiative, we also commit to reducing GHG emissions across all Scopes 1, 2 and 3 by 50% before 2030 and every 10 years towards net-zero emissions in 2050.

Together, our ambition and approach align with our commitments to SDG 13 Climate Action and to SDG 17 Partnerships for the Goals.

GLOBAL CO₂e TRANSPORT EMISSIONS



Source: Our World In Data (2020)



OUR CLIMATE-RELATED RISKS AND OPPORTUNITIES

IMPLEMENTING THE TCFD RECOMMENDATIONS

SGL Group implemented the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in 2021.

To test the resilience of our strategy, we developed three distinct climate scenarios based on scenarios provided by the Network for Greening the Financial System.

Our process included workshops with leaders across the company to identify climate-related risks and opportunities, as well as a top-down and outside-in analysis of risks and opportunities across the transport sector. Financial materiality was considered with the Group CFO, and the findings from the scenario analysis were used to adjust SGL Group's strategy to improve its resilience.

NO MATERIAL FINANCIAL IMPACT FROM CLIMATE RISKS

The process determined that, due to SGL Group's asset-light business model and strategy, none of the identified risks were assessed as having a material financial impact in the short-, medium- or long term after mitigations were applied.

In particular, SGL Group is not exposed to rising emissions costs through carbon taxes as its revenue model merely adds a service fee to the cost of shipping.

Nor will SGL Group, as an asset-light freight forwarder, face the rising investment costs and risks that carriers will bear to decarbonise their vessels, aircraft and vehicles.

FINANCIALLY MATERIAL CLIMATE OPPORTUNITIES

The TCFD process confirmed that SGL Group has three material climate-related revenue opportunities that we are seeking to capture. These are helping customers to manage increased complexity from carbon taxes and emissions reporting requirements, meeting demand for decarbonised logistics services, and supporting UN agencies and other partners in responding to the humanitarian consequences of climate change.

The climate-related risks and opportunities identified in the scenario analysis are summarised in the following tables and discussed in more detail in our standalone TCFD disclosure available on SGL Group's website: www.scangl.com/sgl-group-tcf-d-disclosure-2021.pdf



SEE THE SGL GROUP
TCFD DISCLOSURE HERE >>

CLIMATE-RELATED RISKS DO NOT PRESENT A MATERIAL IMPACT

Due to SGL Group's asset-light business model and strategy, none of the identified climate-related risks have any material impact over the short, medium or long-term

CLIMATE-RELATED RISKS		HOW SGL GROUP'S BUSINESS MODEL AND/OR STRATEGY MITIGATE THE RISK
Policy & Legal	<p>Increase in carbon taxes Carbon taxes will increase and carriers will likely pass these costs on to customers.</p>	<p>✓ SGL Group's revenue model SGL Group's revenue model is not exposed to carbon taxes as it merely adds a fee for services to the cost of shipping.</p>
Technology	<p>Cost of transitioning to lower emissions technology Carriers will face increased costs to decarbonise their assets.</p>	<p>✓ SGL Group's asset-light business model SGL Group's asset-light business model removes the risk of having to decarbonise asset performance.</p>
Market	<p>Change in customer preferences Risk that SGL Group does not match the speed at which customers shift their purchasing towards lower emission transport solutions.</p>	<p>✓ SGL Group's decarbonisation strategy SGL Group is mitigating these risks by:</p> <ul style="list-style-type: none"> • Developing Low Carbon Logistics solutions based on our flexibility to select carriers that are decarbonising their assets • Partnering with other suppliers in the value chain, such as producers of Sustainable Aviation Fuel • Joining industry groups focussed on net-zero supply chains, such as the 1.5°C Supply Chain Leaders • Committing to the 1.5°C science-based target and to reaching net-zero by 2050 across Scopes 1, 2 & 3
Reputation	<p>Stigmatization of the transport industry As a hard to abate sector, there is a risk of stigmatisation of the transport sector.</p>	
Market	<p>Switch from Air to lower emissions modes With new aircraft technology not expected to be available until 2030, customers may switch from Air to Ocean and other modes to reduce their transport emissions.</p>	<p>✓ SGL Group's Low Carbon Logistics services and focus on verticals less prone to switch SGL Group is mitigating this risk by offering Sustainable Aviation Fuel and other Low Carbon Logistics solutions (as above). In addition, SGL is focussing on industries with high-value, time-sensitive products that favour Air (e-commerce, automotive, FMCG, lifestyle and pharma). SGL is also the single-largest provider of airfreight to the UN for vaccines and aid and relief.</p>
Physical risk	<p>Increased insurance costs The physical impacts of climate change may lead to higher insurance costs for SGL Group's warehouses and other owned properties.</p>	<p>✓ SGL Group's asset-light business model The assessment determined that this risk does not have a material financial impact.</p>

SGL GROUP HAS SIGNIFICANT CLIMATE-RELATED REVENUE OPPORTUNITIES

Our asset-light model and flexibility with partners and suppliers is an opportunity to differentiate

CLIMATE-RELATED OPPORTUNITIES	HOW SGL GROUP'S STRATEGY REALISES THE OPPORTUNITY
<p>Increased complexity Forthcoming carbon taxes and climate regulations will increase the complexity of supply chains and the administrative burden for customers.</p>	<p>✓ SGL Group's value proposition is to uncomplicate our customers' world, and thus an increase in complexity will increase the need for our services</p>
<p>Demand for decarbonised transport services Customers are increasingly seeking to decarbonise their supply chains to meet emissions reduction targets.</p>	<p>✓ SGL Group intends to be a leader in decarbonisation</p> <ul style="list-style-type: none"> • Developing Low Carbon Logistics solutions based on our flexibility to select carriers that are frontrunners in decarbonising their assets • Partnering with other suppliers in the value chain, such as producers of Sustainable Aviation Fuel • Joining industry groups focussed on net-zero supply chains, such as the 1.5°C Supply Chain Leaders • Committed to the 1.5°C science-based target and to net-zero by 2050 across scopes 1, 2 & 3.
<p>Humanitarian aid and relief The humanitarian consequences of climate change are expected to increase the need for aid and relief operations.</p>	<p>✓ SGL Group's strategy is to continue to enhance our capabilities to support the UN agencies, NGOs, governments and other stakeholders that we partner with</p>

LOW CARBON LOGISTICS SERVICES AND PARTNERSHIPS

PRESSURE ON CORPORATE CLIMATE TARGETS

An increasing number of companies are making net-zero commitments, with over 800 of the top 2000 listed companies having made one. In addition, more than 4,600 companies have set or committed to a science-based target.

However, translating these commitments into action remains a challenge for many companies. Pressure is building from regulators, investors and customers to make progress. Underpinning this is increasing alarm that the global economy is not on track to halve emissions by 2030 and achieve net zero before 2050.

SGL Group's strategy is focussed on decarbonising the transport emissions in our customers' supply chains. By reducing our customers' transport emissions, we in turn make progress on achieving our science-based target Scope 3 emissions.

LOW CARBON LOGISTICS SOLUTIONS

In 2022, we launched our catalogue of Low Carbon Logistics solutions to drive this forward. Backed by supplier and partner agreements, the catalogue consists of six solutions that offer CO₂e reductions of 50-100% through changes to transport modes, switching to low emissions fuels and optimising customers' logistics setup (see diagram).





Airfreight is the single largest emitter within transportation and we saw significant demand in 2022 from customers shifting away from airfreight towards Ocean services which can reduce CO₂e tonnes per kilometre by up to 98% and to our Sea-Air solution which offers savings of up to 50% emissions.



LOW CARBON LOGISTICS SOLUTIONS

50-100% REDUCTIONS ARE AVAILABLE TODAY
IN THE SOLUTIONS CATALOGUE

REDUCTION POTENTIAL IN RELEVANT MODES

SOLUTION	BENEFIT				
SEA-AIR COMBO	<ul style="list-style-type: none"> ✓ Significant emission reduction potential (up to 50%) ✓ Lower transportation cost 	50%			
LOW CARBON MODES	<ul style="list-style-type: none"> ✓ Significant emission reduction potential (up to 98%) ✓ Lower transportation cost 	98%		70%	85%
LOW EMISSION FUEL	<ul style="list-style-type: none"> ✓ Massive emission reduction potential (up to 100%) 	80%	100%	90%	
REGIONAL-HUB SETUP	<ul style="list-style-type: none"> ✓ Emission reduction potential (up to 96%) ✓ Lower transportation cost 	96%			
PRE/POST-CARRIAGE	<ul style="list-style-type: none"> ✓ Reduction potential up to 100% of the relevant pre/post emission 	100%	100%		100%
ROAD SOLUTIONS	<ul style="list-style-type: none"> ✓ Significant emission reduction potential for landside transportation flows (up to 100%) 			100%	

SCOPE 3

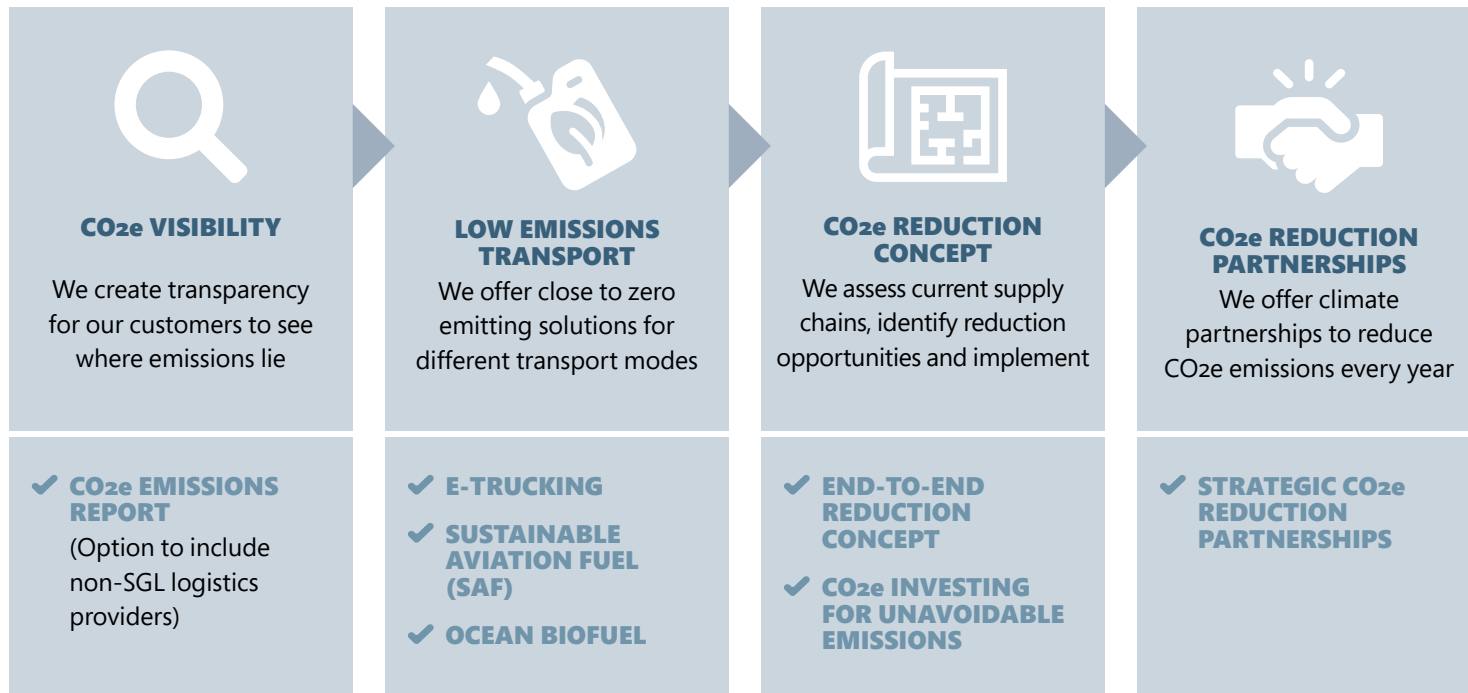
DELIVERING IMPACT

The Low Carbon Logistics solutions catalogue is a key component in our 360° assessment with customers to identify opportunities for emissions reductions and reduce future exposure to carbon taxes.

Using our Low Carbon Logistics solutions, we co-create an execution model with the customer that delivers tangible reductions in their Scope 3 transport emissions, helping them to make progress towards their 2030 climate targets.

LOW CARBON LOGISTICS SERVICES


WE OFFER TANGIBLE SERVICES TO CUSTOMERS TO REDUCE THEIR EMISSIONS – FROM REPORTING TO ACTIONS



PROVIDING TRANSPARENCY ON EMISSIONS

The starting point for our Low Carbon Logistics solutions is to provide customers with an overview of their transport emissions, through a report which provides full CO₂e transparency down to each transport mode, lane and leg. This solves a common problem that many companies have limited visibility of their transport emissions, making it difficult for them to accurately disclose their emissions and develop a robust climate strategy.

The CO₂e report integrates EcoTransIT and meets the highest international standards for calculating greenhouse gas emissions. It can also be used directly in our customers’ emission disclosures and corporate sustainability reporting for their Scope 3 transportation emissions.

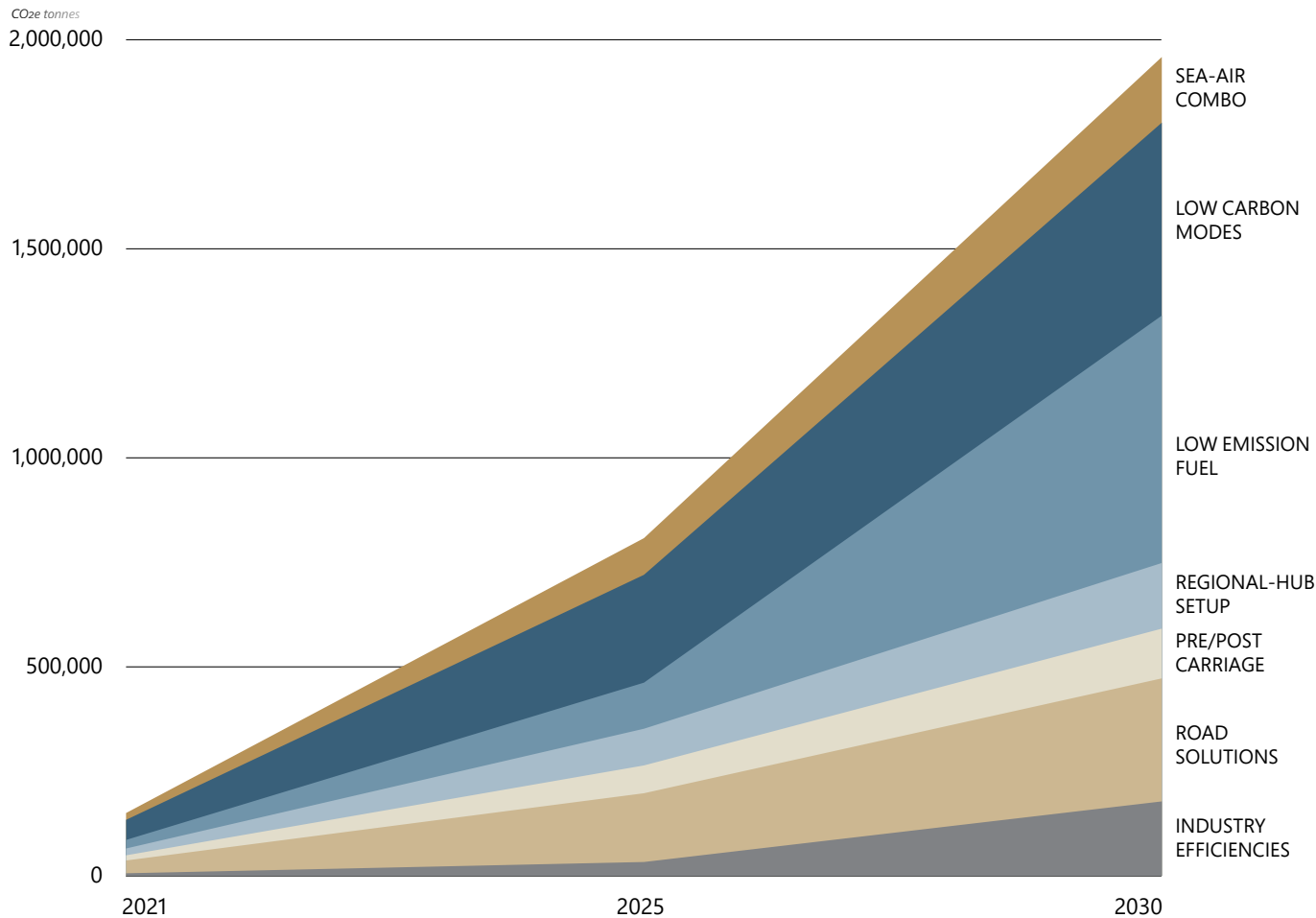


SUSTAINABLE EXPERT ADVISORY

We offer industry expert knowledge and external sustainability advice

MAIN DRIVERS OF SCOPE 3 REDUCTIONS BY 2030

CUMULATIVE SCOPE 3 EMISSIONS REDUCTIONS BY 2030 AND THEIR SOURCES



SCOPE 3 REDUCTIONS BY 2030

In 2022, we developed a full decarbonisation strategy outlining the roadmap to achieve our science-based target. The Low Carbon Logistics solutions are the levers by which we will reach our target by delivering up to 2 million tonnes of CO₂e reductions by 2030, based on our current emissions forecast.

The bulk of our Scope 3 emissions arise from air and sea freight across five industries. While all the solutions will play a role in reducing these, we expect to see major savings through the use of low emissions fuels, such as sustainable aviation fuel and ocean biofuel, and by switching customers to low carbon transport modes.

With a full solution catalogue in place, we aim to scale and accelerate our decarbonisation strategy in 2023 by training and developing our sales and product people to sell the solutions, and fostering awareness and understanding among our other employees.

**LOW EMISSIONS
TRANSPORT SERVICES**

Without assets or a large fleet to prioritise, we have the flexibility to select between any service and supplier to deliver solutions to our customers.

During the year, we committed to deploy 12 Scania electric 40-foot container trucks in ten countries across Europe, the Middle East and Asia Pacific to fast-track full electrification of heavy container trucking.

We also signed an agreement for a global solution for ocean biofuel to offer our customers 100% CO₂e-neutral ocean freight for their containers.

PARTNERSHIPS FOR NET ZERO

Given the complex nature of the decarbonisation challenge, collaboration across industries and supply chains is essential to making progress.

During 2022, we extended our partnership with the Exponential Roadmap Initiative (ERI) to cut GHG emissions from

transportation among members by 50-100% within a decade by shifting mode of transport, electrification and enabling high quality biofuel solutions.

We are also members of the ERI-cofounded 1.5°C Supply Chain Leaders and support small and medium-sized enterprises (SMEs) in their efforts to reduce emissions through the SME Climate Hub. In addition, we are helping to scale best practices for cutting transport emissions through large international networks such as the UN Race to Zero campaign.

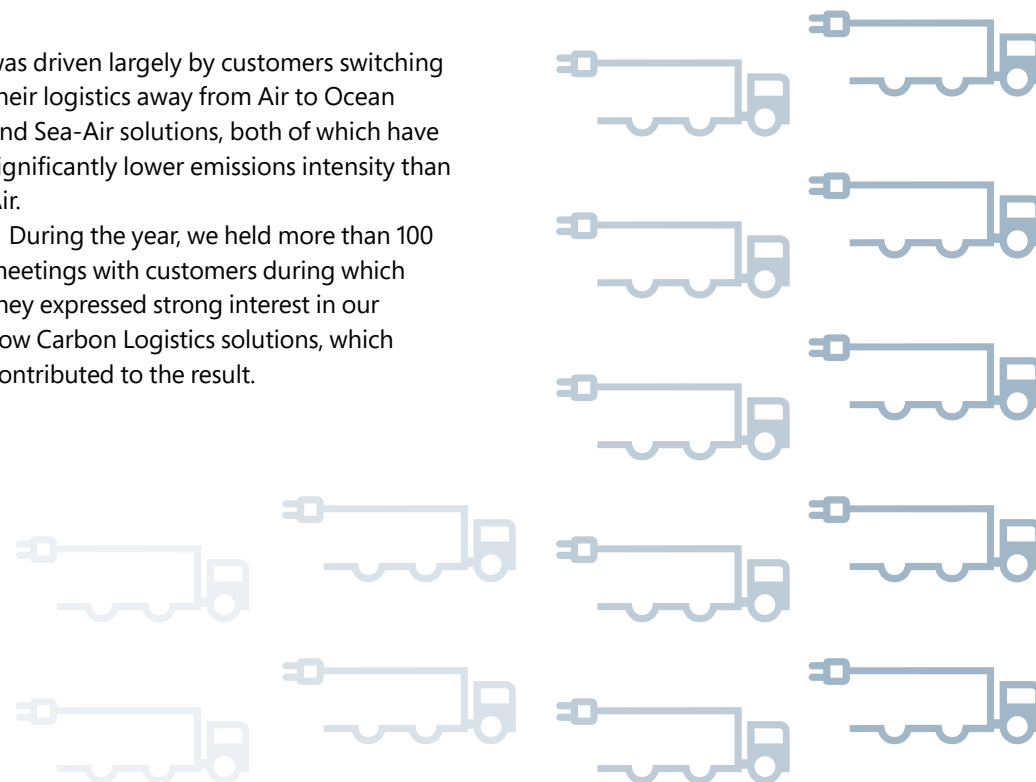
SGL Group also joined the World Economic Forum’s Supply Chain and Transport Industries community which works on initiatives for resilient, sustainable and inclusive supply chain solutions.

**SCOPE 3 EMISSIONS REDUCTIONS
IN 2022**

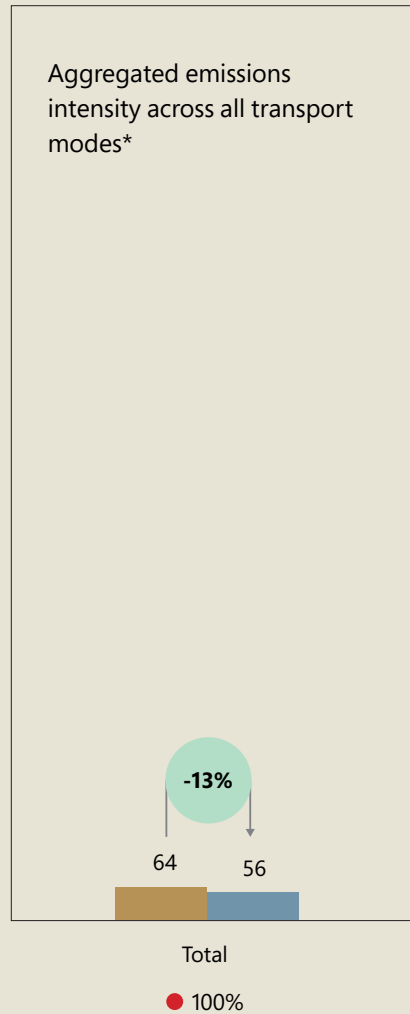
We reduced our Scope 3 GHG emissions intensity by 13% per gram CO₂e / tonne-kilometre in 2022 – a strong result. This

was driven largely by customers switching their logistics away from Air to Ocean and Sea-Air solutions, both of which have significantly lower emissions intensity than Air.

During the year, we held more than 100 meetings with customers during which they expressed strong interest in our Low Carbon Logistics solutions, which contributed to the result.

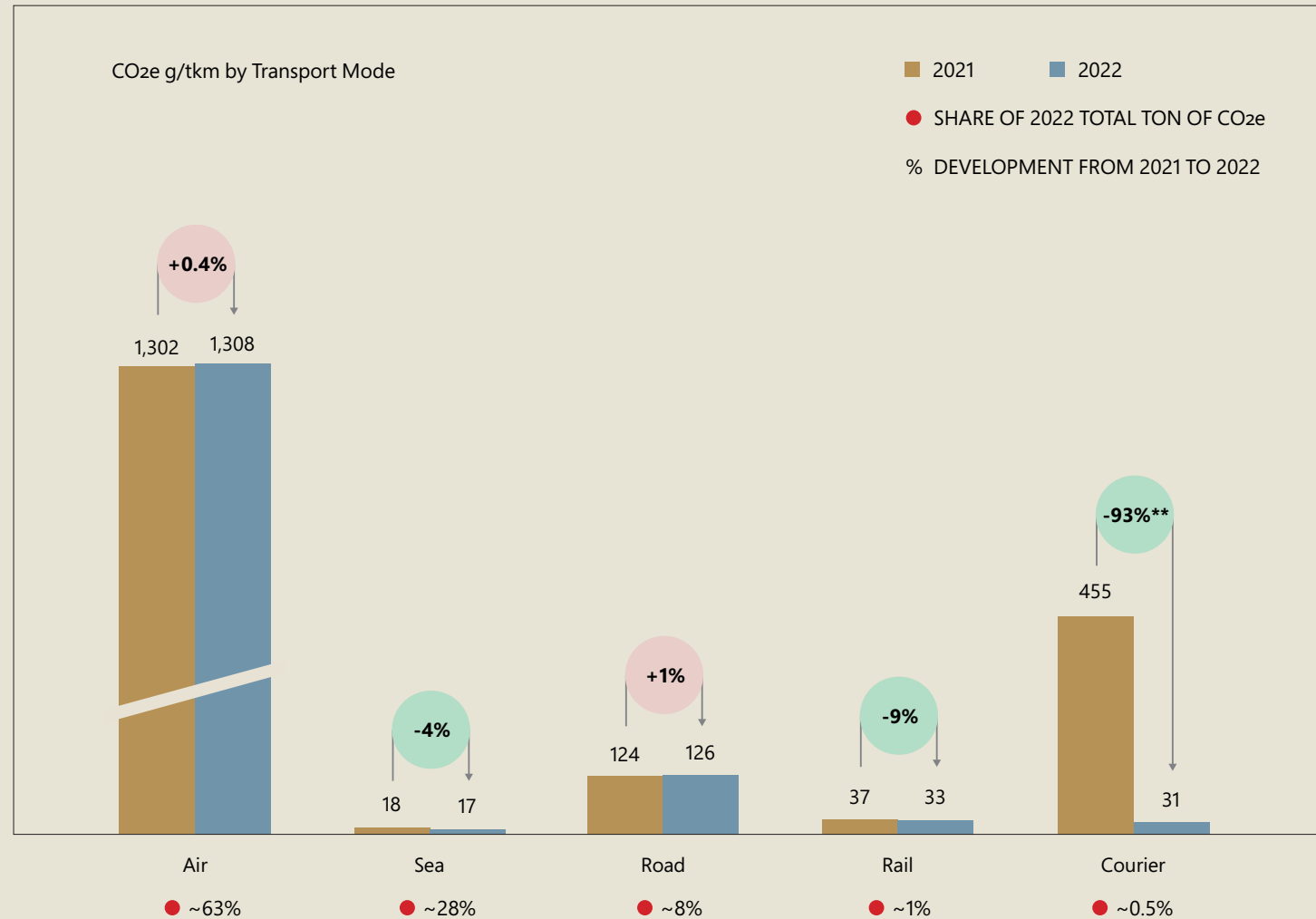


OVERALL INTENSITY



SCOPE 3 UPSTREAM TRANSPORT AND DISTRIBUTION – INTENSITY DEVELOPMENT 2022 VS 2021

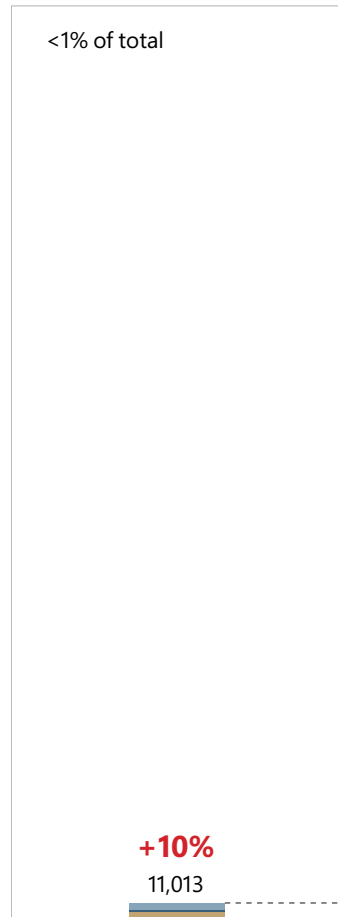
(Our customers' transport-related Scope 3 emissions)



Overall emissions intensity decreased by 13% due to a shift from high emitting airfreight to less emitting Ocean freight.

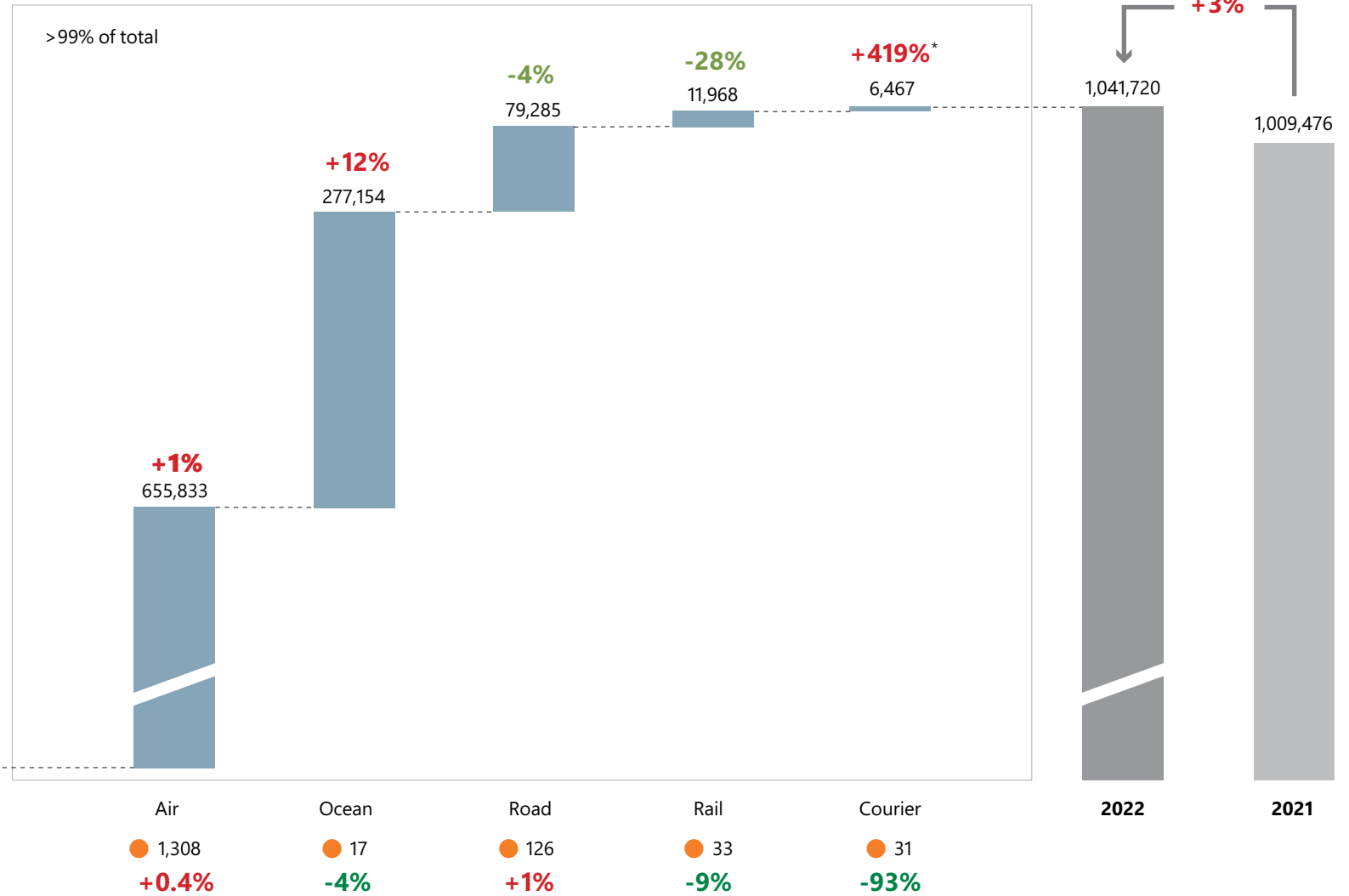
ENVIRONMENT: CLIMATE CHANGE & FOOTPRINT

EMISSIONS WITHIN OUR DIRECT CONTROL



SCOPE 3 CATEGORY 4: UPSTREAM TRANSPORTATION AND DISTRIBUTION

(Our customers' transportation-related Scope 3 emissions)



All figures in tonnes of CO₂e

■ SCOPE 1 ■ SCOPE 2 ■ SCOPE 3 ■ TOTAL SCOPE 1, 2, 3 ● 2022 GRAM OF CO₂e/TKM % DEVELOPMENT FROM 2021 TO 2022

*The increase is due to change in calculation method why the 2021 and 2022 numbers are incomparable.

PART OF THE SOLUTION CATALOGUE

SEA-AIR SOLUTION

UP TO 50% SAVINGS ON CO₂e PER SHIPMENT

For most companies with a global supply chain, CO₂e emissions from logistics fall under Scope 3, of which airfreight is the single largest emitter within transportation. With a significant portion of the world's freight transport from Asia to Europe taking place via airfreight, this leaves customers with a heavy climate footprint. While some companies have invested in sustainable aviation fuel (SAF), SGL Group offers an alternative solution that is simple, affordable and sustainable.

CONVERTING PURE AIR FREIGHT

SGL Group's latest initiative is to convert customers' freight transport from pure airfreight to a combination of air and sea freight. This easy and affordable solution can save companies up to 50% of their CO₂e emissions per shipment and often reduces freight costs.

Martin Andersen, Global Head of Sustainability | ESG and Quality, says the

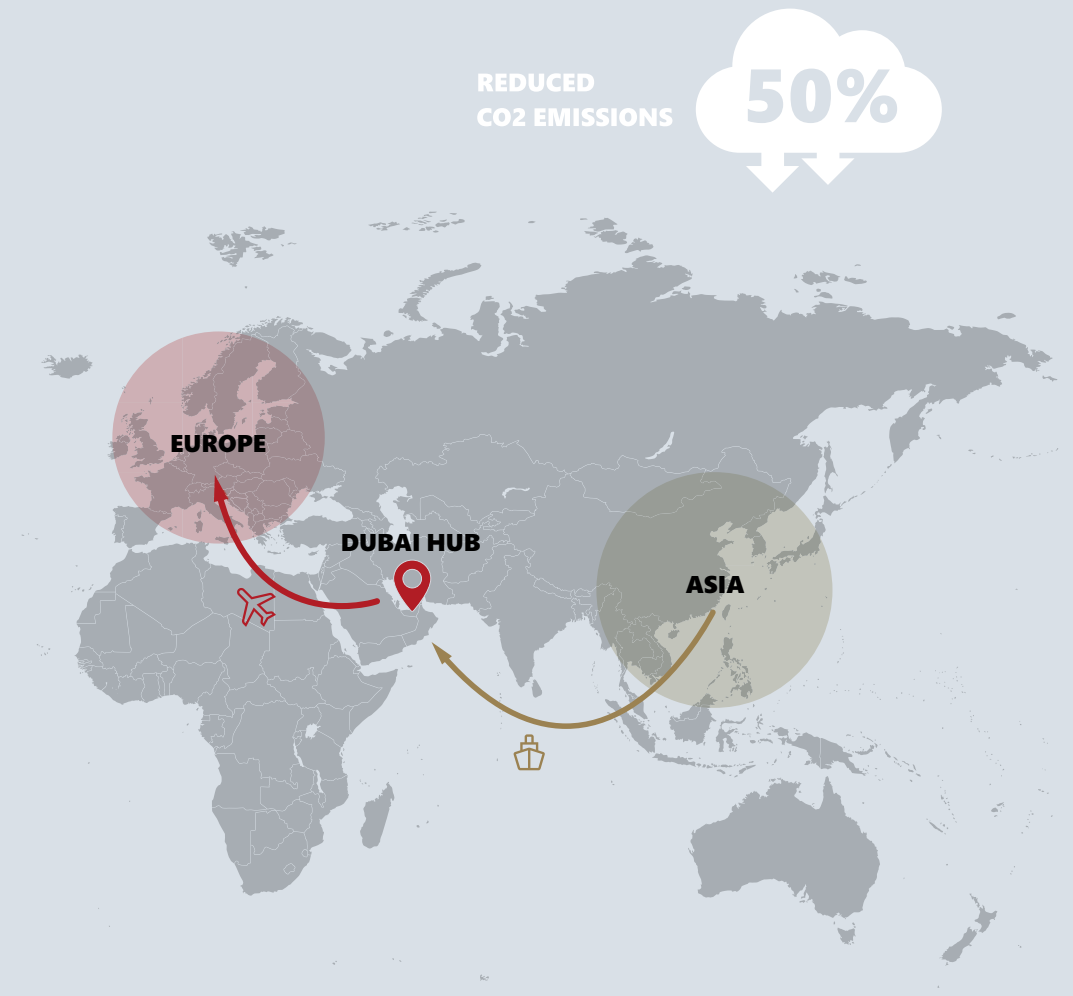
new Sea-Air solution means reducing CO₂e emissions in logistics doesn't have to be a difficult or expensive endeavour.

For instance, an airfreight shipment from Vietnam to Copenhagen can save as much as 50% on CO₂e emissions for 5000 kg of cargo that can be sailed to Dubai in the United Arab Emirates and then reloaded and flown to Europe. Similar savings can be achieved on other freight routes, such as Cambodia to Southern Europe, all of which have attractive transit times and a reduced climate footprint.

ADDING FLEXIBILITY TO THE SUPPLY CHAIN

The Sea-Air solution not only saves companies CO₂e and freight costs, but it also adds flexibility to the customers' supply chain. If there are delays at airports or cargoes in ports, the customer's cargo on selected routes can be converted from pure airfreight to a combined air and sea freight solution to ensure timely delivery.

This solution is available from Asia to Europe and on routes to the US, Africa,



South America, and Australia.

"SGL Group's Sea-Air solution is an easy, climate-efficient, and cost-effective alternative. By providing our customers with a detailed analysis of the CO₂e in

their supply chain setup, we're finding more and more of them are using our Low Carbon Logistics solutions to reduce their transportation footprint," says Kim Linde, Global Head of Sea-Air solutions.

ENVIRONMENTAL MANAGEMENT

WE ARE TAKING RESPONSIBILITY FOR OUR OWN FOOTPRINT

OUR SCOPE 1 AND 2 EMISSIONS TARGET

We are committed to taking responsibility for our own environmental footprint and to decoupling our emissions from our growth. This is underpinned by our science-based target and environmental policy.

SGL Group's Scope 1 and 2 emissions represented just 1% of total emissions in 2022, but they are within our direct control to reduce.

Around 60% of those emissions are generated by our forklifts, company cars and trucks, while the remaining emissions come from the electricity and heat in our offices and warehouses.

Through our science-based target, we have committed to reducing absolute Scope 1 and 2 GHG emissions by 42% by 2030 from a 2021 base year.

A PPA that we signed in Denmark in 2021 is a significant step in reducing Scope 2 emissions in line with this target. The

PPA was signed with 12 other companies to support the development of a new 70,000 MWh solar park to be completed in Badskaer, Northern Jutland in May 2023 that will supply our Danish locations with renewable energy.

We comply with all applicable environmental laws, regulations and legislation and our approach is based on an Environmental Management System that includes multi-site certification (ISO14001:2015).

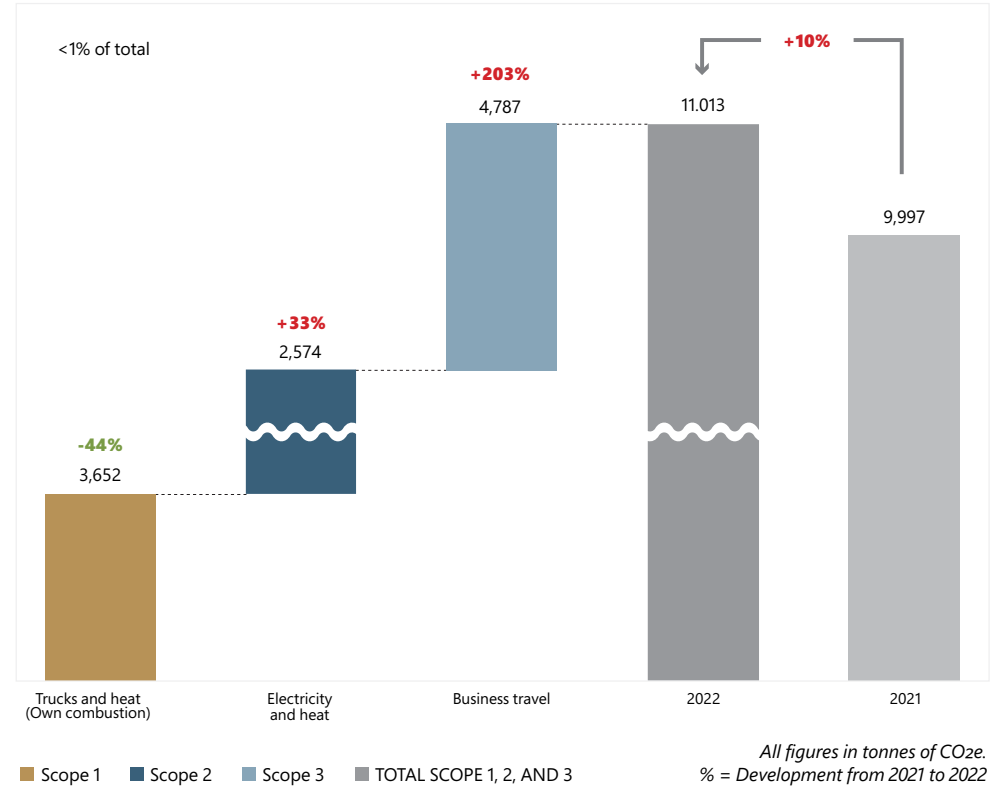
PROGRESS IN 2022

During 2022 we undertook several initiatives to reduce our own footprint.

We signed an agreement with Air France KLM to reduce emissions from our business travel by using Sustainable Aviation Fuel (SAF). This follows an agreement with Norwegian Air and Neste in 2021.

We also implemented Position Green's platform to manage our ESG data and prepare for compliance with the EU's Corporate Sustainability Reporting Directive and European Sustainability

EMISSIONS WITHIN OUR DIRECT CONTROL



CO2e overall increase relates to company growth and employee increase of 34%

Reporting Standards. The platform has been used to collect primarily Scope 1 and 2 data as well as People and Health & Safety data for this year's reporting.

SCOPE 1 & 2 EMISSIONS IN 2022

Our absolute Scope 1 emissions have decreased due to better data quality and improved methodology. Our absolute Scope 2 emissions have increased due to

company growth and employee increase of 34%.

We are committed to reducing our absolute emissions from Scope 1 and 2, and will continue to invest in PPAs, energy management systems, using solar cells, decarbonising our vehicles and other CO2e reducing initiatives in our offices and warehouses.



SOCIETY:
**SUPPORTING
AID & RELIEF**

PRIORITY OVERVIEW

 AID & RELIEF

AMBITION AND APPROACH

2022 PROGRESS

Increase our Aid & Relief support

- Build on SGL Group's experience and support for aid & relief globally

- ✓ Ongoing ADP support to UN agencies and NGOs for humanitarian projects

Enhance our capabilities and extend our footprint

- Increase SGL Group's participation in partnerships programmes in line with our commitment to SDG 17
- Increase focus on building a local presence

- ✓ Delivered majority of the 1.5 billion vaccines provided by COVAX from 2021-2022
- ✓ Platform partner to WEF and charter signatory for WEF/UNICEF
- ✓ Extended presence to Ukraine and the Sahel region in Africa

KEY TARGETS

Be a leading provider within humanitarian logistics services

INTRODUCTION

SGL Group is a leading provider of complex humanitarian logistics solutions for UN agencies and NGOs.

Each year, our solutions support humanitarian programmes that deliver life-saving relief and supplies to millions of people in need. They represent SGL Group's most significant form of positive impact on society.

The expertise and partnerships we have developed over the last 50 years allowed us to take on a crucial role in the delivery of personal protective equipment (PPE) in 2020 and of COVID-19 vaccines in 2021 and 2022 for COVAX, the initiative supported by CEPI, Gavi, WHO, and UNICEF to provide vaccines to low-income countries.

CLIMATE CHANGE EXACERBATES HUMANITARIAN CRISES

The impact of climate change on humanity is a growing concern for our partners in UN agencies and NGOs. As weather-related disasters increase, climate change is also pushing people into poverty and displacement and fuelling conflicts in vulnerable regions. It's clear that the

world's poorest countries are the most susceptible to the effects of climate change.

With the demand for aid and relief operations anticipated to rise to address these impacts, we are committed to enhancing our capabilities to support the agencies, NGOs and governments that we partner with, aligning with our support for SDG 17. Our goal is to continue to be the leading provider in humanitarian logistics services.

CONCLUSION OF COVAX DELIVERY

In early 2022, the COVID-19 vaccine distribution for COVAX came to a close, marking the end of the largest vaccine supply operation in history. SGL Group played a significant role in the effort, delivering the majority of the 1.5 billion vaccines supplied by COVAX to low-income nations.

Furthermore, we were involved in the distribution of vaccines from Europe, Asia, and the US destined for regions managed by the Pan American Health Organization (PAHO).



**Leading provider
in humanitarian
logistics services**

AID AND DEVELOPMENT PROJECTS

SGL Group's ADP team continued to support our partners with humanitarian projects around the world in 2022, including in Ukraine, Pakistan and Haiti.

UKRAINE

In response to the outbreak of war in Ukraine, SGL Group secured additional warehouse facilities in Poland and augmented its trucking capacity to accommodate the sudden demand for aid deliveries into Ukraine.

Over the course of the conflict, we have successfully transported thousands of trailer loads of essential supplies, including medicine, kits, vehicles such as ambulances, food items, generators, and clothing, to various destinations within

Ukraine. Our ADP team has developed comprehensive logistics solutions to meet the demands of the Ukrainian government and NGOs, utilising all modes of transportation including road, air, ocean, and charter services.

To further support these efforts, we have hired experienced Ukrainian logisticians to work on projects in Ukraine and develop new solutions. This has enabled us to effectively address the many logistical challenges inherent in providing aid and relief services in a conflict-affected area, through a combination of local expertise and co-ordination with local authorities in Ukraine.

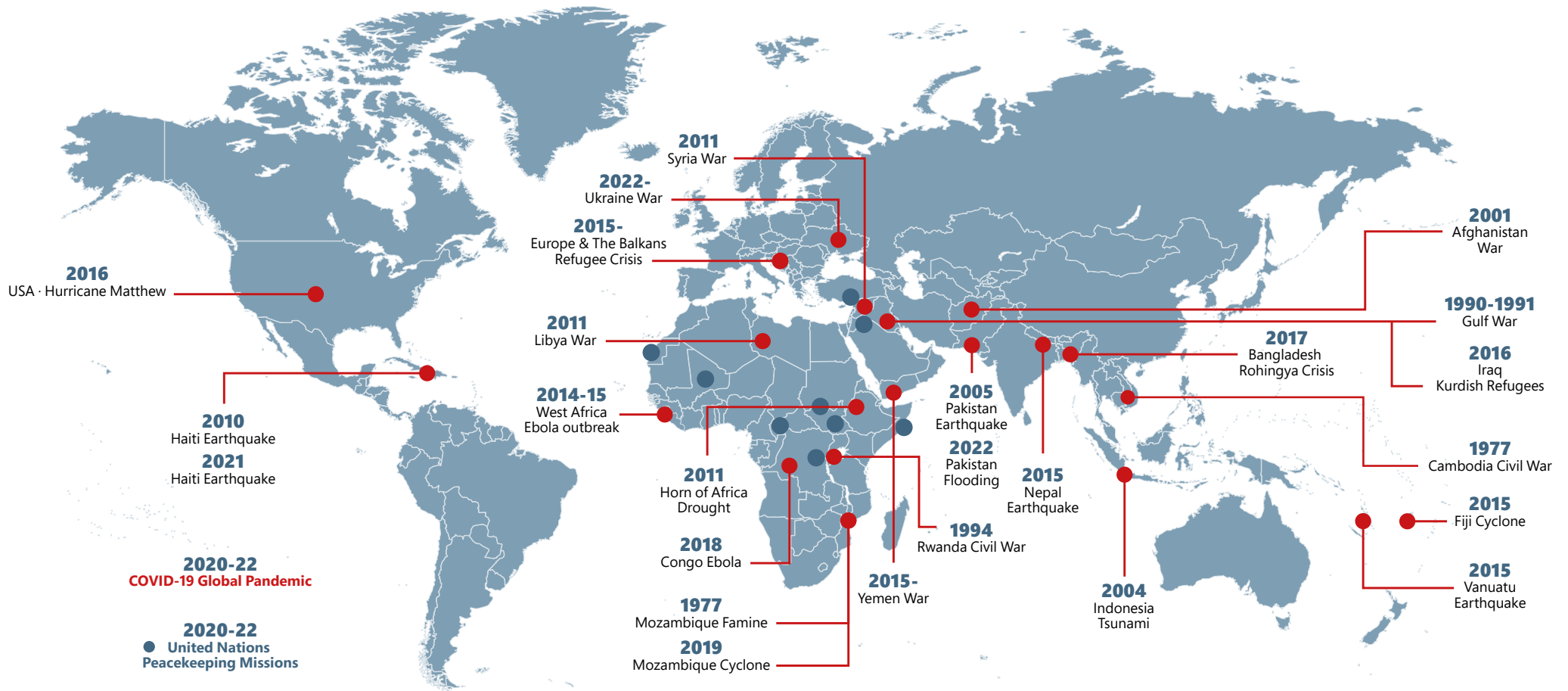
PAKISTAN

SGL Group was tasked by UNICEF to deliver urgent relief supplies to Pakistan, following the severe flooding that left much of the country underwater and millions homeless (see article on page 49).

HAITI

In Haiti, we implemented a warehousing solution on behalf of UNICEF in Port-au-

MORE THAN 45 YEARS OF HUMANITARIAN LOGISTICS AROUND THE WORLD





Prince, supporting ongoing aid logistics and transport since the earthquake in 2021 and subsequent health crises.

FOCUS ON HUMANITARIAN DISTRIBUTION

In early 2022, we established an office in Togo as part of an enhanced effort to prioritise humanitarian distribution in and around the Sahel region of Africa.

STRATEGIC PARTNERSHIPS IN ADP

In addition to our ADP operational expertise, SGL Group is providing strategic expertise to its partners on sustainability and the decarbonisation of humanitarian supply chains.

SGL Group is a member of the UNICEF and World Economic Forum Supply Chain & Transport Industry Charter in which we are participating in working groups that include supporting the market development of sustainable aviation fuel and global supply chain resilience. In April, our ADP and Sustainability team presented sustainable logistics solutions to reduce CO₂e emissions in UN

peacekeeping operations at the “Greening the Blue Helmets” conference held in New York.

STRENGTHENING OUR PHARMACEUTICAL CAPABILITIES

During the year we continued to strengthen our pharmaceutical capabilities by adding resources to our entire quality department, updating our quality management system and continuing the implementation of Validade (a digital lane management system for healthcare and pharmaceutical shipments) and through the acquisition of a number of specialist companies that enhance our competencies and geographic coverage.

CONTINUED INVESTMENT IN 2023

In 2023, we will continue to invest in our capabilities by extending our global footprint with expansion in East Africa and Ukraine, enabling us to move closer to the local supply chain within the humanitarian sector.

URGENT AID DELIVERY TO PAKISTAN IN THE WAKE OF DEVASTATING FLOODS

Record-breaking monsoon rains hit Pakistan between mid-June and August 2022, with the provinces of Sindh and Balochistan receiving seven and eight times their average monthly rainfall, respectively.

The resulting floods submerged one-third of the country, affected over 33 million people and caused the loss of over 1,500 lives, as well as the destruction of over a million homes. Climate change is believed to have exacerbated the situation by intensifying the rain by 50-75%.

DELIVERING EMERGENCY SUPPLIES

As a leading humanitarian logistics provider, SGL was charged by the UN to deliver emergency supplies to Pakistan. Working on a tight schedule, our Aid & Relief team quickly secured freight capacity and aircraft for essential items such as water tanks, water purification tablets and medicine. With nearly 27,000 schools destroyed in Pakistan, school equipment was also given priority.

The cargo was packaged at UNICEF's global emergency hub in Copenhagen and

transported to the airports in Copenhagen and Billund. From there, the supplies were loaded on to chartered flights and delivered to Karachi, Pakistan.

Between August and October 2022, SGL successfully delivered 280 tons of emergency supplies to Pakistan via five chartered flights from Denmark and China, helping millions of people in need.

DEDICATED AID & RELIEF TEAM

Delivering emergency supplies around the world is complex and requires precisely coordinated logistics to manage and transport. The Aid & Relief team, with over 45 years' experience of working with UN agencies, possesses the expertise necessary to handle complex logistics and ensure swift delivery of critical aid.

Henrik Reinholdt Jensen, Head of Aid & Relief, air, emphasised the importance of timely delivery: "Timing is critical as even small mistakes can delay urgent humanitarian supplies from getting to the people in need. Our dedicated team handled more than 60 charter operations in 2022. With our decades of experience

and innovative approach, we have the know-how to navigate a complex web of logistics in a very short amount of time to ensure fast delivery of life-saving supplies."

SGL IN-KIND TRANSPORT SUPPORT FOR UN

In response to the crisis, SGL also made a USD 100,000 in-kind transport donation to support the UN's efforts, which was utilised for several shipments of urgent humanitarian aid and school equipment from the UN hubs in Copenhagen and Dubai.



A man with glasses, wearing a dark blue blazer over a light blue button-down shirt, is smiling and looking towards a woman. The woman, seen from the back, has long brown hair and is wearing a denim vest. They are sitting at a table in an office environment with a whiteboard in the background.

**PEOPLE:
OUR GREATEST
SOURCE OF VALUE**

PRIORITY OVERVIEW



EMPLOYEE ENGAGEMENT, DEVELOPMENT AND DIVERSITY



HEALTH AND SAFETY

AMBITION AND APPROACH

Become the most meaningful company within the logistics industry

- Increase meaningfulness in the workplace
- Increase diversity at employee, manager and board levels

Improve well-being and minimise safety hazards and injuries

- Foster employee well-being and protect employees from any safety hazards or severe injuries

2022 PROGRESS

- ✓ Achieved the 2025 target for our annual employee survey three years ahead of schedule
- ✓ Trained 2,245 employees
- ✓ 54,319 training courses completed
- ✓ Maintained the ratio of female employees at 47%
- ✓ Slight decline in the ratio of female managers to 34% due to M&A growth
- ✓ Appointed new VP of Global People, Leadership & Culture

- ✓ Improved LTI frequency to 1.19
- ✓ 0 severe injuries or fatalities
- ✓ Completed the roll out of ISO 45001 certification where the Industrial Projects division operates
- ✓ Introduced new chemical workplace assessments and hazardous materials training
- ✓ Continued to implement measures focused on mitigating the risk of COVID-19

KEY TARGETS

Meaningfulness score of 80% by 2025

Appoint 1 female board member by 2023

0 cases of severe injuries and fatalities

EMPLOYEE ENGAGEMENT & DEVELOPMENT

INVESTING IN COMPANY CULTURE, TRAINING AND SYSTEMS TO UNDERPIN OUR GROWTH

APPROACH AND AMBITION

Developing our people and supporting a consistent understanding of SGL Group's culture, operating procedures and compliance framework are essential to realising our growth strategy.

Over the last year, our workforce has grown 34% through organic growth and acquisitions. To integrate newly acquired businesses and harness our full capabilities, we are building a unique culture within the transport and logistics industry and investing in our people, processes and systems.

We focus on providing our people with meaningful work and opportunities through employee engagement and development, on creating diverse and inclusive workplaces where everyone can succeed, and on ensuring the health and safety of those workplaces.

Our ambition is to become the most meaningful company within the logistics industry.

CREATING A MEANINGFUL WORKPLACE

Each year we monitor our progress through our global employee Meaningfulness Questionnaire (MQ) which gathers feedback on the extent to which our employees find it meaningful to work at SGL Group. Feedback from the survey is shared and acted upon at executive level and within teams.

The survey delivers an MQ-score on a 100-point scale which is used as a leading business indicator in addition to our financial KPIs. In 2022, we recorded an MQ-score of 80%, achieving our 2025 target score of 80% three years ahead of schedule – a strong result.

Key drivers for the MQ-score improved, including purpose (up 5%), leadership (up 4%), belonging (up 2%) and personal growth (up 2%). The response rate also

increased significantly, with 72% of employees completing the survey in 2022, compared to 64% in 2021.

During the year we introduced a more structured process to share and act on the insights gained from the MQ at a global, regional and local level.

Emphasis was paid to fostering a psychologically safe work environment in which employees feel heard and recognised for their results. This was delivered through leadership training at workshops held around our global network that focused on active listening and transformational feedback.

DEVELOPING OUR PEOPLE

We continued our strong emphasis on employee development and improving our capabilities through our online learning centre, the SGL Group Academy. During 2022, a total of 2,245 employees participated in training, successfully completing 54,319 courses.



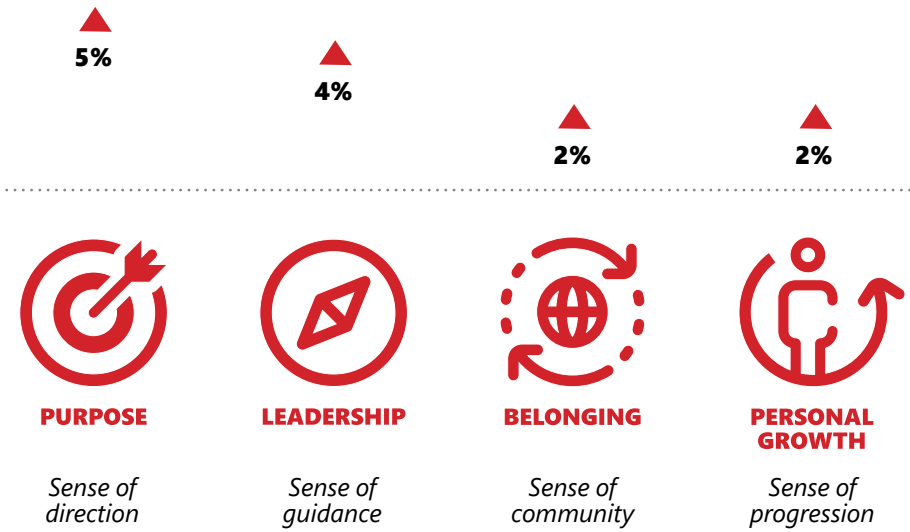
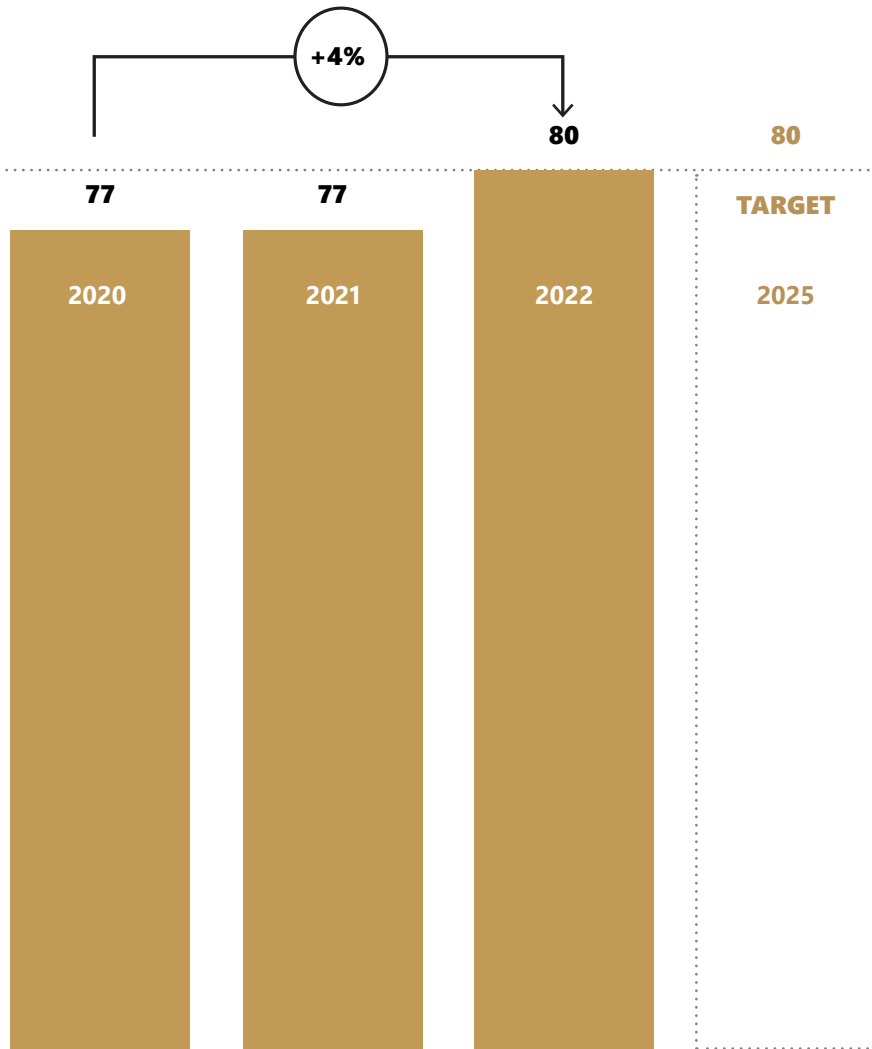
IMPROVING OUR SYSTEMS

SGL Group's new HR system continued to be rolled out to all newly acquired businesses in 2022. In each location, the system has been tailored to fit local needs and employment laws.

OBSERVING OUR REQUIREMENTS

SGL Group complies with international frameworks and conventions from the UN, OECD and ILO, and with local legislation where we have operations. We recognise and respect the right to collectively bargain in accordance with applicable law.

PEOPLE: OUR GREATEST SOURCE OF VALUE



MEANINGFULNESS KEY DRIVERS – 2022 IMPROVEMENTS



MEANINGFULNESS QUESTIONNAIRE (MQ)* SCORE

* An organisational survey which measures the level of meaningfulness that employees experience at work. The Meaningfulness Questionnaire (MQ) asks employees 24 questions centred around four drivers: Purpose, Leadership, Belonging, and Personal Growth.

DIVERSITY & INCLUSION

WE ARE COMMITTED TO EQUAL OPPORTUNITY & EQUAL PAY

OUR APPROACH

The diversity of our workforce and their relationships with customers, suppliers, and other organisations worldwide plays an important part in SGL Group's success.

Our Diversity and Inclusion Policy embraces a comprehensive definition of diversity that encompasses differences in experiences, perspectives, and social identities such as gender, age, ethnicity, nationality, political and religious beliefs, sexual orientation, preference, and cultural backgrounds.

Given the historical male dominance in our industry, we have a strong commitment to promoting the inclusion of female employees.

To support this, we are committed to equal opportunity and equal pay across all aspects of our human resources processes, including recruitment, employee retention, career development and remuneration.

We track our efforts to enhance diversity and inclusion through the Meaningfulness Questionnaire (MQ) and data collected from our recruitment and employment processes.

Gender diversity targets, figures, and actions for employees, managers, and the Board of Directors are applicable to SGL Group, which includes SGL International A/S and Scan Global Logistics A/S. There are no other management positions than the managerial roles in SGL Group covering SGL International A/S and Scan Global Logistics A/S.

PROGRESS IN 2022

In 2022, we appointed a new VP of Global People, Leadership & Culture to drive our progress in this area and implement strategies that align with our Diversity and Inclusion Policy introduced in 2021.

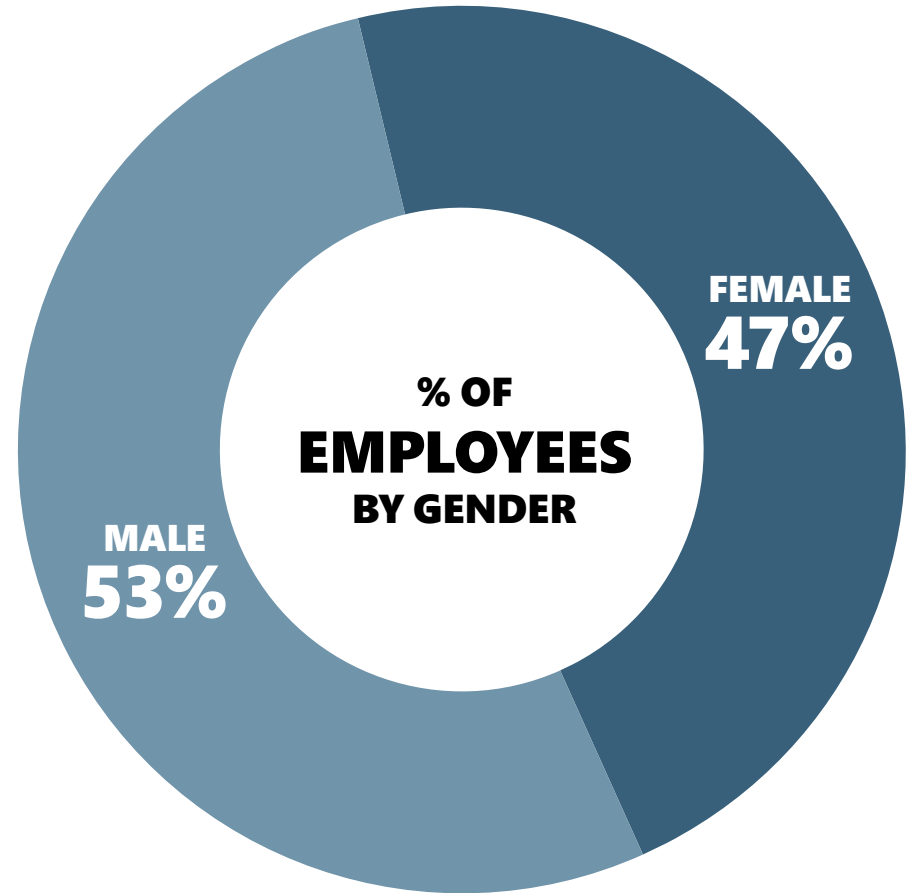
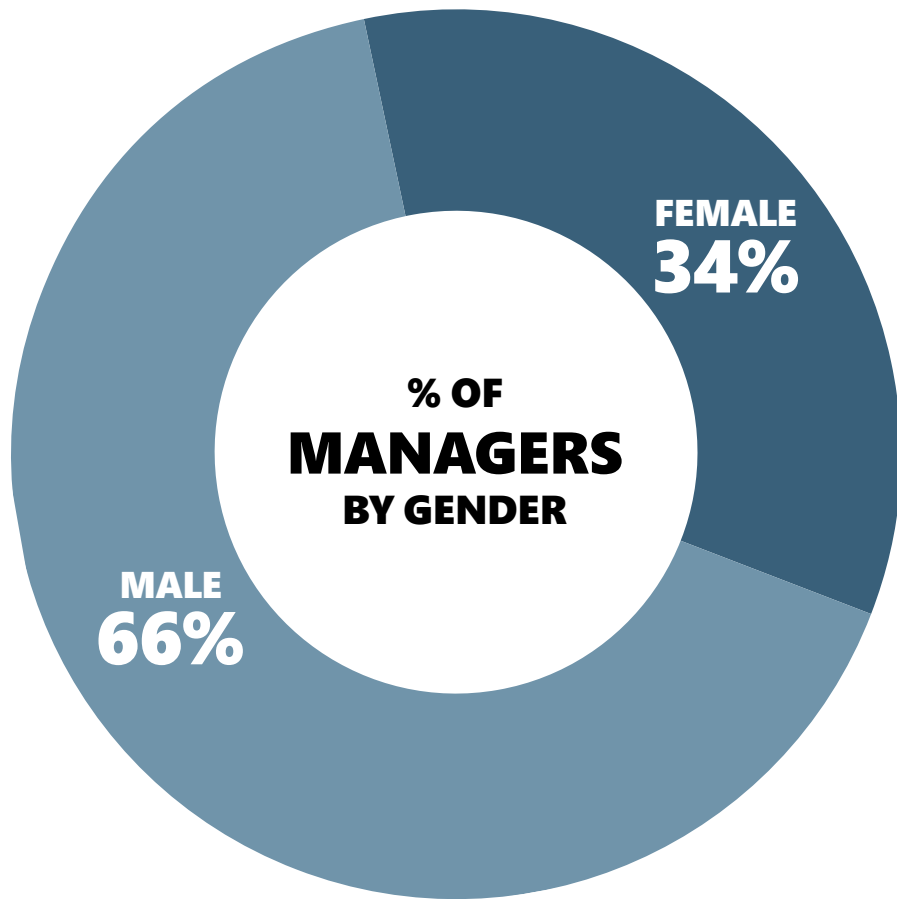
During the year, SGL Group maintained its commitment to a more gender-diverse workforce, with a ratio of 53% male and 47% female employees across our global organisation – the same as in 2021.

The ratio of women in managerial roles declined slightly to 34% in 2022 (2021: 37%), dropping just below our target of 35%, due largely to growth through acquisitions.

We are introducing systems processes to be able capture data on the gender pay gap at SGL Group through our new HR system, which is being introduced globally.

BOARD DIVERSITY

Currently, the Board of Directors of SGL Group comprises five male directors of Danish nationality. Unfortunately, the company was unable to meet its gender diversity objective for 2022, as a qualified female candidate for a Board position could not be identified. SGL Group aims to appoint a female director during 2023.



*Supporting strong gender diversity
in a traditionally male industry*

HEALTH & SAFETY

WE PRIORITISE HEALTH AND SAFETY AND ARE LESS EXPOSED TO RISK DUE TO OUR ASSET-LIGHT MODEL

OUR AMBITION

At SGL Group, we recognise our responsibility to safeguard the health and safety of our employees, subcontractors, customers, and the public. Our goal is to ensure the well-being of all employees and protect them from any potential safety hazards or severe injuries in the workplace.

As an asset-light freight forwarder, SGL Group is less exposed to safety issues than our peers which operate fleets of trucks, vessels and aircraft. Our main exposure lies within our Industrial Projects division which employs 40 people and undertakes complex logistical projects such as delivering wind turbines into remote areas and transporting heavy cargo.

ENSURING SAFE WORKPLACES

Our Health and Safety Policy guides our approach, and the responsibility for health and safety lies with the Global Head of People & Culture, who is supported by the Global Head of Sustainability | ESG and Quality.

We consider health and safety risks as part of our enterprise risk management approach and have incorporated them into our ERM system. The Industrial Projects division conducts special risk assessments for every project, which also covers subcontracted services. We identify safety hazards for employees, whether they are working in offices or on project sites.

All safety incidents are reported in the Safety & Health Management System and are part of SGL Group's non-financial disclosures. We investigate all incidents and review them with customers and any other stakeholders involved. Additionally,

we consider occupational health and safety issues in our due diligence process when making acquisitions.

During the year we implemented software that facilitates chemical workplace assessments in compliance with new national regulations in Denmark. We take great care in handling dangerous goods and developed educational materials to promote safe handling practices and held 11 courses worldwide to certify and re-certify more than 50 employees and strategic business partners.

The Industrial Projects division continued to roll out the ISO 45001 Occupational Safety & Health Management System and invested in its HSE Management system.

SAFETY PERFORMANCE IN 2022

In 2022, SGL Group's safety performance, as measured by Lost Time Incident Frequency, improved to 1.19.

WELLNESS AT WORK

We strive to foster the physical and psychological well-being of our employees through insights gained from the MQ Survey and through many local initiatives to increase meaningfulness in work.

COVID-19 RESPONSE

In 2022, SGL Group continued to maintain business continuity across our offices and warehouses during the COVID-19 pandemic, and to follow local requirements and guidelines to ensure the safety and health of our employees and stakeholders in all the countries we operate in.



SEE THE SGL GROUP HEALTH & SAFETY POLICY HERE »

A group of four business professionals are gathered around a table in a meeting. A woman with long blonde hair, wearing a white blazer over a blue top, is leaning over the table and pointing at a document. To her left, a man with short dark hair, wearing a light-colored shirt, is looking down at the documents. To her right, a woman with dark hair, wearing a grey cardigan over a white top, is also looking at the documents. In the foreground, the back of a person's head and shoulder is visible, looking towards the group. The background shows a modern office environment with glass partitions and a whiteboard.

**RESPONSIBLE BUSINESS:
INTEGRITY ACROSS
OUR VALUE CHAIN**

PRIORITY OVERVIEW

 ANTI-TRUST
  CUSTOMER PRIVACY
  COMPLIANCE

AMBITION AND APPROACH

Run a responsible business in line with our four virtues

- Conduct our business with integrity and comply with all laws across our value chain

2022 PROGRESS

- ✓ 2,245 employees trained on our Code of Conduct Policy (85%)
- ✓ 2,240 employees trained on the Anti-Corruption Policy (85%)
- ✓ 2,061 employees trained on the Information Security Policy (78%)
- ✓ 2,205 employees trained on the GDPR Policy (84%)
- ✓ 2,179 employees trained on the Health & Safety Policy (83%)
- ✓ Completed 54,319 training courses
- ✓ New supplier audit process introduced
- ✓ New policies for human rights, compliance and sanctions regulations
- ✓ Conducted multiple cyber security awareness campaigns
- ✓ Two whistle-blower concerns resolved

KEY TARGETS

Zero cases of bribery and corruption

Zero customer privacy complaints and data protection incidents

Zero compliance incidents

APPROACH AND CODE OF CONDUCT

COMPLIANCE APPROACH STRENGTHENED

OUR APPROACH

At SGL Group, we conduct our business with integrity in all our operations and comply with all relevant laws and regulations in every region and country where we operate.

The transport and logistics sector engages with government entities at almost every link in the logistics chain and is therefore vulnerable to corrupt business practices, particularly in high-risk countries.

As a global organisation within the sector and with an asset-light business model that contracts with suppliers to deliver services on our behalf, we rely on building and maintaining a common understanding of how we expect business to be conducted with our people, suppliers and other third parties.

Corruption, customer privacy, working conditions, human rights and business

conduct were determined to be material topics for SGL Group in our updated materiality assessment.

Our approach to compliance is based on SGL Group's virtues, Code of Conduct, and Supplier Code of Conduct, as well as specific policies on topics such as anti-corruption, data protection, IT security, and insider regulations. These policies assist our employees and suppliers in making ethical decisions.

Risks related to business integrity and compliance are considered as part of SGL Group's Enterprise Risk Management (ERM) process and registered in the ERM system.

Through this approach, we strive to ensure that all business conducted is done in a manner that is honest, ethical, and socially responsible across our entire value chain.

CODE OF CONDUCT

SGL Group's Code of Conduct sets clear ethical standards for the company and

covers all aspects of its operations and daily work. It includes guidelines for proper conduct, such as adherence to human rights, and details the company's commitments to business practices such as diversity, fair competition, and anti-bribery and corruption measures.

The Code of Conduct also covers business integrity, including anti-money laundering regulations and data protection, as well as the company's social responsibilities towards environmental protection and socio-economic development.

To ensure understanding and adherence to the Code of Conduct, SGL Group provides ongoing training and communication to employees worldwide, including as part of the induction process for new hires.



WHISTLE-BLOWER SYSTEM

SGL Group provides a whistle-blower system that allows individuals such as employees, directors, customers, suppliers, and business associates to report any concerns. This system can be accessed through the SGL Group's website, and all reported concerns are reviewed and evaluated by an external, independent law firm. In 2022, two concerns raised through the whistle-blower system were investigated and closed to the satisfaction of all concerned.

 SEE THE SGL GROUP CODE OF CONDUCT POLICY HERE >>

RESPONSIBLE BUSINESS: INTEGRITY ACROSS OUR VALUE CHAIN

MANDATORY TRAINING IN 2022



PROGRESS IN 2022

In 2022, SGL Group strengthened its compliance efforts by adding resources to its global legal team, introducing new policies such as a General Compliance Policy and Sanctions Policy, and conducting a risk assessment across all departments and global support functions. ESG and quality considerations were also included in our M&A due diligence process.

To reinforce compliance, SGL Group provides mandatory training for employees through our online Academy courses. During 2022, 2,245 employees were trained on our Code of Conduct Policy, 2,240 were trained on the Anti-Corruption Policy and 2,061 were trained on the Information Security Policy.

RESPECTING HUMAN RIGHTS

SGL Group's commitment to respecting human rights across our operations, suppliers and customers is provided through our Code of Conduct and Supplier Code of Conduct and through a separate Human Rights Policy developed in 2022.



ANTI-CORRUPTION & BRIBERY

NEW APPROACH TO SUPPLIER AUDITS

ANTI-CORRUPTION & BRIBERY

We have a zero-tolerance approach policy against bribery and corruption and are committed to conducting ourselves ethically and with integrity in all our business dealings and relationships worldwide. We comply with all laws related to anti-bribery and corruption in all jurisdictions where we operate, including the US Foreign Corrupt Practices Act and the UK Bribery Act 2010. We do not engage in, or tolerate, any form of facilitation payments.

SGL Group has not been the subject of any legal actions relating to corruption or bribery in 2022.

CODE OF CONDUCT FOR SUPPLIERS

The success of SGL Group's asset-light model relies on strong relationships with suppliers who adhere to the same ethical principles as the company. Our Supplier Code of Conduct addresses potential risks related to labour practices, human rights, health and safety, the environment, and bribery and corruption in the supply chain.

Suppliers must comply with international human rights standards and national laws regarding child and forced labour, working hours, wages and benefits, and non-discrimination.

We expect suppliers to prioritise occupational health and safety and environmental compliance, and to support SGL Group's goal of reducing Scope 3 emissions and reaching net-zero emissions by 2050. This includes providing data

on GHG emissions and setting emissions reduction targets for their operations.

ZERO-TOLERANCE APPROACH

SGL Group has a strict policy against bribery and corruption and makes this clear to all of our suppliers. We expect them to adhere to both international and local laws on anti-corruption and bribery. We require our primary suppliers to sign our Supplier Code of Conduct and to share this code with their sub-contractors and other business associates who are involved in providing the goods and services outlined in the main contract.

In response to ongoing COVID-19 restrictions that limited our ability to conduct supplier audits in 2022, we implemented a system of checklists to evaluate risks and conduct audits.

Throughout the year, we conducted eight on-site audits of suppliers, as well as six checklist evaluations, with an additional 12 evaluations scheduled. We did not find any instances of non-compliance.

The introduction of Validaide, a digital lane management system for healthcare and pharmaceutical shipments, has greatly enhanced our capability to evaluate and select airlines and ocean carriers. In January 2023, we introduced a new procedure for supplier qualification and management that enables us to fully utilize Validaide and conduct audits using a risk-based approach. This will enable us to comply with supplier management regulations (GDP Guideline) and improve the management of suppliers in our key customer segments.



SEE THE SGL GROUP ANTI-CORRUPTION POLICY HERE >>

DATA PROTECTION AND SECURITY

ONGOING CYBER SECURITY PROGRAMME

DATA PROTECTION AND SECURITY

In 2022, the SGL Group continued its cyber security programme to protect and improve the confidentiality, integrity, and availability of all systems and data within the company. The programme and IT Security Policies align with ISO27002 and CIS standards and include policies, processes, training, tools, and technology. The CIO and Head of IT Security oversee the program, which is supported by the Executive Group Management.

During the year, we conducted multiple cyber security awareness campaigns to improve users' ability to identify and report security incidents. The campaigns included mandatory training, simulated phishing campaigns, and tips, resulting in a significant increase in users' ability to identify phishing emails and automatically report them to the security team.

There were no incidents of breaches of customer or SGL Group privacy or loss of data during the year. Minor cyber security

incidents were handled in accordance with our IT security incident process, but none resulted in loss of confidentiality, integrity, or availability of any SGL Group systems.

DATA ETHICS

At SGL Group, data ethics is a priority that goes beyond meeting legal requirements for data privacy. As data is a valuable asset for our business, our daily operations are guided by a detailed security policy rooted in the principles of respect and integrity. We have strict standards for data collection and usage:

- We hold ourselves to high standards for collecting data from our assets and other sources
- We have strict requirements for our partners from whom we receive data.
- We avoid extensive data collection that could be perceived as data-driven surveillance.

Our Data Ethics Policy prepared in accordance with the Danish Financial Statements Act, sections 99d is available at www.scangl.com/about/policies/

TAX AND DONATIONS

RESPONSIBLE TAX

At SGL Group, we recognise the significance of tax practices in society and in responsible corporate citizenship. Our Responsible Tax Policy, established in 2021, commits us to being a responsible taxpayer and to avoid aggressive tax planning. We have a clear and transparent corporate structure driven by commercial considerations with no contrived entities or structures. We support international tax reform efforts by organizations such as the OECD and do not take on tax positions that cannot be justified under full disclosure.

POLITICAL DONATIONS

SGL Group does not provide funding to political parties. We only make charitable contributions that comply with local laws and ethical standards. All donations must be approved by the Global Head of Compliance before they are made.

 SEE THE SGL GROUP TAX POLICY HERE >>



THE EU TAXONOMY FOR SUSTAINABLE ACTIVITIES

THE CURRENT VERSION OF THE TAXONOMY DOES NOT INCLUDE ACTIVITIES OF ASSET-LIGHT FREIGHT FORWARDERS. THAT MIGHT CHANGE IN 2023 DUE TO NEW DRAFT GUIDANCE PROVIDED BY THE EU COMMISSION

The EU Taxonomy Regulation¹ creates a classification system for sustainable economic activities. To date, the Taxonomy covers around 30 sectors and over 100 prioritised activities, including freight rail transport, freight transport services by road and sea and coastal freight transport and their associated NACE codes.

In our 2021 Sustainability report, we concluded that SGL Group did not have any material turnover, CAPEX or OPEX which could be associated with the activities described in the Climate Delegated Act². This was based on the understanding that activities which were not performed by SGL Group itself, but by

a subcontractor, should not be included in our reporting. This is also our formal conclusion for the 2022 reporting year.³ The conclusions follow from the nature of the asset-light freight-forwarding business where the actual freight carrying equipment is operated and owned by separate companies.

On 19 December 2022, the EU Commission published draft guidance⁴ which indicates that SGL Group should include turnover which stems from activities performed by a subcontractor as eligible, when that turnover is recognized by SGL Group under IFRS 15.

SGL Group has not been able to conduct a complete assessment of activities based on the draft guidance. This is due to the late publication of this draft guidance, and the fact that it is still in draft.

We have considered how the draft guidance would affect our reporting. Our preliminary conclusion is that a material share of our turnover in 2022 would be

eligible under the activities "6.2 Freight rail transport", "6.6 Freight transport services by road" and "6.10 Sea and coastal freight water transport, vessels for port operations and auxiliary activities".

During 2023 we will follow the development regarding the draft guidance, and we will begin to prepare our reporting in accordance with the draft guidance going forward.

1) Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020

2) Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021

3) SGL Group does operate a small fleet of 74 heavy-duty vehicles. However, their financial contribution to SGL Group is immaterial and, therefore, we categorise them as non-eligible.

4) Draft Commission notice on interpretation and implementation of certain legal provisions of the Disclosures Delegated Act under Article 8 of EU Taxonomy Regulation (19 December 2022)

RESPONSIBLE BUSINESS: INTEGRITY ACROSS OUR VALUE CHAIN

PROPORTION OF TURNOVER FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING YEAR 2022

ECONOMIC ACTIVITIES	Codes (2)		Absolute turnover (2) DKKm	Proportion of turnover (4) %	SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH CRITERIA (‘Does Not Significantly Harm’)						Minimum safeguards (17) Ja/Nej	Taxonomy-aligned proportion of turnover, year 2022 (18) %	Taxonomy-aligned proportion of turnover, year 2021 (19) %	Category (enabling activity) (20) E	Category (transitional activity) (21) T																	
					Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %	Climate change mitigation (11) Ja/Nej	Climate change adaptation (12) Ja/Nej	Water and marine resources (13) Ja/Nej	Circular economy (14) Ja/Nej	Pollution (15) Ja/Nej	Biodiversity and ecosystems (16) Ja/Nej																						
A. TAXONOMY ELIGIBLE ACTIVITIES																																						
A.1. Environmentally sustainable activities (Taxonomy-aligned)																																						
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)			0	0.0%	0.0%	0.0%																																
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																																						
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																						0	0.0%															
Total (A1 + A2)																						0	0.0%															
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																																						
Turnover of Taxonomy-non-eligible activities (B)	NACE code: H52.2.9		17,832	100.0%																																		
Total (A+B)			17,832	100.0%																																		

RESPONSIBLE BUSINESS: INTEGRITY ACROSS OUR VALUE CHAIN

PROPORTION OF CAPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING YEAR 2022

ECONOMIC ACTIVITIES	Codes (2)	Absolute CAPEX (2) DKKm	Proportion of CAPEX (4) %	SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH CRITERIA (‘Does Not Significantly Harm’)						Minimum safeguards (17) Ja/Nej	Taxonomy-aligned proportion of CAPEX, Year 2022 (18) %	Taxonomy-aligned proportion of CAPEX, Year 2021 (19) %	Category (enabling activity) (20) E	Category (transitional activity) (21) T
				Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %	Climate change mitigation (11) Ja/Nej	Climate change adaptation (12) Ja/Nej	Water and marine resources (13) Ja/Nej	Circular economy (14) Ja/Nej	Pollution (15) Ja/Nej	Biodiversity and ecosystems (16) Ja/Nej					
A. TAXONOMY ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
CAPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0.0%	0.0%	0.0%							-	-	-	-	-	-	-	-	
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																				
CAPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0.0%																	
Total (A1 + A2)		0	0.0%														0.0%	0.0%	-	-
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CAPEX of Taxonomy-non-eligible activities (B)	NACE code: H52.2.9	181	100.0%																	
Total (A+B)		181	100.0%																	

RESPONSIBLE BUSINESS: INTEGRITY ACROSS OUR VALUE CHAIN

PROPORTION OF OPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING YEAR 2022

ECONOMIC ACTIVITIES	Codes (2)	Absolute turnover (2)	Proportion of turnover (4)	SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH CRITERIA (‘Does Not Significantly Harm’)						Minimum safeguards (17)	Taxonomy-aligned proportion of OPEX, year 2022 (18)	Taxonomy-aligned proportion of OPEX, year 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)		
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)							
		DKKm	%	%	%	%	%	%	%	%	Ja/Nej	Ja/Nej	Ja/Nej	Ja/Nej	Ja/Nej	Ja/Nej	Ja/Nej	%	%	E	T	
A. TAXONOMY ELIGIBLE ACTIVITIES																						
A.1. Environmentally sustainable activities (Taxonomy-aligned)																						
OPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0.0%	0.0%	0.0%						-	-	-	-	-	-	-	-	-	-	-	-
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																						
OPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0.0%																			
Total (A1 + A2)		0	0.0%															0.0%	0.0%	-	-	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																						
OPEX of Taxonomy-non-eligible activities (B)	NACE code: H52.2.9	16,626	100.0%																			
Total (A+B)		16,626	100.0%																			

The definition of OPEX in the Taxonomy is different from the one used at SGL Group. We have chosen not to calculate the OPEX following the definition in the Delegated Act since we do not have any eligible activities. As such we only report our full OPEX and that the OPEX of Taxonomy-non-eligible activities are 100%.



ESG PROGRESS AND DATA

ESG PERFORMANCE DATA

The three tables below disclose our 2022 performance data within the areas of Environmental, Social, and Governance. 2022 figures in table 1 – energy and climate data are verified by our independent auditors.

The Global Reporting Initiative (GRI) index and Sustainability Accounting Standards Board (SASB) index are available online at <https://www.scangl.com/investor/sustainability-report/>

ENVIRONMENT

TABLE 1 – ENERGY AND CLIMATE DATA

1. ENERGY AND CLIMATE DATA**	UNIT	2022	2021	NOTES	REFERENCES
EMISSIONS					
Direct emission (Scope 1)	Tonnes CO2e	3,652	6,477*	Cars, trucks, forklifts and heat (own combustion)	GRI 305-1 SASB TR-AF-110a.1
Indirect emissions (Scope 2 - market-based)	Tonnes CO2e	2,574	1,939*	Electricity and heat	GRI 305-2
Indirect emissions (Scope 2 - location-based)	Tonnes CO2e	1,735	1,477*	Electricity and heat	GRI 305-2
Other indirect emissions (Scope 3)	Tonnes CO2e	1,035,494	1,001,060*	Data covers scope 3 category 4+6	GRI 305-3
Upstream transportation and distribution C4	Tonnes CO2e	1,030,706	999,479*	Our customers' transportation-related scope 3 emissions	
- Airfreight	Tonnes CO2e	655,833	652,301*	-	-
- Courier Freight	Tonnes CO2e	6,467	1,245	Express	
- Ocean freight	Tonnes CO2e	277,154	246,758*	-	-
- Rail Freight	Tonnes CO2e	11,968	16,554*	-	-
- Road freight	Tonnes CO2e	79,285	82,622*	-	-
Business travel (C6)	Tonnes CO2e	4,787	1,581*	-	

*Restated figures for 2021. See accounting principles on page 74-77

**2022 figures in table 1 – energy and climate data are verified by our independent auditors.

Overall comments to CO2e figures:

Scope 1: CO2e has decreased due to better data quality and improved methodology

Scope 2: CO2e has increased due to company growth and employee increase of 34%

Scope 3 (C6): CO2e has increased due to post corona travel activity and business growth

Scope 3 (C4): CO2e has increased for Ocean freight by 12% due to a shift from high emitting airfreight

ENVIRONMENT

TABLE 1 – ENERGY AND CLIMATE DATA

1. ENERGY AND CLIMATE DATA**	UNIT	2022	2021	NOTES	REFERENCES
CARBON INTENSITY					
CO ₂ e per metric tonne-kilometre				-	GRI 305-4 SASB TR-AF-430a.2
Airfreight	CO ₂ e (g/tonne-km)	1,308	1,302*	-	GRI 305-4 SASB TR-AF-430a.2
Courier Freight	CO ₂ e (g/tonne-km)	31***	455	-	GRI 305-4 SASB TR-AF-430a.2
Ocean freight	CO ₂ e (g/tonne-km)	17	18*	-	GRI 305-4 SASB TR-AF-430a.2
Rail Freight	CO ₂ e (g/tonne-km)	33	37*	-	GRI 305-4 SASB TR-AF-430a.2
Road freight	CO ₂ e (g/tonne-km)	126	124*	-	GRI 305-4 SASB TR-AF-430a.2
ENERGY					
Energy consumption (electricity, heating)	MWh	11,920	9,428*	-	

*Restated figures for 2021. See accounting principles on page 74-77

**2022 figures in table 1 – energy and climate data are verified by our independent auditors.

***The reduction is due to change in calculation method why the 2021 and 2022 numbers are incomparable.

Carbon intensity (CO₂e g/tonne-km): Has overall decreased by 13% due to a shift from high emitting airfreight to less emitting Ocean freight. Note: Courier is not part of the overall emissions intensity due to a different calculation method in 2022.

Energy consumption: Has increased due to company growth and employee increase of 34%.

SOCIAL

TABLE 2 – SOCIAL DATA

2. SOCIAL DATA	UNIT	2022	2021	NOTES	REFERENCES
WORKFORCE					
Full-time employees	Number	2,536	1,878	-	GRI 102-8 SASB TR-AF-000.C
Part-time employees	Number	102	87	-	GRI 102-8 SASB TR-AF-000.C
DIVERSITY					
Gender diversity, all employees					
Female proportion of employees	Percentage (%)	47	47	-	GRI 405-1
Male proportion of employees	Percentage (%)	53	53	-	GRI 405-1
Gender diversity, managers					
Female proportion of managers	Percentage (%)	34	37	-	GRI 405-1
Male proportion of managers	Percentage (%)	66	63	-	GRI 405-1
Board Gender diversity					
Female directors	Number	0	0	-	GRI 405-1
Male directors	Number	5	5	-	GRI 405-1
Age distribution					
Under 30 years	Percentage (%)	21	24	-	GRI 405-1
30-50 years	Percentage (%)	61	59	-	GRI 405-1
Over 50 years	Percentage (%)	18	17	-	GRI 405-1
EMPLOYEE TURNOVER					
Employee turnover ratio	Percentage (%)	13	13	-	GRI 401-1
SAFETY					
Fatalities	Number	0	0	-	GRI 403-9 SASB TR-AF-320a.1
Lost-time injury frequency (LTIF)	Injuries per million hours	1.19	2.4	-	GRI 403-9 SASB TR-AF-320a.1

GOVERNANCE

TABLE 3 – GOVERNANCE DATA

3. GOVERNANCE DATA	UNIT	2022	2021	NOTES	REFERENCES
BUSINESS INTEGRITY					
Legal actions	Number	0	0	-	GRI 206-1 SASB TR-AF-310a.2
Total amount of monetary losses	Value in DKK	0	0	-	GRI 419-1 SASB TR-AF-310a.2
Total number of discrimination incidents	Number	0	0	-	GRI 406-1
Substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	-	GRI 418-1

ACCOUNTING PRINCIPLES

REPORTING PERIOD

Our reporting covers the period from 1 January 2022 to 31 December 2022.

REPORTING SCOPE

The report covers all entities under the operational control by SGL Group as referenced in the Annual Report 2022.

For Energy and Climate Data in Table 1, the CO₂e in Scope 1, 2 and 3 covers SGL Group except for the acquired entity Trust Forwarding where CO₂e figures are not available as this acquisition occurred in late 2022. Trust Forwarding is part of Scope 3, category 4, where revenue extrapolation has been applied to estimate its CO₂e emissions occurring in this category.

REPORTING FRAMEWORK

SGL Group uses the Global Reporting Initiative (GRI) Core requirements and the Sustainable Accounting Standards Board (SASB) framework as guidance to determine report content. Where relevant, definitions have been adapted to generally accepted methodology in the European Union.

For reporting on CO₂e emissions, SGL Group abides by the Greenhouse Gas Protocol (GHGP).

ENERGY CONSUMPTION

Data regarding energy consumption are generated from a system supported annual assessment of operational ESG factors.

RESTATEMENT

We follow a restatement policy based on guidelines from the Science Based Targets initiative and the Greenhouse Gas Protocol. Recalculations are undertaken when significant changes occur to our data. Structural changes, changes in calculation methodology or improvements in the accuracy of emission factors or activity data as well as discovery of errors that are significant are defined as triggers for recalculation. A significance threshold of 5% is applied.

For Table 1 – Energy and Climate data, we have restated 2021 numbers as a result of acquired entities from 2021 that now have been included retrospectively (as

promised in the 2021 report), updated methodology, improved data quality and optimisation of data processes. Specific explanations of restatements are described on page 75-77.

ACCOUNTING PRINCIPLES

REPORTING PRACTICES TABLE 1

TABLE 1.
ENERGY AND CLIMATE DATA

CO₂e emission reporting in Table 1. ENERGY AND CLIMATE DATA is as defined by the Greenhouse Gas Protocol (GHGP) standard. The operational control approach is applied to all greenhouse gas emissions (CO₂e).

We are committed to the Science Based Targets initiative's (SBTi) 1.5°C target and have re-submitted a ten-year emissions reduction target in 2022 for validation based on the market-based approach with a 2021 baseline due to improvements to the accuracy of emissions data and significant acquisitions undertaken. The target is currently under validation and is expected to be approved in Q2 2023.

The CO₂e in Scope 1, 2 and 3 covers SGL Group except for the acquired entity Trust forwarding where CO₂e figures are unavailable as this acquisition occurred in late 2022. Trust Forwarding is part of Scope

3, category 4, where revenue extrapolation has been applied to estimate its CO₂e emissions occurring in this category.

Scope 1:

Data from cars, trucks and forklifts are collected through a new global digital ESG platform and converted to CO₂e.

A CO₂e/km emission factor from Sveriges Klimatrapportering (2021) is applied for all trucks based on estimated kilometers driven for each truck. The emission factor source in 2022 has changed resulting in a more precise and lower factor in 2022. The estimated kilometers driven per truck in 2022 is lower than the estimate in 2021. The estimate in 2022 is based on driving reports and is more precise than the estimate used in 2021. These changes have resulted in a significant decrease of emissions from 2021 to 2022.

CO₂e/liter diesel and CO₂e/liter petrol emission factors from DEFRA (2022) are applied for all cars. Average fuel consumption data per diesel and petrol/

plug-in cars has been calculated using fuel consumption data from the Danish car leasing companies. The emission factors are calculated as ton CO₂e per year per liter.

The emission factor for forklifts is based on hours in operation per forklift per year calculated from data from the Danish forklift leasing company. Fuel consumption per hour has been estimated and DEFRA's emission factor for CO₂e/liter diesel (2022) has been applied. The emission factor is calculated as ton CO₂e per year per unit. Electricity consumed by electric forklifts is counted under Scope 2 electricity. In 2021, we did not specify forklift types why all forklifts were counted under Scope 1.

Data on heat for sites where heat combustion takes place at the site has been included in Scope 1. Data has been measured in MWh. Heat emission factors have been sourced from DEFRA (2022).

Refrigerants are not included in the report as the consumption is estimated to be limited and therefore not material.

Scope 1 restatement:

For Scope 1 2021, data on company vehicles from acquired entities that were not part of the 2021 data have been included retrospectively.

Scope 2:

Data is calculated following both the location-based and market-based approach. As our SBTi targets are based on the market-based approach, our described Scope 2 figures throughout the report are based on the market-based approach.

Data from electricity consumption is measured in MWh and collected in a global digital ESG platform. In the case of missing activity data, electricity consumption has been estimated using the average consumption of electricity per m² office space for the offices/warehouses where data was not obtainable. Our few electric cars are assumed to run on renewable energy.

Data from heat consumption is measured in MWh and collected in a global digital ESG data platform. In the

ACCOUNTING PRINCIPLES

case of missing activity data, the heat consumption has been estimated using the average consumption of heat per m² office space for the offices/warehouses where data was not obtainable.

Location-based approach:

Emission factors for Scope 2 electricity are obtained from IEA (2022) and AIB (2021). Emission factors for countries with district heating have been sourced from national energy authorities. Natural gas and oil emission factors for the remaining countries are sourced from DEFRA (2022).

Market-based approach:

Emission factors for Scope 2 electricity are obtained from IEA (2022) and AIB (2021). Residual mix factors from AIB for European countries have been applied. For the remaining countries, we have used the location-based factors. Emission factors for countries with district heating have been sourced from national energy authorities. Natural gas and oil emission factors for the remaining countries are

sourced from DEFRA (2022). Location-based factors have been applied.

Scope 2 restatement:

For Scope 2 2021, data on electricity and heat from acquired entities that were not part of the 2021 data have been included retrospectively.

Scope 3:

We have chosen to report on scope 3, category 4 (upstream transport) and category 6 (business travel).

Transportation is our core business and business travel is relevant to manage as a global company. The remaining 13 scope 3 categories are considered immaterial to our business model and climate footprint at the current stage.

Upstream transportation and distribution (C4):

All transportation data come from our ERP system and is automatically stored in our data warehouse. From here, the data is exchanged with our external provider of CO₂e calculations, EcoTransIT, who

performs the calculations automatically. Subsequently, the CO₂e calculations are automatically stored in the data warehouse, ready for BI and reporting. 91% of business activities are covered through this method. The remaining data is extrapolated based on existing and identified data to reach full coverage of emissions on our logistics business. 84% of total scope 3 category 4 emissions are based on this calculation.

For entities not part of SGL Group's ERP calculation system, CO₂e is calculated based on these entities revenue vis-à-vis the Group's. 16% of the total emissions in this category are based on this calculation.

The emission intensities for the products Air, Ocean, Rail and Road have been calculated line by line for each shipment, dividing the CO₂e and tonne-km into the intensity measurement point gCO₂e/tonne-km and subsequently summarised into a total emission intensity by product and as a grand total.

For the Courier product, the total emissions and the emission intensity, calculated as gCO₂e/tonne-km, is based on a revenue extrapolation due to the Courier product has been moved to a new system by 1st of January 2022 which has not yet been integrated to the CO₂e calculation platform. We expect to integrate the Courier system to the CO₂e calculation platform during 2023.

The Domestic product which was reported separately in 2021 has been integrated with the other transportation products in 2022.

Scope 3 restatement of Upstream transportation and distribution (C4):

For Scope 3 Upstream transportation and distribution (C4), we have restated the 2021 figures due to improved data quality and optimisations in data processes. We have further included data from acquired entities that were not part of the 2021 data retrospectively (as promised in the 2021 report) through revenue extrapolation.

ACCOUNTING PRINCIPLES

Business travel (C6):

SGL Group's finance department collects spend data on 'Travel, entertainments and gifts' from all SGL Group entities. All country reporters have reported the spend on air travel, train travel and car/taxi travel in the new digital ESG tool. The spend for each category has been converted to CO2e by applying a spend-based emission factor from Quantis (2009).

Scope 3 restatement of Business travel (C6):

For Scope 3 (C6) 2021, data from acquired entities that were not part of the 2021 data have been included retrospectively based on revenue extrapolation. The revenue extrapolation has been based on SGLT Holding revenue to align with our Science Based target figures.

REPORTING PRACTICES TABLE 2

Controls: Data regarding number of employees, women in leadership and gender are generated from an annual system supported assessment of operational ESG factors. Data regarding accidents are generated through our safety system.

TABLE 2 – SOCIAL DATA

The reporting in Table 2 – SOCIAL DATA is based on the following definitions.

A full-time employee: A 'full-time employee' is an employee whose working hours per week, month, or year are defined according to national legislation and practice regarding working time (such as national legislation which defines that 'full-time' means a minimum of nine months per year and a minimum of 30 hours per week).

A part-time employee: A 'part-time employee' is an employee whose working hours per week, month, or year are less than 'full-time' as defined above.

Diversity: Figures, targets and actions on gender diversity for employees, managers and the Board of Directors are valid for SGL Group (SGL International A/S and Scan Global Logistics A/S) and include full-time and part-time employees.

Board Diversity Target: The target to appoint a female director to the Board is due by year-end 2023.

Age distribution: Calculations include all employees (full-time and part-time employees).

Employee turnover ratio: Is calculated as the amount of male/female employees who have left the company within the reporting year divided by the total amount of male/female employees.

Employee category (Manager, Director): Breakdown of employees by level (such as senior management, middle management) and function (such as technical, administrative, production) are derived from our HR system. Managers are defined as employees with personnel responsibilities.

Fatality: Is a high-consequence work-related injury; a work-related injury that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within six months.

Lost Time Incident Frequency (LTIF): Is calculated as the number of lost-time injuries per million hours worked, based on generally accepted methodology in the European Union.

ACCOUNTING PRINCIPLES

REPORTING PRACTICES TABLE 3

Controls: Governance data are sourced from SGL Group's Legal, GDPR and HR departments.

TABLE 3 – GOVERNANCE DATA

The reporting in Table 3 – GOVERNANCE DATA is based on the following definitions.

Legal actions: Is the number of legal actions pending or completed during the reporting period regarding anti-competitive behavior and violations of anti-trust and monopoly legislation.

Amount of monetary losses: Is significant fines and non-monetary sanctions for non-compliance with laws and/or regulations.

A discrimination incident: Is defined as a legal action or complaint registered regarding an act and result of treating persons unequally by imposing unequal

burdens or denying benefits instead of treating each person fairly on the basis of individual merit.

A substantiated complaint concerning breaches of customer privacy and losses of customer data:

Is a written statement by regulatory or similar official body addressed to the organisation that identifies breaches of customer privacy, or a complaint lodged with the organisation that has been recognised as legitimate by the organisation.

Breach of customer privacy is non-compliance with existing legal regulations and (voluntary) standards regarding the protection of customer privacy.

Customer privacy includes matters such as the protection of data; the use of information or data for their original intended purpose only, unless specifically agreed otherwise; the obligation to observe confidentiality; and the protection of information or data from misuse or theft.

MANAGEMENT STATEMENT

The Board of Directors and the Executive Management of SGL International A/S, including affiliates (hereafter SGL Group), have considered and adopted the Sustainability Report of SGL Group for the period 1 January to 31 December 2022.

The Sustainability Report 2022 has been prepared in accordance with the principles set out in the reporting approach described on pages 74-78.

In our opinion, the accounting principles are appropriate, and the Sustainability Report provides a true and fair view of SGL Group's impact on society and environment for the period 1 January to 31 December 2022. Further, in our opinion, the information given in the Sustainability Report is consistent with the accounting policies applied.

Kastrup, 31 March 2023
SGL International A/S
CVR no. 37 52 10 43

Executive Management:

Allan Dyrgaard Melgaard
Group CEO

Claes Brønsgaard Pedersen
Group CFO

Board of Directors:

Henrik von Sydow
Chairman

Allan Dyrgaard Melgaard

Claes Brønsgaard Pedersen

Jørgen Agerbro Jessen

Thomas Thellufsen Nørgaard

INDEPENDENT AUDITOR'S ASSURANCE REPORT ON SELECTED ENERGY AND CLIMATE DATA

TO THE STAKEHOLDERS OF SGL INTERNATIONAL A/S

As agreed, we have performed an examination with a limited assurance, as defined by the International Standards on Assurance Engagements, on SGL International A/S Group's ('SGL Group') energy and climate data in table 1 – energy and climate data (the 'selected energy and climate data') on page 70-71 for the period from 1 January to 31 December 2022.

In preparing the selected energy and climate data, SGL Group applied the accounting principles described on pages 74-77. The selected energy and climate data needs to be read and understood together with the accounting principles, which Management is solely responsible for selecting and applying. The absence of established principles on which to derive, evaluate, and measure the selected energy and climate data allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining

information included in the Sustainability Report 2022, and accordingly, we do not express an opinion on this information.

MANAGEMENT'S RESPONSIBILITIES

SGL Group's Management is responsible for selecting the accounting principles, and for presenting the selected energy and climate data in accordance with the accounting principles, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records, and making estimates that are relevant to the preparation of the selected energy and climate data, such that it is free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITIES

Our responsibility is to express a conclusion based on our examinations on the presentation of the selected energy and climate data in accordance with the scope defined above.

We conducted our examinations in accordance with *ISAE 3000 Assurance*

Engagements Other than Audits or Reviews of Historical Financial Information and additional requirements under Danish audit regulation to obtain limited assurance for the purposes of our conclusion.

EY Godkendt Revisionspartnerselskab is subject to the International Standard on Quality Control (ISQC) 1 and thus uses a comprehensive quality control system, documented policies and procedures regarding compliance with ethical requirements, professional standards, applicable requirements in Danish law and other regulations.

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour as well as ethical requirements applicable in Denmark.

DESCRIPTION OF PROCEDURES PERFORMED

In obtaining limited assurance over the selected energy and climate data on pages 70-71, our objective was to perform such procedures as to obtain information and explanations which we consider necessary in order to provide us with sufficient appropriate evidence to express a conclusion with limited assurance.

The procedures performed in connection with our examination are less than those performed in connection with a reasonable assurance engagement. Consequently, the degree of assurance for our conclusion is substantially less than the assurance which would be obtained had we performed a reasonable assurance engagement. As part of our examinations, we performed the below procedures:

- Interviewed those in charge of the selected energy and climate data to develop an understanding of the process for the preparation of the Sustainability Report 2022 and

for carrying out internal control procedures.

- Performed analytical review of the data and trends to identify areas of the selected energy and climate data with a higher risk of misleading or unbalanced information or material misstatements and obtained an understanding of any explanations provided for significant variances.
- Based on inquiries we evaluated the appropriateness of accounting principles used, their consistent application and related disclosures of the selected energy and climate data. This includes the reasonableness of estimates made by management.
- Designed and performed further procedures responsive to those risks and obtained evidence that is sufficient and appropriate to provide a basis for our conclusion.
- In connection with our procedures, we read the other sustainability

information in the Sustainability Report 2022 of SGL Group's and, in doing so, considered whether the other sustainability information is materially inconsistent with the selected energy and climate data or our knowledge obtained in the review or otherwise appear to be materially misstated.

In our opinion, the examinations performed provide a sufficient basis for our conclusion.

CONCLUSION

Based on our examinations and the evidence obtained, nothing has come to our attention that causes us to believe that SGL Group's energy and climate data in table 1 – energy and climate data (the 'selected energy and climate data') on page 70-71 for the period from 1 January to 31 December 2022 has not been prepared, in all material respects, in accordance with accounting principles described on pages 74-77.

Copenhagen, 31 March 2023

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Søren Skov Larsen
State Authorised Public Accountant
mne26797

Lars Fermann
State Authorised Public Accountant
mne45879

HEADQUARTERS

Scan Global Logistics A/S
Kirstinehoej 7
DK-2770 Kastrup
Denmark

Tel +45 32 48 00 00
Fax +45 32 48 01 01
headoffice@scangl.com

CVR 14049673



UNCOMPLICATE YOUR WORLD »»