

Decarbonising supply chains at speed and scale



2021

UNCOMPLICATE YOUR WORLD »

SCAN GLOBAL
LOGISTICS

HOW TO READ THIS REPORT

ABOUT THIS REPORT

The Sustainability Report supplements the 2021 Annual Report and constitutes the company's Communication on Progress (CoP) as required by the UN Global Compact.

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: <https://www.scangl.com/investor/sustainability-report/>

SGLT HOLDING

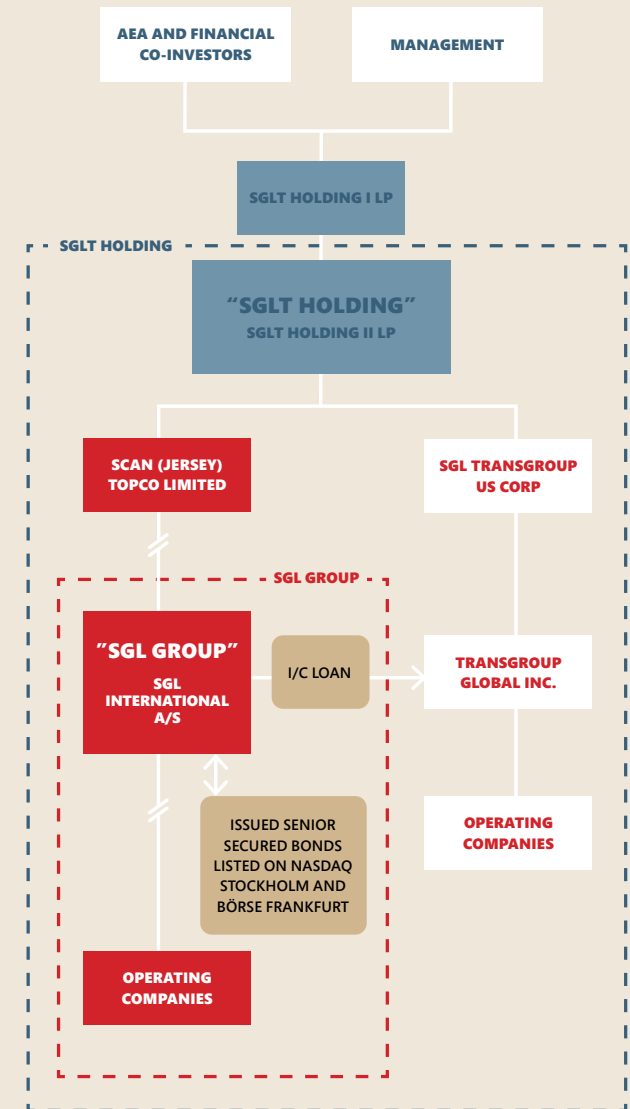
The figures contained in this section are comprised of the combined sustainability highlights and operations overview of SGL International A/S and TransGroup Global Inc., including their respective subsidiaries, constituting the combined group SGLT Holding II LP ("SGLT Holding").

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 bond through SGL International A/S.

SGL GROUP

SGL International A/S (SGL Group), formerly SGL TransGroup International A/S, is owned by SGLT Holding II LP, and the ultimate owner is SGLT Holding I LP. SGL Group includes SGL International A/S and all its subsidiaries. SGL International A/S (together with TransGroup Global Inc. and their respective subsidiaries) has issued senior secured floating- and fixed-rate bonds with SGL International A/S as the issuer in an aggregate amount of EUR 515 million at 31 December 2021, within a total framework of EUR 705 million.

SIMPLIFIED STRUCTURE



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SUSTAINABILITY HIGHLIGHTS FOR SGLT HOLDING

SCIENCE-BASED TARGET 1.5°C TARGET SUBMITTED

Submitted a science-based target for Scopes 1, 2 and 3 aligned to 1.5°C, which is expected to be validated by the SBTi in 2022.

CUSTOMERS DECARBONISING LOGISTICS

Launched SGL's Low Carbon Logistics services to uncomplicate our customers' decarbonisation journey.

VACCINE DISTRIBUTION COVAX

Distributed over 500 million vaccine doses to lower-income countries under the WHO-backed COVAX programme.



CLIMATE RISKS & OPPORTUNITIES TCFD IMPLEMENTATION

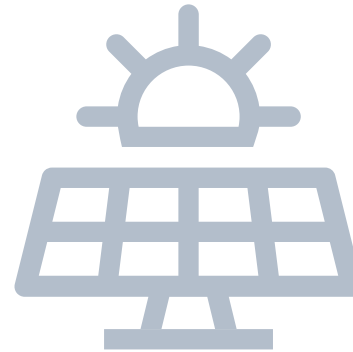
Implemented the recommendations of the Task Force on Climate-Related Financial Disclosures.

DECARBONISATION SUSTAINABLE AVIATION FUEL

Signed agreements with Neste for Sustainable Aviation Fuel (SAF) to reduce emissions for our customers and from our own business travel.

PARTNERSHIPS SUPPLY CHAIN LEADERSHIP

Joined the Exponential Roadmap Initiative and the subgroup 1.5°C Supply Chain Leaders to drive climate action throughout global supply chains.



POWER PURCHASE AGREEMENT (PPA) RENEWABLE ENERGY

Signed a PPA with Energi Danmark and 12 other companies to support the development of a new 70,000 MWh solar park to be completed in Jutland in 2023, supplying our Danish locations with renewable energy.

DIVERSITY FEMALE EMPLOYEES

Improved the ratio of female employees to 47%, supporting strong gender diversity in a traditionally male industry.

TRAINING DEVELOPING OUR PEOPLE



Trained 1,867 employees who successfully completed 17,430 courses in the SGL Group academy.

MEANINGFULNESS ANNUAL EMPLOYEE SURVEY

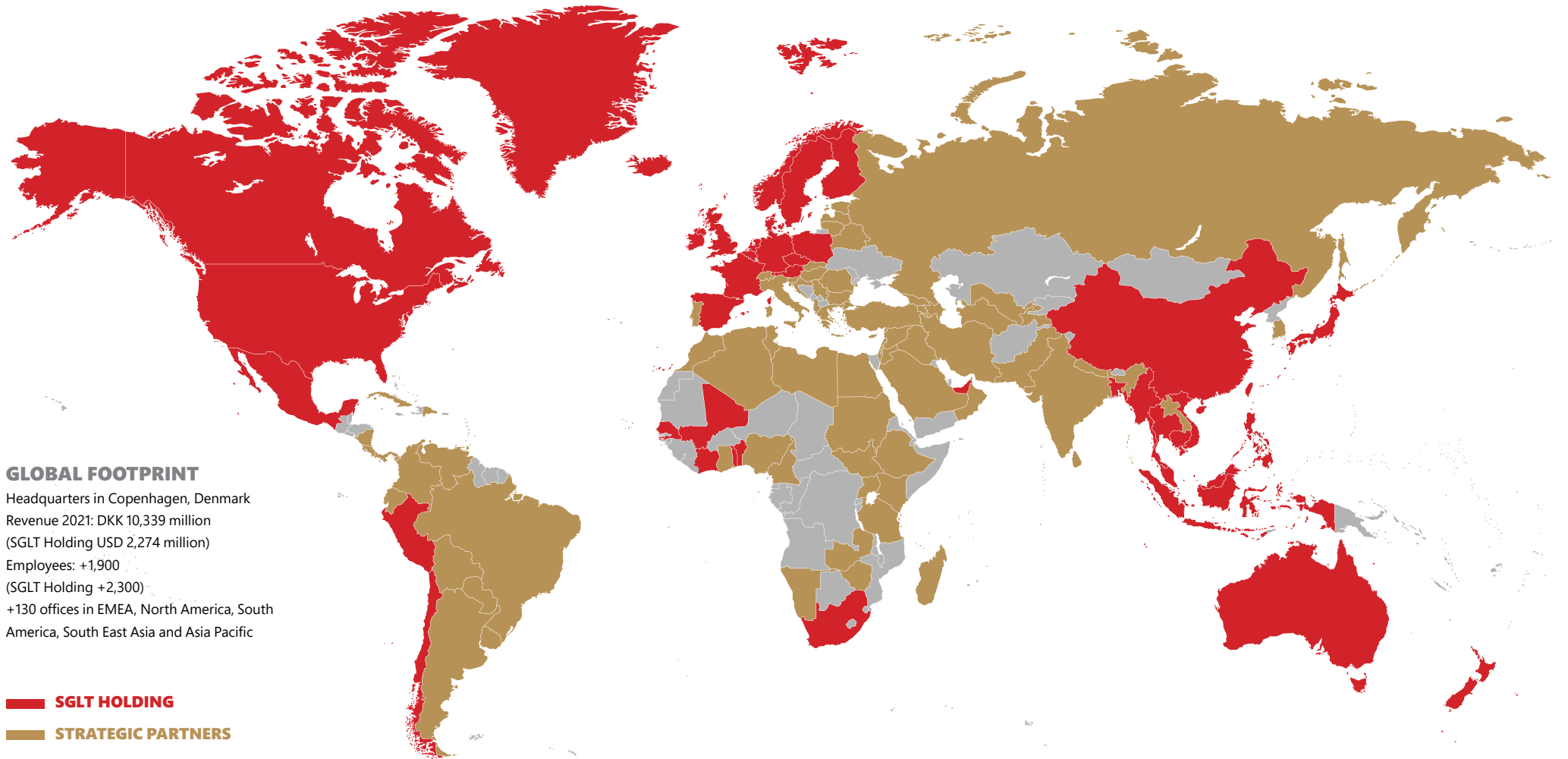
Maintained a score of 77% in our annual employee Meaningfulness Questionnaire (MQ) during a period of high market volatility in which our workforce grew significantly through strong overall growth and acquisitions.

LOW CARBON TRUCKING BIODIESEL IN SWEDEN

First freight forwarder in Sweden to provide HVO100, a fossil-free renewable diesel, for all ocean container trucking at no additional cost for customers.

OPERATIONS OVERVIEW

SGLT HOLDING	Americas	EMEA	South East Asia	Asia Pacific	TOTAL
Countries	5	24	11	3	43
Offices	43	58	28	9	138



GLOBAL FOOTPRINT

Headquarters in Copenhagen, Denmark
 Revenue 2021: DKK 10,339 million
 (SGLT Holding USD 2,274 million)
 Employees: +1,900
 (SGLT Holding +2,300)
 +130 offices in EMEA, North America, South America, South East Asia and Asia Pacific

- SGLT HOLDING
- STRATEGIC PARTNERS

LETTER TO OUR STAKEHOLDERS

DEAR STAKEHOLDERS,

Key events in 2021 reinforced the need for urgent action by governments and businesses to limit global warming and address important social issues. For our part, SGL Group accelerated its momentum across the full scope of our Environment, Social and Governance (ESG) activities during the year.

DISTRIBUTING COVID-19 VACCINES

We are proud to be part of the largest vaccine supply operation in history. In 2021, SGL Group distributed more than 500 million doses globally for COVAX from locations in Europe, the US and Asia. Meanwhile, our Aid, Development and Project (ADP) team continued to support our partners with humanitarian projects around the world, including in Sudan and Afghanistan.

As this report goes to press, our ADP team is working to assist UN agencies and other partners in humanitarian relief efforts related to the war in Ukraine.

ACCELERATING OUR CLIMATE ACTION

We accelerated our decarbonisation strategy, which included submitting a ten-year, near-term emissions reduction target to the Science Based Targets initiative, which we expect to be validated by the end of 2022. In submitting our target, SGL Group was the first freight forwarder in Denmark to commit to the ambitious 1.5°C target and one of only 42 companies within the global transport and logistics sector to have committed to a science-based target.

Ambitious climate action is only possible through collaboration and partnerships – both of which are key elements of the Low Carbon Logistics services that we launched in 2021 to help customers decarbonise the transport emissions in their supply chains and reduce our Scope 3 emissions. SGL Group partnered with Neste, the world's largest producer of Sustainable Aviation Fuel

(SAF), to provide an independent solution to supply our customers worldwide with SAF. We also joined the 1.5°C Supply Chain Leaders group to reduce emissions in supply chains globally.

We took responsibility for our own environmental footprint to reduce our Scope 1, 2 and own Scope 3 emissions through activities that included signing a Power Purchase Agreement (PPA) and using SAF to decarbonise our business travel.

IMPLEMENTING THE TCFD RECOMMENDATIONS

During the year, we also undertook a robust climate scenario analysis exercise when we implemented the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). This analysis determined that as an asset-light freight forwarder, SGL Group has no financially material exposure to the climate-related risks that are present across the transport sector,

and we have revenue opportunities from providing our Low Carbon Logistics services to customers.

FOCUSSING ON CULTURE AND DIVERSITY

We continued to build our unique corporate culture and capabilities which underpin our ambitious growth strategy. In 2021, our global employee Meaningfulness Questionnaire (MQ) remained steady at 77, a satisfactory result given the high pace of change, strong overall growth and the acquisition of three companies during the year.

The diversity of our workforce and their close relationship to customers, suppliers and other organisations around the world are fundamental to our success. During the year, we introduced a new Diversity and Inclusion Policy and slightly improved our diversity from a gender perspective with a ratio of 53/47 male to female employees across our global organisation.

We maintained our safety performance and continued to invest in policies and compliance activities to ensure we conduct our business with integrity and to help our people and suppliers to make the right decisions.

EMISSIONS REDUCTION PERFORMANCE

As a result of global supply chain disruptions in 2021, many of our customers turned to air freight to secure fast and reliable delivery for their goods. However, as air freight has a higher emissions intensity than ocean freight, we saw a 2.6% increase in SGL Group's Scope 3 emissions intensity.

The increase in emissions intensity must be addressed. With global supply chain disruptions continuing into 2022, we are reinforcing to our customers the importance of our Low Carbon Logistics services as a lever to reduce their transport emissions – and thereby reduce

SGL Group's own Scope 3 emissions intensity.

DECARBONISING SUPPLY CHAINS AT SPEED AND SCALE

Sustainability remains a strategic growth enabler for SGL Group and our sustainability strategy is fully integrated into our company strategy. While we have made significant progress across all of our ESG focus areas in 2021, time is running out to avoid the most catastrophic outcomes of climate change.

At SGL Group, we believe that supply chains represent a significant opportunity to accelerate climate action globally. We are working with customers, partners and other stakeholders to develop solutions to decarbonise them at speed and scale.



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-

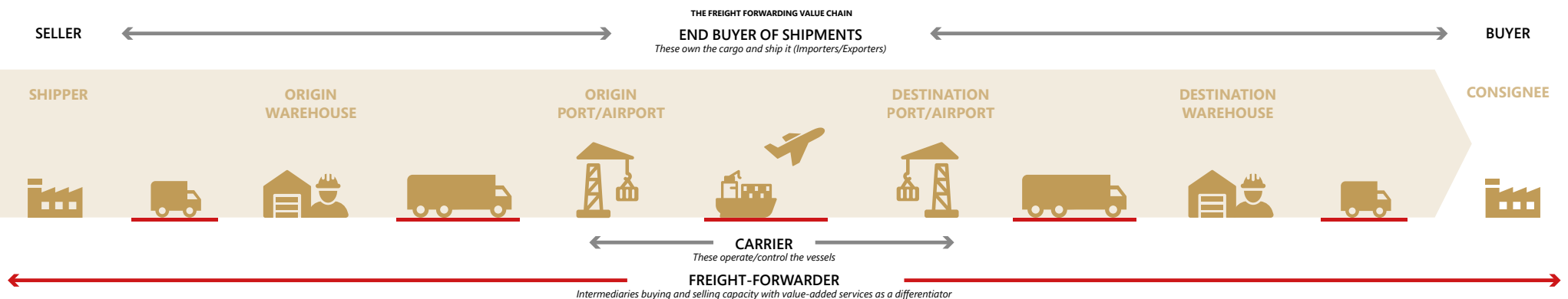
fices present on all continents. SGL Group holds world-leading positions in key verticals such as Aid & Relief, Automotive Logistics, Government & Defense, Fashion & Retail, and food ingredients and additives.

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 glob-

al mega forwarders as well as local hero forwarders. Catering to all customer segments, 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 across all continents with over 1,900 employees (SGLT Holding +2300) in more than 130 offices in EMEA, the Americas, China, South-East Asia and the Pacific. SGL Group serves more than 20,000 customers, of which the average tenure among the 20 largest is approximately eight years.



AMBITIOUS TEN-YEAR TARGET ALIGNS SGLT HOLDING TO PARIS AGREEMENT

In 2021, SGLT Holding submitted a ten-year emissions reduction target for validation by the Science Based Targets initiative (SBTi). The target meets the criteria for the SBTi's new 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.

Science-based targets provide companies with a clearly defined path to reduce their emissions. Targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement.

The ten-year target builds on the commitment that we made in 2020 to submit a science-based target in 2021 and be net-zero across Scopes 1, 2 and 3 by 2050. We anticipate that the target will be validated by the SBTi before year-end 2022.

OUR NEW EMISSIONS REDUCTION 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.

We commit to reducing absolute Scope 1 and 2 GHG emissions by 42% by 2030 from a 2020 base year.

We commit to reducing Scope 3 GHG emissions by 51.6% per gram CO₂e / tonne-kilometre by 2030 from a 2020 base year.

UPDATED COMMITMENTS

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 the emissions intensity by 51.6% by 2030 requires us to make a 7% annual intensity reduction while growing our business.

The ten-year target also applies to SGL Group. The levers we will use to reduce our Scope 1, 2, and 3 emissions in line with the target are discussed in the section *Environment: Climate Change & Footprint*.

SGLT HOLDING'S CARBON FOOTPRINT

SGLT Holding's emissions amounted to approximately 1.76 million tonnes of CO₂e in 2021. 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 SGL Group'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 SGL Holding purchases capacity for its customers.

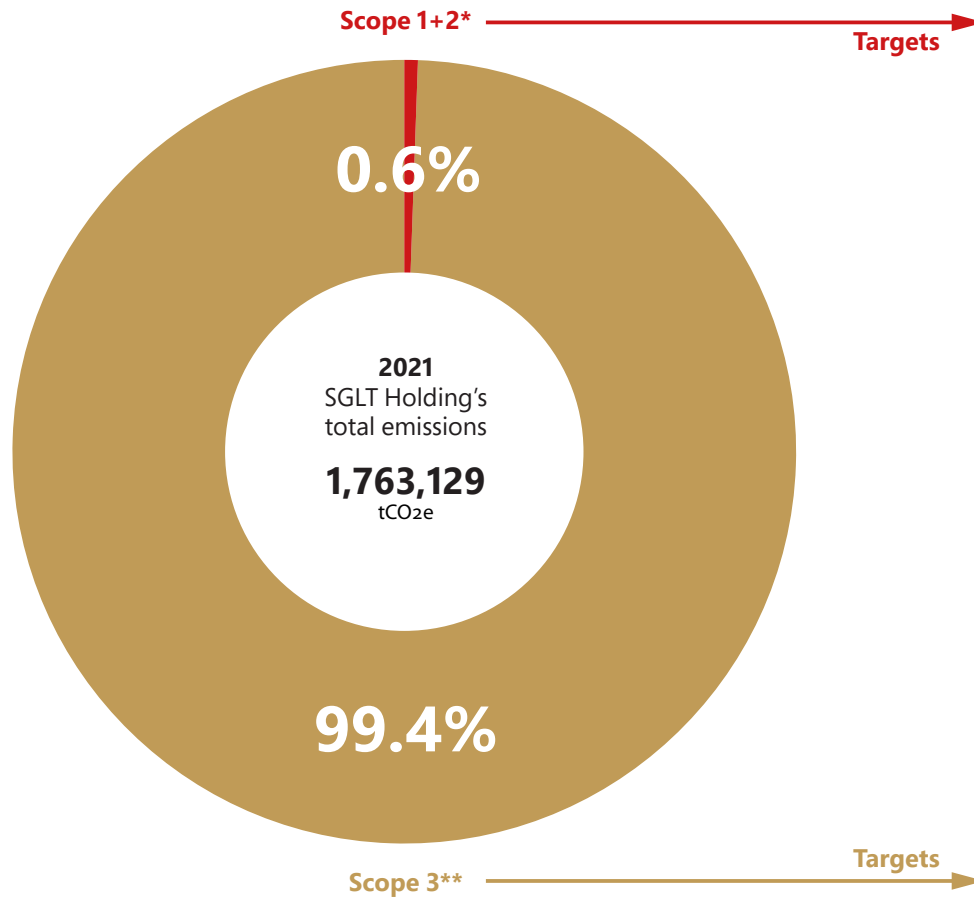
99% (1.75 million tonnes of CO₂e) of the emissions in SGLT Holding's carbon footprint are Scope 3 emissions that are generated upstream in the value chain by ocean carriers, airlines, and trucking companies.

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% (10,526 tonnes of CO₂e) of SGLT Holding's carbon footprint, with around three-quarters 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.

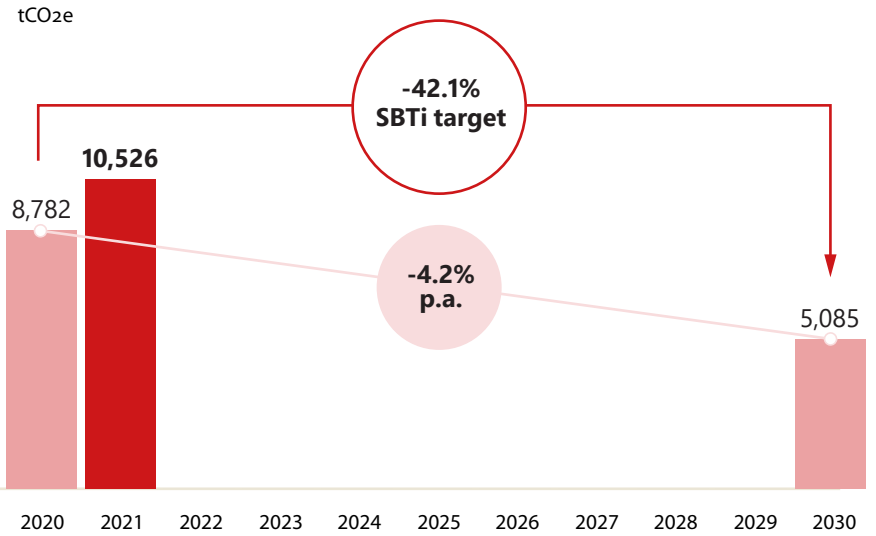
SCIENCE-BASED EMISSIONS REDUCTION TARGET

SGLT HOLDING CO₂e EMISSIONS ACROSS SCOPE 1, 2 AND 3

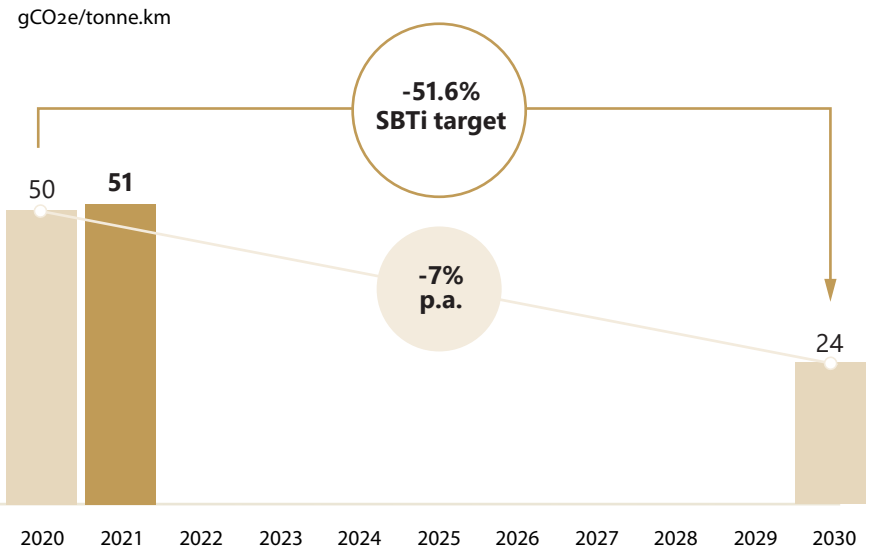


*Scope 2 market-based approach
 **Scope 3 category 4: Upstream transportation and distribution

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.

SGL Group's approach to climate change and environmental issues is anchored in science and during the year, we submitted a ten-year target to the Science Based Targets initiative for validation which is aligned with limiting global warming to 1.5°C



13. CLIMATE ACTION
Key ambition to reduce CO_{2e} emissions for SGL and especially help our customers reduce their emissions.

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

2021 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 2020 base year
- We commit to reducing Scope 3 GHG emissions by 51.6% per gram CO_{2e} / tonne-kilometre by 2030 from a 2020 base year
- We commit to achieving net-zero emissions by 2050 across Scope 1, 2 and 3
- Through the Exponential Roadmap Initiative, we commit to reduce GHG emissions across all Scopes 1, 2 and 3 by 50% every 10 years and reach net-zero emissions by 2050

2021 PROGRESS

Decarbonise our logistics solutions through partnerships

- ✓ Launched SGL's Low Carbon Logistics services to reduce customers' transport emissions
- ✓ Joined the Exponential Roadmap Initiative and the subgroup 1.5°C Supply Chain Leaders
- ✓ Signed agreement with Neste for Sustainable Aviation Fuel (SAF) to enable our customers to reduce air freight emissions
- ✓ Joined the Zero Carbon Fellowship for e-trucks with Scania, Palsgaard and Implement Consulting Group
- ✓ First in Sweden to provide HVO100, a fossil-free renewable diesel, for all ocean container trucking at no additional cost for customers

Take responsibility for our footprint

- ✓ Submitted a ten-year emissions reduction target aligned to 1.5°C for validation by the Science Based Targets initiative
- ✓ Implemented the recommendations of the TCFD
- ✓ Signed a PPA with Energi Danmark and 12 other companies to support the development of a new 70,000 MWh solar park to be completed in Jutland in 2023, supplying our Danish locations with renewable energy
- ✓ Signed an agreement with Neste for Sustainable Aviation Fuel (SAF) to reduce emissions from our own business travel
- ✓ Continued the global roll out of ISO 14001 environmental management system certification
- ✓ Introduced a new company car policy in Denmark to encourage employees to choose battery or plug-in hybrid vehicles

2021 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 vaccine solutions

KEY TARGETS

- Be a leading provider within humanitarian logistics services

2021 PROGRESS

Increase our Aid & Relief support

- ✓ Ongoing ADP support to UN agencies and NGOs for humanitarian projects, including in Sudan and Afghanistan

Enhance our capabilities and vaccine solutions

- ✓ Over 500 million vaccine doses delivered for COVAX
- ✓ New ultra-cold storage facilities established in Amsterdam and Brussels
- ✓ Implemented training to achieve global compliance with Good Distribution Practices (GDP)
- ✓ Implemented Validade, a digital lane management system for healthcare and pharmaceutical shipments
- ✓ Developed different intermodal solutions

2021 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

- Employee meaningfulness score of 80 by 2025
- Appoint one female board member by 2022
- Zero cases of severe injuries or fatalities

2021 PROGRESS

Become the most meaningful company within the logistics industry

- ✓ Maintained our global employee Meaningfulness Questionnaire (MQ) score of 77%
- ✓ Trained 1867 employees
- ✓ Completed 17,430 training courses
- ✓ Rolled out a new human resources system globally
- ✓ Slight improvement in the ratio of female employees to 47%
- ✓ Slight decline in the ratio of female managers from 38% to 37%
- ✓ Introduced new Diversity and Inclusion, Remuneration, and Recruitment policies

Improve well-being and minimise safety hazards and injuries

- ✓ Improved LTI frequency to 2.4
- ✓ 0 severe injuries or fatalities
- ✓ Continued to roll out ISO 45001 certification where the Industrial Projects division operates
- ✓ Continued to implement measures focused on mitigating the risk of COVID-19

2021 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
- Conduct our business with integrity and comply with all laws across our value chain

KEY TARGETS

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

2021 PROGRESS

- Code of conduct, data protection and anti-corruption**
- ✓ 86% of employees trained in Anti-Corruption Policy and Code of Conduct Policy
 - ✓ 83% of employees trained on GDPR
 - ✓ New whistle-blower system implemented
 - ✓ Re-started supplier audits and expanded our internal audit team
 - ✓ New SGL Information Security Policy and Responsible Tax policies introduced

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 services, 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 net-zero emissions across all scopes by 2050

SOCIETY



SUPPORTING AID AND RELIEF

- Increase our Aid & Relief support and enhance our capabilities and vaccine solutions
- 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
- Minimise safety hazards and injuries

RESPONSIBLE BUSINESS

INTEGRITY ACROSS OUR VALUE CHAIN

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

INTRODUCTION

ACCELERATING THE SUSTAINABILITY AGENDA

Key events in 2021 reinforced the need for urgent action by governments and businesses to limit global warming and tackle important social issues. The release of the Intergovernmental Panel on Climate Change's (IPCC) report on the physical science of climate change and the COP26 meeting in Glasgow focussed attention on the goal of limiting global warming to 1.5°C and halving emissions by 2030. The EU continued to lead the way with implementation of its European Green Deal and sustainable finance strategy.

At the same time, the global COVID-19 pandemic underscored the importance of social issues and the need to address inequities within our workplaces, societies and between nations.

For SGL Group, sustainability is a strategic growth enabler and in 2021 we

accelerated our ESG agenda across all four of our sustainability priorities.

ACTION ON CLIMATE CHANGE

As emphasised at COP26, ambitious climate action is only possible through collaboration. Our approach to climate change leverages our Low Carbon Logistics services as well as industry partnerships to reduce emissions across our customers' supply chains at speed and scale. This priority is anchored in our ten-year science-based emissions reduction target that has been submitted for validation.

As an asset-light freight forwarder, we have no financially material exposure to the climate-related risks that are present across the transport sector and have revenue opportunities from providing our Low Carbon Logistics services to customers. This was determined through

a robust climate scenario analysis exercise that we undertook last year when we implemented the 11 recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). These findings were incorporated into our company strategy and are discussed in detail in the *Climate Change & Footprint* section of this report and in SGL Group's standalone TCFD report.

FOCUS ON SOCIAL ISSUES

The pandemic continued to drive significant demand for SGL Group's expertise in temperature-controlled cargo and cold chain storage to deliver vaccines across the world. Separately, the humanitarian consequences of climate change remain a growing concern for the UN agencies and NGOs that we partner with to deliver aid and relief.

Across all three climate scenarios tested in our TCFD implementation, the need for aid and relief operations is expected to grow to address the increase in weather-related disasters and the displacement of people by climate change that is projected to occur over the course of this century.

As an asset-light company, our people are SGL Group's greatest source of energy and value. We are building a unique corporate culture and capability within the transport and logistics sector to attract the best people and underpin our ambitious growth strategy.

Finally, we continued to invest in policies and compliance activities to ensure we conduct our business with integrity and to help our people and suppliers to make the right decisions.

SUSTAINABILITY GOVERNANCE

SUSTAINABILITY GOVERNANCE

Our sustainability work is led by the Global Head of 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.

Board of Directors

Provides the vision for sustainability.
Approves the annual sustainability report.

Chair

Henrik von Sydow, Chairman of the Board

Audit Committee

Chair

Matthew Bates, Chairman

The Audit Committee which oversees the Enterprise Risk Management (ERM) process and the handling of overall ESG risks strategies reports to the Board of Directors.

Executive Management

Responsible for ESG performance.
Approves ESG objectives and approach.

Group CEO

Allan Dyrgaard Melgaard,
SGL International A/S

Group CFO

Claes Brønsgaard Pedersen,
SGL International A/S

Sustainability Board

Chair

Claes Brønsgaard Pedersen, CFO

The Sustainability Board supervises the ESG performance and ensures that the ESG activities and responsibilities are in line with the decisions from the Executive Management team.

Business organisation and corporate functions

Ensure progress in sustainability development programmes and to live by the group policies.
Conduct yearly GHG emission analysis.

STAKEHOLDERS AND MATERIALITY

STAKEHOLDERS AND MATERIALITY

In 2020, SGL Group undertook an extensive materiality assessment which determined the material issues that our sustainability strategy responded to and that our 2020 sustainability report reported on. The topics identified in the materiality assessment continue to be valid for SGL Group today and form the basis for the 2021 sustainability report.

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.

MATERIALITY ASSESSMENT

The current materiality assessment undertaken in 2020 was carried out in line with the GRI reporting recommendations which considered the perspectives of SGL Group's six prioritised stakeholder groups.

We used the concept of double materiality as described in the European Commission's non-binding guidelines for the Non-Financial Reporting Directive. Double materiality comprises of impact materiality, which includes sustainability matters that are material in terms of the impacts of SGL Group's own operations

and value chain; and financial materiality, which includes sustainability matters that are financially material for SGL Group based on evidence that such matters are reasonably likely to affect its value beyond what is already recognised in financial reporting.

The assessment prioritised ESG topics according to three criteria:

1. SGL Group's direct and indirect impact on the economy, environment and society (both positive and negative);

2. The relative importance of the topic to our key stakeholder groups in terms of its influence on their assessments and decisions with regards to SGL Group;
3. SGL Group's enterprise risks and strategic opportunities.









After assessing SGL Group's material topics, we subsequently reviewed their alignment with the Sustainable Development Goals that SGL Group focusses on (SDG 13 and SDG 17).

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

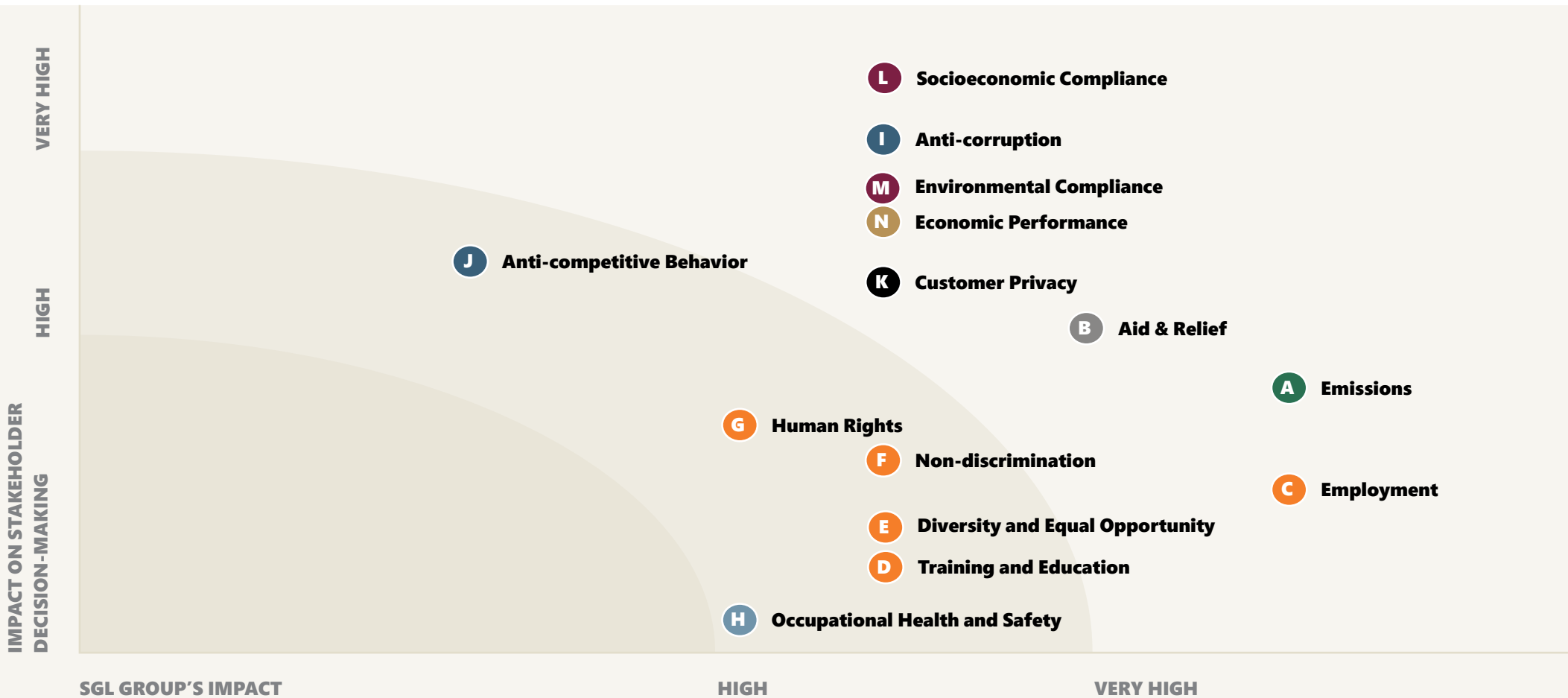
- UN Global Compact
- International Air Transport Association (IATA)
- Nordic Association of Freight Forwarders, through the Danish branch of the Association (DASP)
- International Federation of Freight Forwarders Associations (FIATA)
- EcoTransIT World Initiative (EWI) – an organisation which develops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

OUR EIGHT MATERIAL ESG TOPICS

The materiality assessment identified eight material ESG topics that include 14 sub-topics (A-N) 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.

<p>1  CLIMATE CHANGE</p> <ul style="list-style-type: none"> A Emissions (GRI 305) 	<p>5  ANTI-TRUST</p> <ul style="list-style-type: none"> I Anti-corruption (GRI 205) J Anti-competitive Behavior (GRI 206)
<p>2  AID & RELIEF</p> <ul style="list-style-type: none"> B Aid & Relief (N/A) 	<p>6  CUSTOMER PRIVACY</p> <ul style="list-style-type: none"> K Customer Privacy (GRI 418)
<p>3  EMPLOYEE ENGAGEMENT, DEVELOPMENT AND DIVERSITY</p> <ul style="list-style-type: none"> C Employment (GRI 401) D Training and Education (404) E Diversity and Equal Opportunity (GRI 405) F Non-discrimination (GRI 406) G Human Rights (GRI 412) 	<p>7  COMPLIANCE</p> <ul style="list-style-type: none"> L Socioeconomic Compliance (GRI 419) M Environmental Compliance (GRI 307)
<p>4  HEALTH AND SAFETY</p> <ul style="list-style-type: none"> H Occupational Health and Safety (GRI 403) 	<p>8  ECONOMIC PERFORMANCE*</p> <ul style="list-style-type: none"> N Economic Performance (GRI 201) <p><i>*Economic performance is not addressed in this report, but in the annual report.</i></p>

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 must be decarbonised to limit climate change to the temperature thresholds established within the Paris Agreement. As a hard-to-abate sector, partnerships and collaboration are necessary to achieve the systems-level degree of change required.

The sector faces a number of climate-related risks, including increased costs

from carbon taxes and emissions trading schemes. However, as an asset-light freight forwarder, SGL Group has no material risks and has revenue opportunities from providing our Low Carbon Logistics services to customers. These 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. SGL Group has launched a suite of Low Carbon Logistics services and is partnering with customers, suppliers

and other industry stakeholders to help decarbonise supply chains at speed and scale.

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 NGO's that we partner with. Under all climate scenarios, the need for aid and relief operations is expected to grow to address these impacts.

COVID-19 has significantly increased the need for temperature-controlled cargo and cold chain storage that we operate to deliver vaccines globally.

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 NGO's; and our strong capabilities in delivering temperature-controlled cargo and cold chain storage.

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

EMPLOYEE ENGAGEMENT, DEVELOPMENT AND DIVERSITY

As an asset-light company, our people are SGL Group's greatest source of energy and value. Diversity, employee engagement and development were found to be key ESG topics for stakeholder groups.

HEALTH AND SAFETY

With few assets to operate, SGL Group is less exposed to safety issues. However, it remains a material issue for stakeholders and COVID-19 has demonstrated the importance of health and safety within the workplace.

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 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

ANTI-TRUST

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.

COMPLIANCE

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 2022

Following a year of action and execution in our sustainability approach in 2021, SGL Group will continue its momentum in 2022.

We plan to disclose our ESG approach and data via the CDP platform for the first time and will undertake a refresh of our materiality assessment which was first conducted in 2020.

We expect to have our ten-year emissions reduction target validated by year-end 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.

During the year, we will continue to develop our Low Carbon Logistics services and to work closely with our customers and with industry partnerships such as the 1.5°C Supply Chain Leaders group.

Internally, we will further anchor sustainability within the organisation by adding training on ESG concepts and best practices on reducing emissions.



ENVIRONMENT: CLIMATE CHANGE & FOOTPRINT



PRIORITY OVERVIEW

CLIMATE CHANGE

AMBITION AND APPROACH

2021 PROGRESS

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

- ✓ Launched SGL's Low Carbon Logistics services to reduce customers' transport emissions
- ✓ Joined the Exponential Roadmap Initiative and the subgroup 1.5°C Supply Chain Leaders
- ✓ Signed agreements with Neste for Sustainable Aviation Fuel (SAF) to enable our customers to reduce air freight emissions

Take responsibility for our footprint

- Mitigate our risks by taking responsibility for our footprint

- ✓ Submitted a ten-year emissions reduction target aligned to 1.5°C for validation by the Science Based Targets initiative
- ✓ Implemented the recommendations of the TCFD
- ✓ Signed a PPA with Energi Danmark and 12 other companies to support the development of a new 70,000 MWh solar park to be completed in Jutland in 2023, supplying our Danish locations with renewable energy

KEY TARGETS

We commit to reducing absolute Scope 1 and 2 GHG emissions by 42% by 2030 from a 2020 base year

We commit to reducing Scope 3 GHG emissions by 51.6% per gram CO₂e / tonne-kilometre by 2030 from a 2020 base year

2021 PROGRESS

- ✓ Joined the Zero Carbon Fellowship for e-trucks with Scania, Palsgaard and Implement Consulting Group
- ✓ First in Sweden to provide HVO100, a fossil-free renewable diesel, for all ocean container trucking at no additional cost for customers
- ✓ Signed agreements with Neste for Sustainable Aviation Fuel (SAF) to reduce emissions from our own business travel
- ✓ Continued the global roll out of ISO 14001 environmental management system certification
- ✓ Introduced a new company car policy in Denmark to encourage employees to choose battery or plug-in hybrid vehicles

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% every 10 years and reaching net-zero emissions by 2050

AMBITION AND APPROACH

INTRODUCTION

In 2021, SGL Group accelerated its climate action activities, which included submitting a science-based target for validation, launching a suite of Low Carbon Logistics services to help customers decarbonise their supply chains, joining the 1.5°C Supply Chain Leaders group, implementing the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and signing a Power Purchase Agreement for its Danish operations.

OUR APPROACH

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

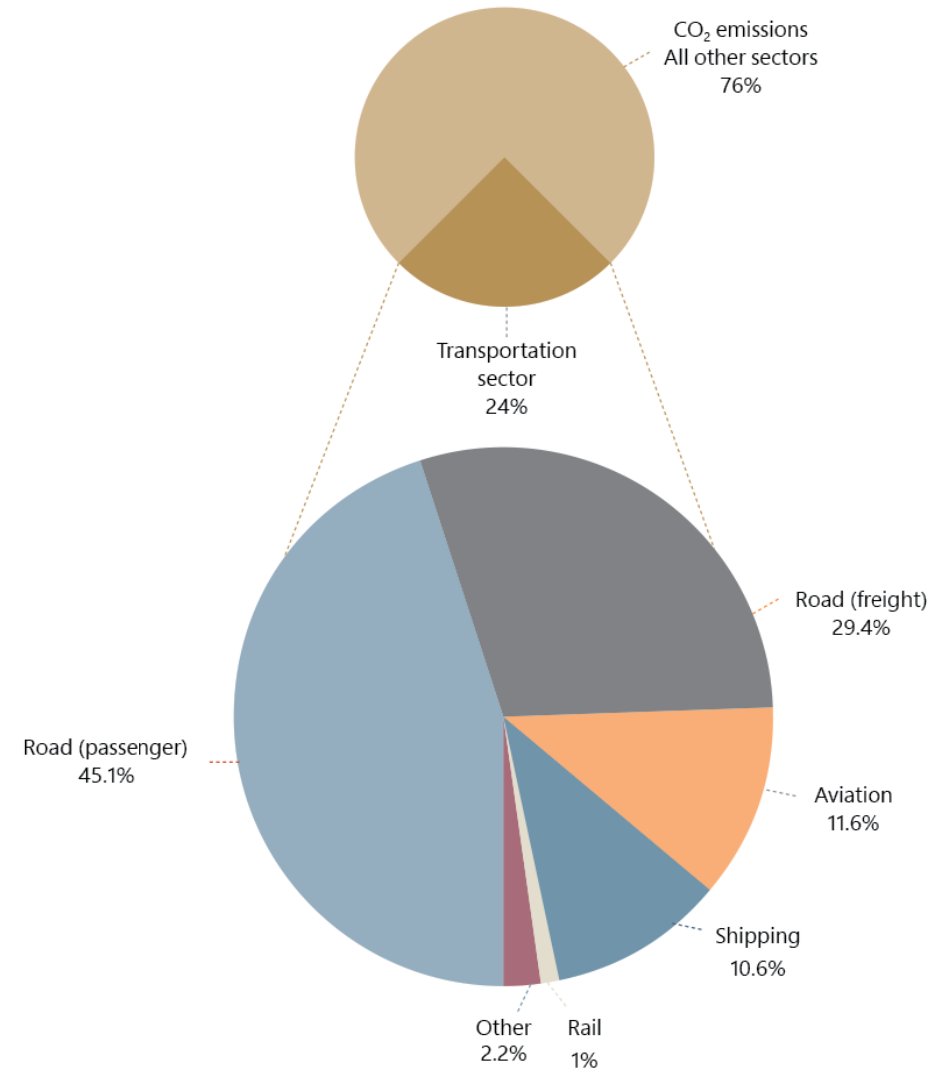
As the vast majority of SGL Group's emissions are Scope 3, our decarbonisation strategy is focussed on building partnerships with suppliers and other stakeholders in our value chain to provide Low Carbon Logistics services.

We are also partnering with industry groups, such as the 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. Through these efforts, we will help to reduce the Scope 3 emissions of our customers and partners.

At the same time, we are taking responsibility for own environmental footprint to reduce our Scope 1 and 2 emissions.

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

GLOBAL CO₂e TRANSPORT EMISSIONS



Source: Our World In Data (2020)

OUR AMBITION

Our climate targets are anchored in science. In 2021, we submitted a ten-year emissions reduction target for validation by the Science Based Targets initiative (SBTi) in line with a global temperature increase of 1.5°C before 2050 (see the section *Science-Based Emissions Reduction Target* for further details).

We were the first freight forwarder in Denmark to commit to the 1.5°C target in 2020 and remain one of only 42 companies within the global transport and logistics sector globally to have committed to a science-based target.

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

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



OUR CLIMATE-RELATED RISKS AND OPPORTUNITIES

IMPLEMENTING THE TCFD RECOMMENDATIONS

At SGL Group, we recognise the importance of addressing climate-related risks and opportunities to ensure our business is resilient and sustainable for the future. In 2021, SGL Group implemented the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

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. The scenarios were supplemented by insights from the European Central Bank's 2021 stress tests, trade and transport industry research and the Shared Socioeconomic Pathways (SSPs).

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.

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.

While there is a risk that SGL Group may not be able to match the speed at which customers shift their purchasing towards lower emission transport solutions, we are mitigating this, and the risk of customers

switching from air freight to ocean freight, largely through our Low Carbon Logistics services that we launched in 2021.

The climate-related risks identified in the scenario analysis are summarised in the following table and discussed in more detail in this report and in our standalone 2021 TCFD disclosure available on SGL Group's website: <https://www.scangl.com/investor/sustainability-report/>

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 on SGL 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 services 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 stigmatization 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 services (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 air freight 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 services 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>

FINANCIALLY MATERIAL CLIMATE OPPORTUNITIES

The TCFD process confirmed that SGL Group has three 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.

These opportunities are summarised in the table opposite and discussed in greater detail throughout this report and in the standalone TCFD report.

LOW CARBON LOGISTICS SERVICES AND PARTNERSHIPS

THE OPPORTUNITY IN SUPPLY CHAINS

Supply chains represent a significant opportunity to accelerate climate action at speed and scale. This is because, for many companies and industries, supply chain (Scope 3) emissions are much higher than emissions from their own operations (Scope 1 and 2 emissions). Therefore, by engaging suppliers to decarbonise its supply chain from end-to-end, a company can achieve significant reductions in emissions.

There is growing momentum to capture this opportunity. More companies are setting targets and disclosing and addressing emissions across their supply chain. Around 350 of the top 2000 listed companies globally by revenue have net-zero commitments that include their supply chain (Scope 3) emissions. And more than 2,600 companies have now committed to a science-based target, which by default includes supply chain emissions.

SGL Group's ten-year emissions reduction target commits us to reduce Scope 3 GHG emissions by 51.6% per gram CO₂e / tonne-kilometre by 2030 from a 2020 base year.

To achieve this target, SGL Group's decarbonisation strategy is focussed on decarbonising the transport emissions in our customers' supply chains – we are leveraging our role at the centre of the supply chain to form partnerships with like-minded companies to achieve this.

LOW CARBON LOGISTICS SERVICES

In 2021, SGL Group launched a suite of Low Carbon Logistics services. Without assets or a large fleet to prioritise, we have the flexibility to select between any solution and supplier to provide tangible low carbon services that reduce emissions across the entire supply chain. Through these services, we are committed to uncomplicating our customers' decarbonisation journey as well as providing expertise, insights and access to partnerships.

The services cover five areas:

- **CO₂ visibility**, through a report that provides full transparency on transport emissions
- **Low emissions transport services**, including e-trucking and Sustainable Aviation Fuel (SAF)
- **CO₂ reduction concept**, which assesses supply chains and identifies opportunities to reduce emissions
- **CO₂ reduction partnerships**, through a partnership with SGL Group to reduce CO₂ emissions every year and through industry groups such as the 1.5°C Supply Chain Leaders
- **Sustainable expert advisory**, through expert knowledge and external sustainability advice

IMPROVING CO₂e VISIBILITY

Our CO₂e visibility report solves a common problem: that many companies still have limited transparency about their transport emissions. In 2021, SGL's CO₂e

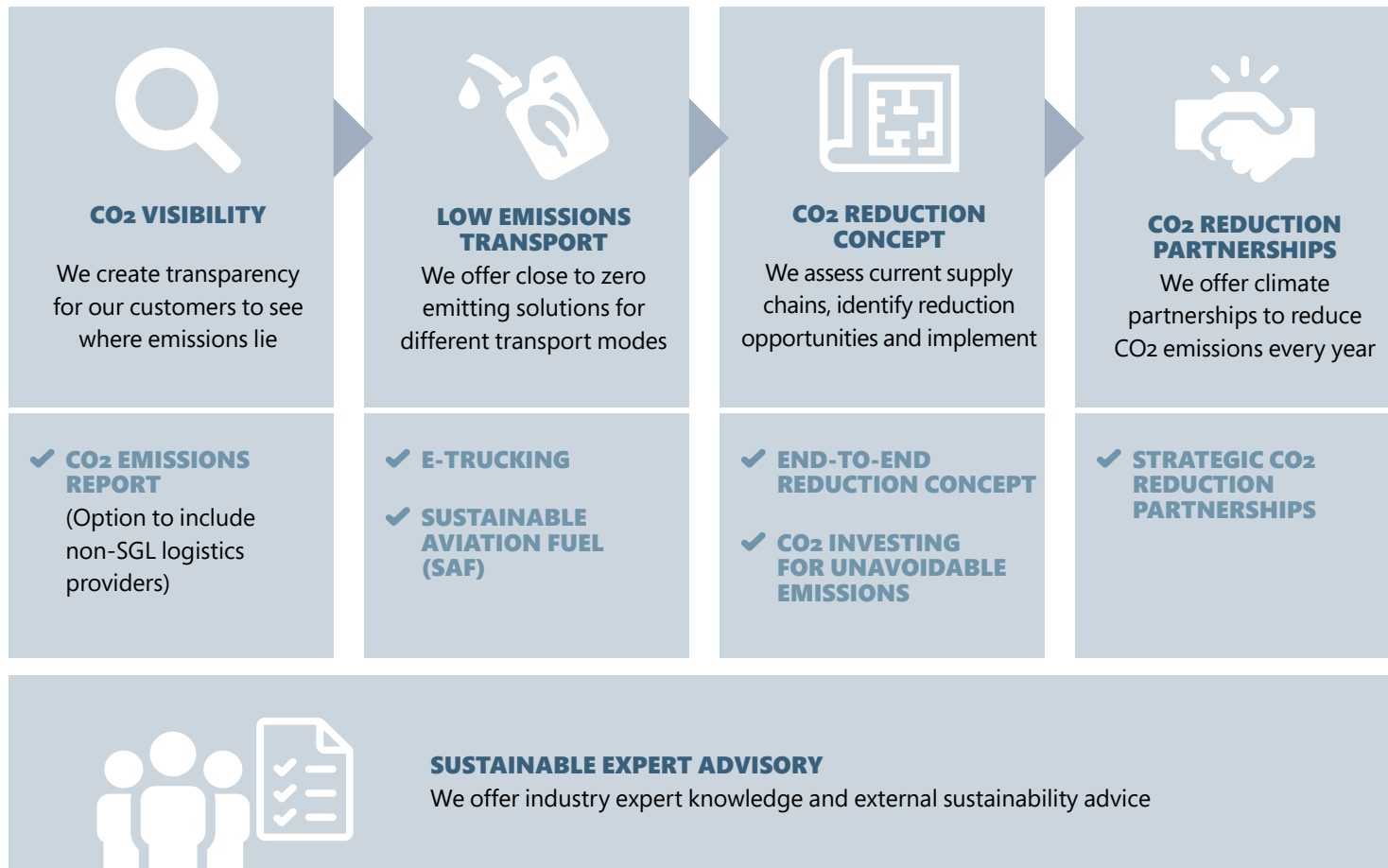


report was updated with significant improvements to provide full transparency of the supply chain down to each transport mode, trade lane and transport leg. Emissions intensity KPIs were added as well as an option to include emissions data from other logistics providers, enabling customers to have a combined overview of all transportation emissions from their different suppliers.

The report's CO₂e calculations use EcoTransIT's calculation methodology, which is based on the EU standard EN 16258 and meets the requirement of the Global Logistics Emissions Council (GLEC) framework and the Greenhouse Gas Protocol (GHG). These are the highest international standards for calculating CO₂e emissions. The CO₂e results can be used directly in our customers' emission disclosures and corporate sustainability reporting for their Scope 3 transportation emissions.

OUR SGL LOW CARBON LOGISTICS SERVICES

We offer tangible services to customers to reduce their emissions – from reporting to actions.



LOW EMISSIONS TRANSPORT SERVICES

In 2021, we partnered with Neste, the world’s largest producer of Sustainable Aviation Fuel (SAF), to provide an independent solution to our customers to decarbonise their air freight emissions. Neste’s SAF is made from sustainably-sourced 100% renewable waste and residue raw materials and can reduce greenhouse gas emissions by up to 80% over the lifecycle compared to fossil jet fuel. In 2022, we will intensify our efforts to promote SAF to our customers, given its significant potential to reduce emissions.

SGL Group also entered into an agreement with selected long-haul truckers in Sweden that are using HVO100 (hydrotreated vegetable oil), a fossil-free renewable diesel that reduces emissions in heavy vehicles by 60-80%. The agreement covers all pickup and delivery for ocean freight container trucking at no additional cost for customers. The goal is to save up to 200 tonnes of CO₂e for customers on all freight container deliveries in 2022.

SGL Group partnered with Neste, the world's largest producer of Sustainable Aviation Fuel (SAF)

SGL Group partnered with Neste, the world's largest producer of Sustainable Aviation Fuel (SAF), to supply our customers worldwide with SAF. SAF can reduce air freight emissions by up to 80%.





LOW CARBON LOGISTICS SERVICES AND PARTNERSHIPS

CO₂e REDUCTION PARTNERSHIPS

SGL Group joined the 1.5°C Supply Chain Leaders group, part of the Exponential Roadmap Initiative, which brings together large multinational corporations, including Ericsson, IKEA, Telia, BT Group and Unilever, to work together to develop solutions to decarbonise supply chains (see the article on *Decarbonising supply chains at speed and scale* for more information).

We use tools such as the 'Supplier Engagement Guide' developed by the group in our end-to-end reduction concept for customers. In 2022, we will intensify our support to the SME Climate Hub, which provides tools and best-practice advice to 3800 SME companies. SGL Group is also partnering with the food ingredients company Palsgaard, Scania, a global manufacturer of commercial

vehicles and Implement Consulting Group to reduce CO₂e emissions from road transport. The first step of the Zero Carbon Fellowship was a pilot project investigating the possibilities of heavy trucking using low emissions fuels and technologies.

SCOPE 3 EMISSIONS REDUCTION PERFORMANCE IN 2021

As a result of global supply chain disruptions in 2021 caused by a pandemic-related surge in consumer demand and bottlenecks in ocean freight, many of our customers turned to air freight to secure fast and reliable delivery for their goods. Combined with strong overall growth, volumes carried via our air freight services increased by 36%, measured in tonnes per kilometre.

While overall emissions increased, the emissions intensity – our emissions relative

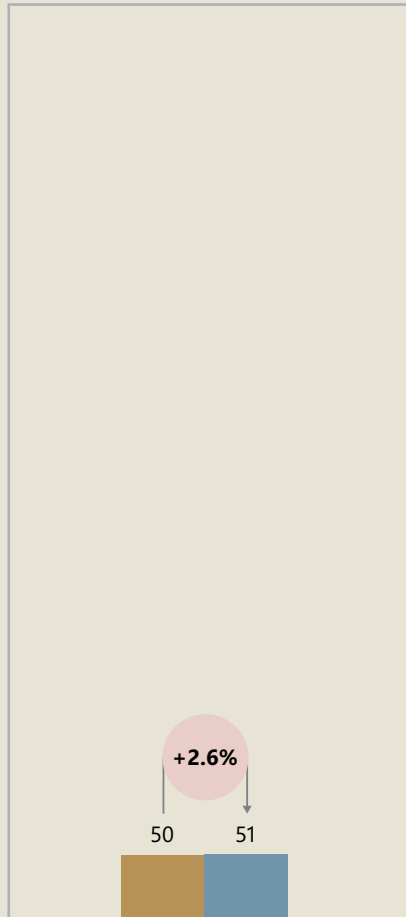
to the cargo carried as measured in CO₂e / tonne-kilometre – across our air and ocean freight services actually declined by 1% and 5%, respectively. This was due to large freight carriers optimising and taking emissions reductions initiatives within their fleets, together with SGL Group using more intermodal solutions and optimising routes to reduce CO₂e. We see this as a positive development in progress on decarbonisation, particularly given the high demand and supply chain disruption that occurred in 2021.

However, as a result of the significant increase in air freight services, which have higher emissions intensity than ocean freight, we saw a 2.6% increase in our overall Scope 3 emissions intensity. This impact will also be seen in the Scope 3 transport emissions of those customers

who increased their use of these services.

The increase in emissions intensity must be addressed. With global supply disruptions continuing into 2022 and ongoing air freight demand, we are reinforcing to our customers the importance of our Low Carbon Logistics services, including our CO₂e reduction concept and SAF, to reduce their transport emissions, and thereby our Scope 3 emissions intensity.

OVERALL INTENSITY

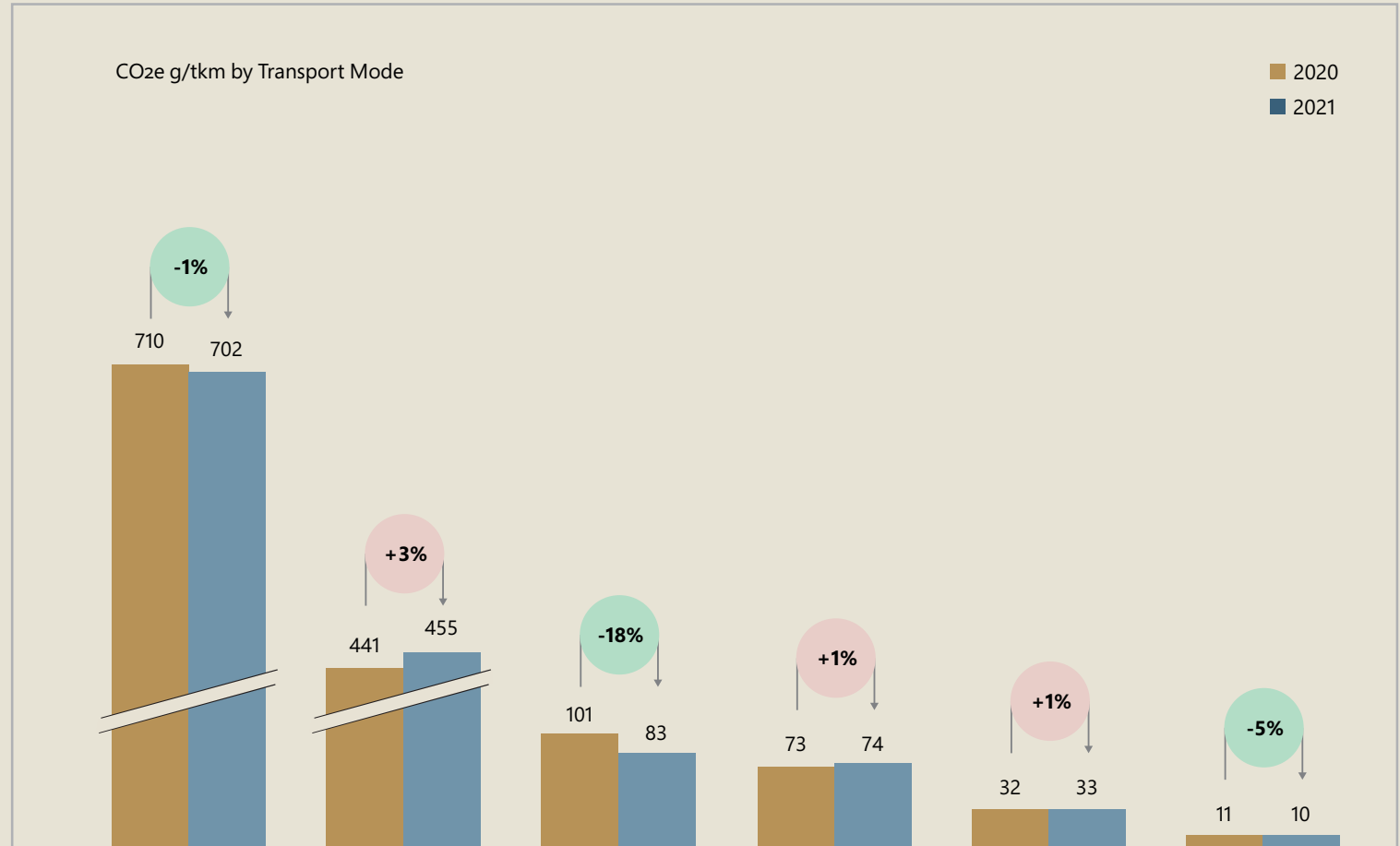


Total

● Share of 2021 tonnes.km

SCOPE 3 UPSTREAM TRANSPORT AND DISTRIBUTION – INTENSITY DEVELOPMENT 2020 VS 2021

(Our customers' transport-related Scope 3 emissions)



Air

Courier

Domestic

Road

Rail

Ocean

● 6%

● <1%

● <1%

● 4%

● 2%

● 89%

% = Development from 2020 to 2021

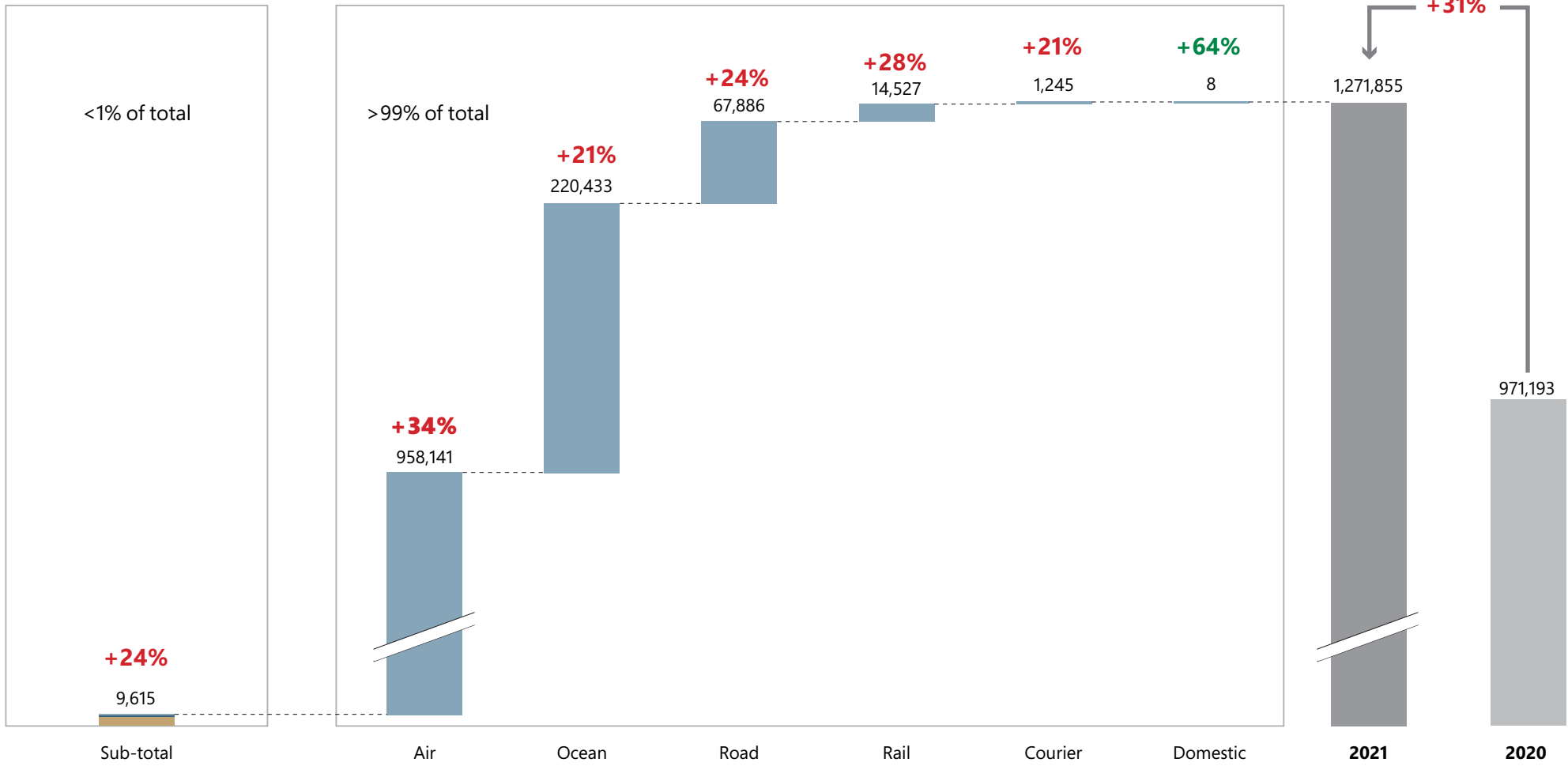
Overall emissions intensity increased by 2.6%. However, the intensity of Air and Ocean freight services declined by 1% and 5% respectively.

ENVIRONMENT: CLIMATE CHANGE & FOOTPRINT

EMISSIONS WITHIN OUR DIRECT CONTROL

SCOPE 3 CATEGORY 4: UPSTREAM TRANSPORTATION AND DISTRIBUTION

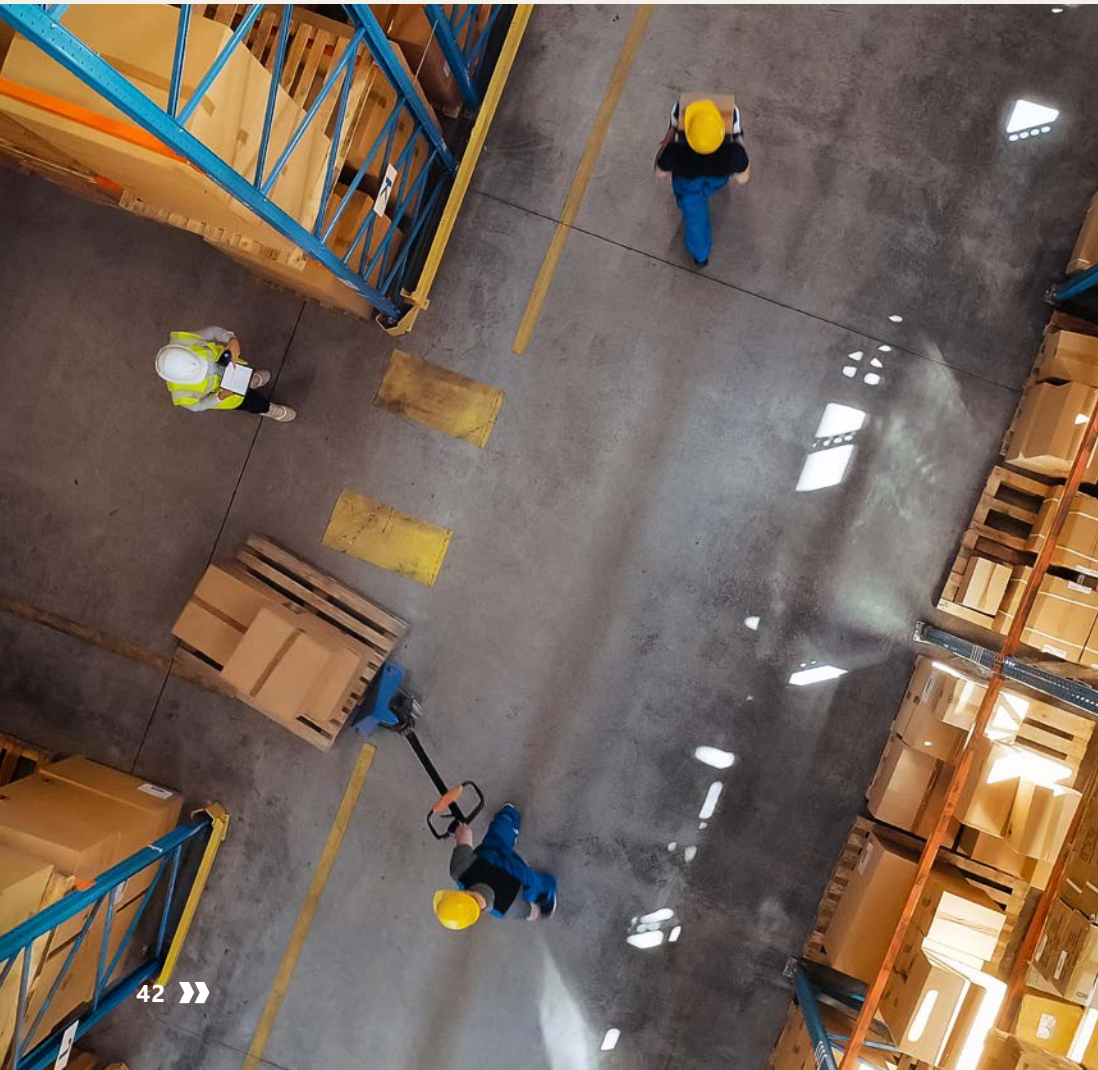
(Our customers' transportation-related Scope 3 emissions)



All figures in tonnes of CO₂e
% = Development from 2020 to 2021

■ SCOPE 1 ■ SCOPE 2 ■ SCOPE 3 ■ TOTAL SCOPE 1, 2, 3 ● GRAM OF CO₂e/TKM

ELIMINATING EMISSIONS AT LOWER COST AND WITH FASTER RESPONSE TIME



CO₂e REDUCTION CONCEPT

Transport and logistics is a hard-to-abate sector and full decarbonisation will require substantial investments in new fuels and technologies for aviation, trucking and shipping. But a significant share of emissions can be eliminated today at little to no cost by redesigning the logistics setup.

In 2021, SGL Group worked with a large manufacturing customer to do just that. The project began with an analysis of the customer's trade lanes and an evaluation of their logistics setup.

The customer was using air freight out of Europe to serve customers in Asia, a trade lane that delivered speed and reliability but

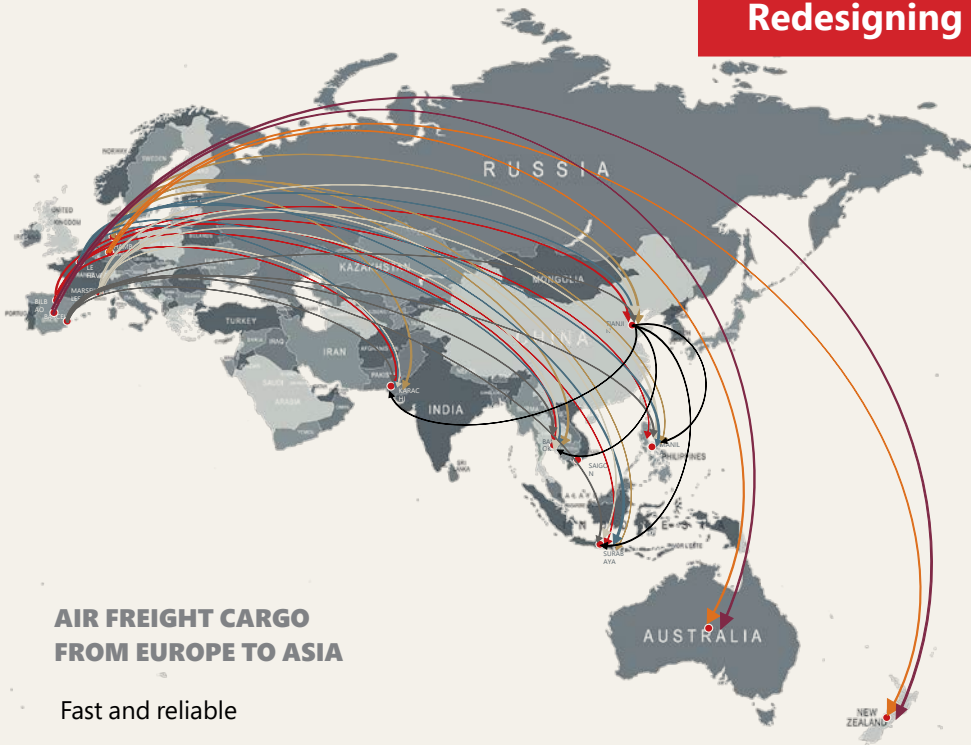
at the expense of high CO₂e emissions.

SGL Group created an Ocean slow-fill solution that used a bonded warehouse in Bangkok as a regional hub and a combination of transport modes. This delivered a number of benefits. By using a combination of transport modes, better planning and forecasting, CO₂e emissions were cut by 96% and costs were significantly reduced. Meanwhile, the use of the regional hub led to faster response times for customers.

This method of reducing emissions by changing the logistics setup is now part of SGL Group's Low Carbon Logistics services which are available for all customers to utilise.

ELIMINATING EMISSIONS AT LOWER COST AND WITH FASTER RESPONSE TIME

Redesigning the logistics setup

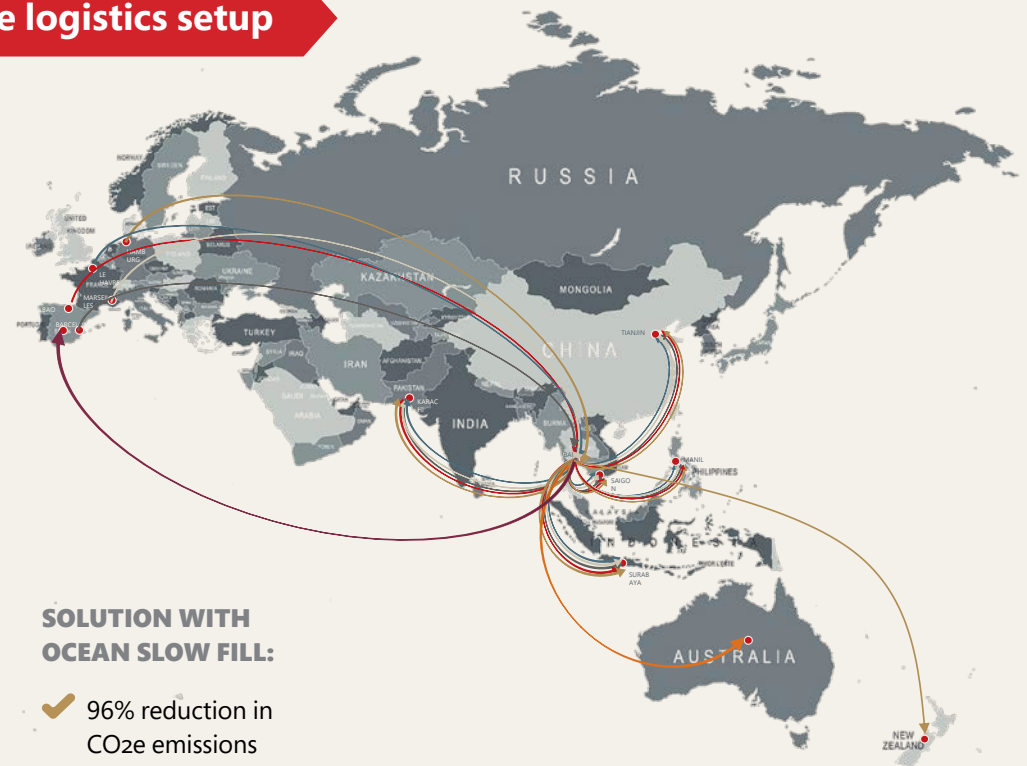


AIR FREIGHT CARGO FROM EUROPE TO ASIA

Fast and reliable

Challenge:

- High CO₂e emissions
- High cost



SOLUTION WITH OCEAN SLOW FILL:

- ✓ 96% reduction in CO₂e emissions
- ✓ Lower cost
- ✓ Faster customer response time
- ✓ Use bonded warehouse as regional hub

CO_{2e} REDUCTION PARTNERSHIPS

DECARBONISING SUPPLY CHAINS AT SPEED AND SCALE

Decarbonising supply chains is hard – even leading companies struggle to get the Scope 3 data they need and to set clear targets and standards with their suppliers. They often rely on hundreds of suppliers in different countries, many of them SMEs that don't yet have a full understanding of their emissions and how to reduce them. Solving this is only possible through partnerships and collaboration.

In 2021, SGL Group joined the 1.5°C Supply Chain Leaders group, part of the Exponential Roadmap Initiative, which brings together large multinational corporations, including Ericsson, IKEA, Telia, BT Group and Unilever, to work together to develop solutions to decarbonise supply chains.

The 1.5°C Supply Chain Leaders group aims to halve emissions by 2030.

Given the number of suppliers these multinational companies have and their huge purchasing power, the group has an enormous opportunity to drive climate action globally at speed and scale.

Joining the 1.5°C Supply Chain Leaders enables SGL Group to work closely with industry-leading companies to develop tools that help their customers, suppliers and business partners to reduce their emissions. These tools include the Supplier Engagement Guide, which provides best practice knowledge for suppliers to commit and take action on their emissions.

SGL Group is using the guide to encourage our customers and partners to work with CO_{2e} reductions in their supply chain, to start their decarbonisation journey and drive the green transition together with us.

SGL PART OF 1.5°C SUPPLY CHAIN LEADERS

Driving climate action throughout global supply chains



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 commitment is underpinned by the ten-year emissions reduction target that we have submitted for validation by the Science Based Targets initiative (SBTi) and our environmental policy.

SGL Group's Scope 1 and 2 emissions represented just 1% of total emissions in 2021, but they are within our direct control to reduce. Around three-quarters of those emissions are generated by the small numbers of forklifts, company cars and the trucks that we operate, while the remainder is indirect emissions from the electricity and heat that is used in our offices and warehouses and emissions from business travel.

Through the ten-year emissions reduction target, we have committed to reducing absolute Scope 1 and 2 GHG

emissions by 42% by 2030 from a 2020 base year.

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).

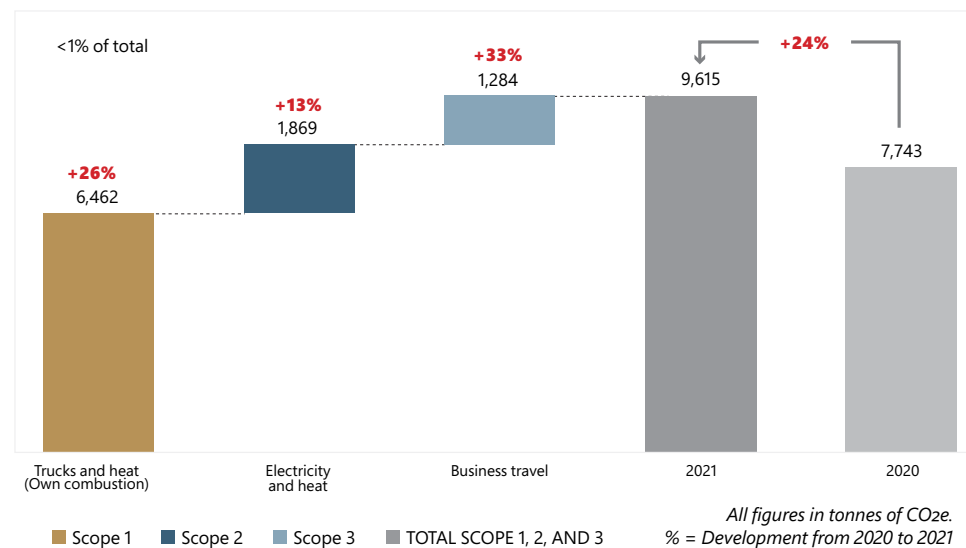
PROGRESS IN 2021

During 2021, we continued the global roll out of ISO 14001 environmental management system certification, which now covers nine countries in Scandinavia and Southeast Asia.

We also undertook several initiatives to reduce our own footprint. We signed an agreement with Norwegian Air and Neste to reduce emissions from our business travel by using Sustainable Aviation Fuel (SAF). Under the agreement, we covered the additional cost of Neste SAF used on Norwegian flights. This initial pilot reduced our CO₂e emissions from business travel by 21 tonnes.

SGL Group also signed a Power Purchasing Agreement (PPA) with Energi

EMISSIONS WITHIN OUR DIRECT CONTROL



CO₂e increase relates to strong company growth and employee increase of 49%.

Danmark and 12 other companies to support the development of a new 70,000 MWh solar park to be completed in Badskaer, Northern Jutland in 2023 that will supply our Danish locations with renewable energy. As well as reducing our energy costs, the PPA is a significant step in reducing Scope 2 emissions in line with our ten-year science-based target.

We will look at opportunities to sign further PPAs in other countries where SGL Group operates, and we are assessing the installation of solar panels on our buildings.

In Denmark, we introduced a new

company car policy in Denmark to encourage our employees to choose a battery or plug-in hybrid vehicle.

SCOPE 1 & 2 EMISSIONS IN 2021

In 2021, net CO₂e Scope 1 and 2 emissions increased by 23%, driven largely by strong overall growth, three acquisitions and a partial return of employees to the office after working from home in 2020.

We are committed to reducing our absolute emissions from Scope 1 and 2, and will invest in PPAs, electrification of vehicles and other CO₂e reducing initiatives in our offices and warehouses.



SOCIETY:
**SUPPORTING
AID & RELIEF**

PRIORITY OVERVIEW

 AID & RELIEF

AMBITION AND APPROACH

Increase our Aid & Relief support

- Build on SGL Group's experience and support for aid & relief globally
- Increase focus on building a local presence

- Enhance our solutions for vaccine distribution and our capabilities in line with our commitment to SDG 17

2021 PROGRESS

- ✓ Ongoing ADP support to UN agencies and NGOs for humanitarian projects, including in Sudan and Afghanistan

- ✓ Over 500 million vaccine doses delivered for COVAX
- ✓ New ultra-cold storage facilities established in Amsterdam and Brussels
- ✓ Implemented training to achieve global compliance with Good Distribution Practices (GDP)
- ✓ Implemented Validade, a digital lane management system for healthcare and pharmaceutical shipments
- ✓ Developed different intermodal solutions

KEY TARGETS

Be a leading provider within humanitarian logistics services

INTRODUCTION

For over 45 years, SGL Group has been a leading provider of complex aid, development and project (ADP) solutions to UN agencies and NGOs. The capabilities and the partnerships we have built during more than four decades in ADP solutions also underpin our role in delivering COVID-19 vaccines for COVAX, the programme backed by CEPI, Gavi, WHO and UNICEF to distribute vaccines to 92 lower-income countries.

THE CLIMATE CRISIS IS A HUMANITARIAN CRISIS

The humanitarian consequences of climate change are a growing concern for the UN agencies and NGOs that we partner with. Climate change is not only causing an increase in weather-related humanitarian disasters, it is also forcing people into poverty and displacement and exacerbating the factors that lead to violent conflict in vulnerable areas around the world.

Moreover, it is becoming clear that many of the world's least-developed countries are also the most vulnerable to

climate change. A report released in late February 2022 by the Intergovernmental Panel on Climate Change (IPCC), the UN's science advisory board, determined that refugee and internally displaced people settlements are disproportionately concentrated in regions that are exposed to higher-than-average warming levels, temperature extremes and drought. The report also found that climate change is a driving factor in the spread of a range of diseases.

With the need for aid and relief operations expected to grow to address these impacts, and with the secure delivery of vaccines essential to ending the global COVID-19 pandemic, we will 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 ambition is to be a leading provider within humanitarian logistics services.



**Leading provider
in humanitarian
logistics services**

OUR ROLE IN GLOBAL COVID-19 VACCINE DISTRIBUTION

Due to our long-term agreement with UNICEF, SGL Group is nominated to deliver COVID-19 vaccines and related supplies and equipment through the main corridors from Europe and Asia. Additionally, we are involved with distribution from Europe, Asia and USA for destinations controlled by the Pan American Health Organisation (PAHO).

PROGRESS IN 2021

In 2021, SGL Group distributed over 500 million doses globally for COVAX from locations in Europe, the US and Asia. This comprised of shipments of vaccines from AstraZeneca, Johnson&Johnson, Sinovac

and Sinopharm, as well as donations of vaccines from the US and Danish governments, and a number of other countries within Europe.

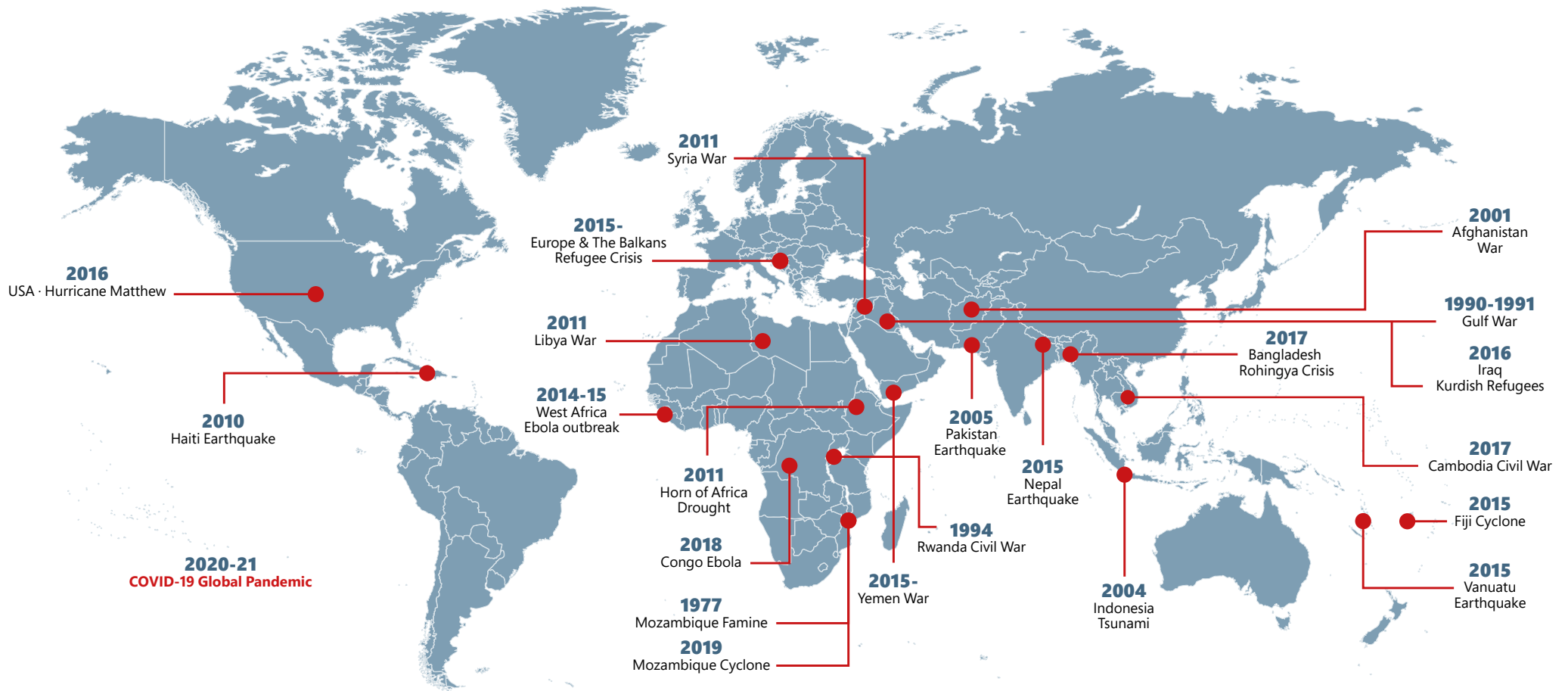
A notable milestone for SGL Group was handling the first shipment of Sinopharm's vaccine under the COVAX programme, which was delivered to Pakistan's Islamabad International Airport in August.

In addition to the vaccines, SGL Group distributed equipment such as ultra-cold freezers critical for the safe storage of vaccines, as well as syringes, oxygen concentrators used in the treatment of patients, and personal protective equipment (PPE). SGL Group also provided warehousing through its Copenhagen, Shanghai and Shenzhen facilities.

To enhance our vaccine distribution capabilities, we expanded our global footprint, established cold storage facilities in Amsterdam and Brussels and developed different intermodal solutions.

We implemented training to achieve global compliance with Good Distribution Practices (GDP), the standards used to

MORE THAN 45 YEARS OF EMERGENCY LOGISTICS AROUND THE WORLD





ensure that the quality and integrity of medicines are maintained throughout the supply chain.

In addition, we implemented Validade, a digital lane management system for healthcare and pharmaceutical shipments.

During the year, we also expanded our collaboration with airlines, including new relationships with Chinese airlines, and formed a strategic partnership with the HOPE consortium in Abu Dhabi to support vaccine distribution and supply chain solutions.

AID AND DEVELOPMENT PROJECTS

Meanwhile, our ADP team continued to support our partners with humanitarian projects around the world in 2021, including in Sudan and Afghanistan.

In the second half of 2021, we made several full charter flights and shipments of blankets, tents and medical supplies on behalf of a UN entity to Khartoum, where we have arranged a warehouse as a transit station for further distribution in Sudan. And in Afghanistan, we made many full

charter flights of basic relief items such as kitchen sets, tents, rugs and tarpaulins on behalf of UN entities, both before and after the Taliban takeover.

CONTINUED INVESTMENT IN 2022

In 2022, we will continue to invest in our capabilities by extending our geographical footprint in East Africa and India, strengthening our ADP activities in the US and adding additional pharmaceutical warehousing in Europe.

PROUD TO BE PART OF THE LARGEST VACCINE SUPPLY OPERATION IN HISTORY

Delivering COVID-19 vaccines around the world is a complex undertaking that relies on precisely coordinated logistics to store, manage and transport the vaccines in temperature-controlled environments, called a cold chain. The integrity of the cold chain is critical – even the slightest mishandling can ruin an entire shipment of vaccines.

As part of our role in shipping vaccines for COVAX – the programme backed by CEPI, Gavi, WHO and UNICEF to distribute vaccines to 92 lower-income countries – SGL Group was tasked to arrange a flight from China to Belgium loaded with 65 ultra-cold freezers used to store COVID-19 vaccines. The freezers were headed for 21 African countries and delivery time was crucial as they had to arrive at their final destinations ahead of the vaccines to avoid breaking the cold chain.

The complication: finding a special cargo aircraft that could carry the freezers during

China's Golden Week holiday, when the country shuts down. Challenge accepted.

Due to their size and height (215 cm), ultra-cold freezers can't travel on regular commercial cargo flights; special cargo aircraft are the only option. Coupled with the lack of freighter solutions from China, the lack of capacity due to the pandemic and the fast-approaching Golden Week in China, we faced a set of complex challenges with an almost impossible deadline.

REACHING FINAL DESTINATION WITH ONE WEEK


Working against the clock in a combined effort, our Aid & Development specialists and our team in Belgium managed to charter a Boeing 747 cargo plane to secure the delivery and move the critical shipment.

During the early morning hours of October 7, 2021, the flight touched down

in Liège, Belgium carrying the 65 ultra-cold chain freezers, 60,000 boxes of syringes, safety boxes and other equipment used in the fight against COVID.

Within a week, using our extensive distribution network, the freezers and other equipment found their way to 15 of the 21 recipient countries, including Tunisia, Mali, Liberia, Ivory Coast, Burkina Faso, Cameroon, and Benin.

As Ive Van Nuffelen, Managing Director, Benelux, explains: "We are proud to be part of the largest vaccine supply operation in history. Getting deliveries to their destination on time requires navigating a complex web of logistics. But with more than 45 years of experience serving the United Nations and NGOs, we know how to handle any obstacles. It's a great privilege for us to help ensure equitable access to COVID-19 vaccines and auxiliary supplies around the world."

A man and a woman are standing in an office, looking at a document held by the man. The man is wearing a white shirt and blue trousers. The woman is wearing a dark blue long-sleeved shirt and a striped skirt. In the background, there is a world map on the wall and a computer monitor on a desk.

*Thsepo Thutse, Senior Customs Broker,
and Masana Mathebula, Logistics
Coordinator, from our Johannesburg
office are part of our dedicated team
in South Africa.*

**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

2021 PROGRESS

- ✓ Maintained our global employee Meaningfulness Questionnaire (MQ) score of 77%
- ✓ Trained 1867 employees
- ✓ Completed 17,430 training courses
- ✓ Rolled out a new human resources system globally
- ✓ Slight improvement in the ratio of female employees to 47%
- ✓ Slight decline in the ratio of female managers from 38% to 37%
- ✓ Introduced new Diversity and Inclusion, Remuneration, and Recruitment policies
- ✓ Improved LTI frequency to 2.4
- ✓ 0 severe injuries or fatalities
- ✓ Continued to roll out ISO 45001 certification where the Industrial Projects division operates
- ✓ 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 2022

0 cases of severe injuries and fatalities

EMPLOYEE ENGAGEMENT & DEVELOPMENT

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

INTRODUCTION

SGL Group is building a unique corporate culture and capability within the transport and logistics industry that underpins our ambitious growth strategy.

In 2021, we grew our workforce by 49% through strong overall growth and three acquisitions. At the same time, we maintained business continuity and kept critical global supply chains open for our customers during a consumer demand shock, while dealing with the ongoing uncertainty caused by the COVID-19 pandemic that tested resilience and reliability.

Our human approach sets us apart, and our asset-light business model means our people are the most valuable part of our company.

OUR AMBITION

It is becoming widely accepted that companies that put purpose at the centre

of their relationships with employees, customers and other stakeholders are more likely to create enduring and sustainable long-term value.

For SGL Group, our ambition to become the most meaningful company within the logistics industry is how we go about this.

OUR APPROACH

To achieve this, 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.

CREATING A MEANINGFUL WORKPLACE

During the year, we continued to anchor our meaningfulness culture throughout SGL Group.

Among leaders, this included our Executive Management Team (EMT) dedicating time to assess the cultural

well-being of the organisation and participating in training. A new Meaningful Recruitment Tool was introduced to assess candidates for EMT positions and 93 leaders undertook our 360° Cultural Leadership Assessments in 2021 (up from 82 in 2020) to inform their development on driving SGL Group's culture and creating a meaningful workplace.

A Cultural Due Diligence Tool was also developed to support our active M&A process and was used to assess and qualify the cultural fit of three acquisitions in 2021.

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 a leading business indicator in addition to our financial KPIs.

#1

Become the most meaningful company within the logistics industry

In 2021, the global MQ score in SGL Group remained steady at 77, a satisfactory result given the high pace of change, overall growth and the acquisition of three companies during the year.

DEVELOPING OUR PEOPLE

Developing our people and supporting a consistent understanding of SGL Group's culture, operating procedures and compliance framework are essential to realising our strategy of organic growth and growth through acquisitions. For this purpose, we provide an online learning centre – the SGL Group academy – to all employees which includes access to all training courses. Every employee is assigned a learning

PEOPLE: OUR GREATEST SOURCE OF VALUE

plan which includes 12 mandatory courses and access to over 100 active courses that were run in 2021.

New courses launched in 2021 included Good Distribution Practice in Pharma, and courses on SGL Group’s environmental, health & safety and quality policies.

In total, 1,867 employees participated in training courses in 2021, successfully completing 17,430 courses.

IMPROVING OUR SYSTEMS

In 2021, SGL Group’s new HR system was rolled out to almost all locations globally and to all newly acquired businesses. In each location, the system has been tailored to fit local needs and employment laws. Among the suite of features that was introduced was a new recruitment system which has secured a robust process for all candidates and ensures SGL Group remains compliant with data protection laws. We plan to complete the roll out to the remaining locations by mid-2022 and introduce performance and talent management

MEANINGFULNESS DRIVERS

PURPOSE “Sense of direction”
LEADERSHIP “Sense of guidance”
BELONGING “Sense of community”
PERSONAL GROWTH “Sense of progression”

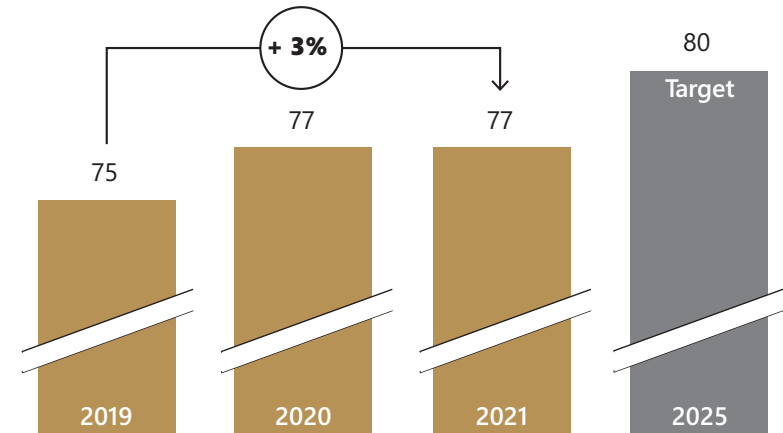
features, as well as a mobile app.

SGL Group also introduced a whistleblower system in 2021 which includes independent screening and assessment of concerns by an external law firm.

OBSERVING OUR REQUIREMENTS

SGL Group complies with international

MEANINGFULNESS QUESTIONNAIRE (MQ)* SCORE



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.

** 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

SGL GROUP HAS STRONG GENDER DIVERSITY IN A TRADITIONALLY MALE INDUSTRY

OUR APPROACH

The diversity of our workforce and their close relationship to customers, suppliers and other organisations around the world are fundamental to our success.

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 have a strong focus on the inclusion of female employees in the traditionally male transport and logistics sector. We monitor our efforts to improve diversity and inclusion through our Meaningfulness Questionnaire (MQ) and through data gathered from our recruitment and employment processes.

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).

PROGRESS IN 2021

A new Diversity and Inclusion Policy was introduced in 2021, replacing the existing diversity provisions in SGL Group's Code of Conduct. The new policy applies a comprehensive definition of diversity that encompasses any differences in experiences and perspectives as well as social identities such as gender, age, ethnicity, nationality, political and religious beliefs, sexual preference and orientation and cultural backgrounds. As a traditionally male trade, we are particularly focused on the inclusion of female employees. In 2022, we will adopt plans for working with the new Diversity and Inclusion Policy and monitoring our progress through the MQ Survey, our

360° Cultural Leadership Assessments and information gathered from recruitment and employment processes.

In 2021, SGL Group slightly improved its diversity from a gender perspective with a ratio of 53/47 male to female employees across our global organisation. Women in managerial positions declined slightly to 37% in 2021 but remained ahead of our target of 35%. Having met our target for two years consecutively, a new target will be evaluated in 2022.

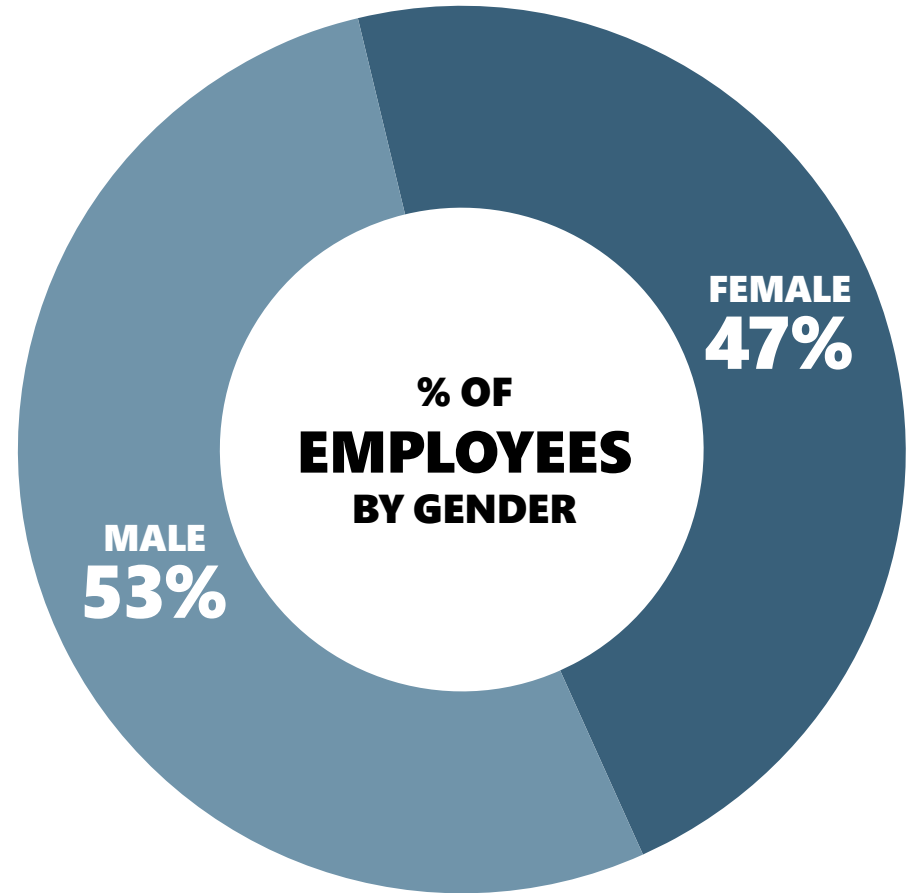
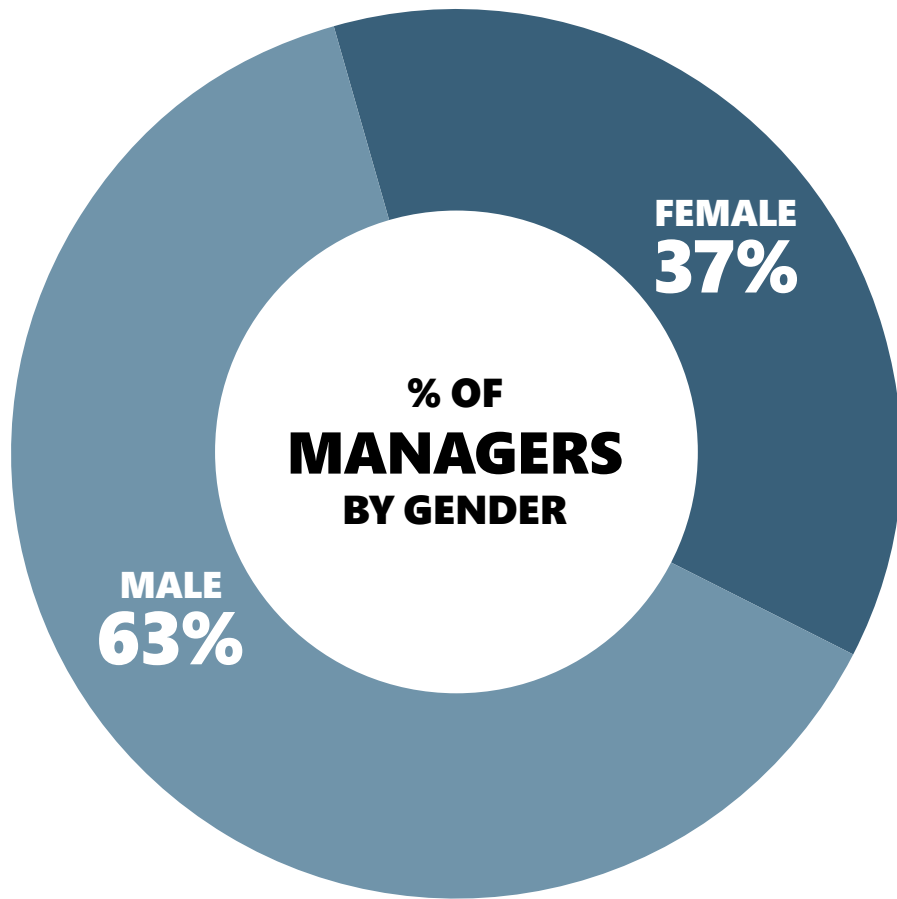
We do not currently capture data on the gender pay gap at SGL Group but plan to do so in 2022 through the new HR system, which is being introduced globally.

BOARD DIVERSITY

The Board of Directors consists of five positions currently held by male directors of Danish nationality.

SGL Group did not achieve its gender diversity target to appoint a female director to the Board in 2021 as no suitable

candidate was found. We are, however, committed to appointing a female director and to meeting our statutory requirements. SGL Group aims to appoint a female director during 2022.



*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

We take seriously our responsibility to protect the health and safety of our employees, subcontractors, customers as well as the public. SGL Group's ambition is to ensure the well-being of all employees and protect them from any safety hazards or severe injuries in the workplace.

As an asset-light freight forwarder, SGL Group is less exposed to safety issues than 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.

COVID-19 RESPONSE

In 2021, SGL Group continued to maintain business continuity across our offices and warehouses during the COVID-19

pandemic, while ensuring the well-being of our employees and offering greater flexibility as well as IT support and equipment to work from home.

We continued to implement the pandemic contingency plan developed in 2020, guided by our Health and Safety Policy. SGL Group follows the requirements of all national and local authorities in the locations in which we operate, and we ran ongoing safety campaigns focussed on mitigating the transmission of COVID-19. As a result, all of SGL Group's offices and warehouses remained in operation throughout 2021.

ENSURING SAFE WORKPLACES

SGL Group complies with all local regulations in the field of occupational health and safety. Our Health and Safety Policy guides our approach and responsibility for health and safety resides with the Global Head of People & Culture supported by the Global Head of ESG and Quality.

Health and safety risks are considered as part of SGL Group's enterprise risk management approach and are included in the ERM system. The Industrial Projects division conducts special risk assessments for every project covering subcontracted services. Safety hazards are identified 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. All incidents are investigated by SGL Group and reviewed together with customers and any other stakeholders involved. We also include occupational health and safety issues in our due diligence process when making acquisitions.

The Industrial Projects division continued to roll out the ISO 45001 Occupational Safety & Health Management System, for which certification has been achieved in Denmark, Sweden, Vietnam, Indonesia, Malaysia, Singapore and the Philippines. Additional training was provided to all

Industrial Projects division employees in Vietnam to support the construction of the Quoc Vinh Soc Trang and Lac Hoa Soc Trang wind farms located in the Mekong Delta.

SAFETY PERFORMANCE IN 2021

In 2021, SGL Group's safety performance, as measured by Lost Time Incident Frequency, improved to 2.4.

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.



SEE THE SGL GROUP HEALTH & SAFETY POLICY HERE »



**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

2021 PROGRESS

- ✓ 86% of employees trained in Anti-Corruption Policy and Code of Conduct Policy
- ✓ 83% of employees trained on GDPR
- ✓ New whistle-blower system implemented
- ✓ Re-started supplier audits and expanded our internal audit team
- ✓ New SGL Information Security Policy and Responsible Tax policies introduced

KEY TARGETS

Zero cases of bribery and corruption

Zero customer privacy complaints and data protection incidents

Zero compliance incidents

APPROACH AND CODE OF CONDUCT

NEW WHISTLE-BLOWER SYSTEM IMPLEMENTED AND OVER 80% OF EMPLOYEES TRAINED ON CORE POLICIES IN 2021

OUR APPROACH

We conduct our business with integrity and comply with all laws applicable to our business in all the regions and countries in which SGL Group operates.

The transport and logistics sector is 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.

Our approach is grounded in SGL Group's virtues, Code of Conduct and Supplier Code of Conduct. Combined with specific policies on anti-corruption, data protection, IT security and insider

regulations, they help our people and suppliers to make the right 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 aim to ensure business is conducted in an honest, ethical and socially responsible manner across our value chain.

In 2021, SGL Group added more resources to the legal and compliance team to allow more focus on this in 2022 and onwards.

CODE OF CONDUCT

Our Code of Conduct defines clear ethical standards for SGL Group and spans the entire spectrum of our daily work and operations. It clarifies correct conduct (including SGL Group's commitment to human rights), business practices (including diversity, health and safety, fair competition and bribery and corruption), business integrity (anti-money laundering, trade regulations and

data protection), as well as our social responsibilities (environmental protection and socio-economic development).

We provide ongoing communication and online training to employees worldwide to ensure understanding of the Code of Conduct, its underlying policies and how to implement and adhere to them. Training on the Code of Conduct and other policies forms part of the induction process for all new employees.

During 2021, 86% of employees were trained in our Anti-Corruption Policy, 86% were trained in our Code of Conduct Policy and 83% were trained in GDPR.

In 2021, SGL Group implemented a whistle-blower system which can be used by employees, directors, customers, suppliers and other business associates to raise concerns. The system is accessed via SGL Group's website and all concerns are screened and assessed by an independent, external law firm.



There were no reports of compliance issues made according to our reporting process during 2021. Nor was SGL Group the subject of any legal proceedings associated with any anti-competitive or anti-trust activities.

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.

 SEE THE SGL GROUP CODE OF CONDUCT POLICY HERE >>

ANTI-TRUST

SUPPLY CHAIN AUDITS RESTARTED IN 2021 AFTER COVID-19 SUSPENSION IN 2020

ANTI-CORRUPTION & BRIBERY

We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships, wherever we operate.

We comply with all laws relevant to countering bribery and corruption in all the jurisdictions in which we operate, including the US Foreign Corrupt Practices Act and the UK Bribery Act 2010. We do not make, and will not accept, facilitation payments of any kind.

SGL Group has not been the subject of any legal actions relating to anti-corruption or anti-bribery in 2021.

CODE OF CONDUCT FOR SUPPLIERS

Strong relationships with our suppliers are crucial to the success of SGL Group's asset-light model. We expect all companies who do business with SGL Group to adhere to

the same ethical principles that we apply to our own operations. For this purpose, we have drawn up a Supplier Code of Conduct to manage potential risks related to labour practices, human rights, health and safety, environment and bribery and corruption that may exist within our supply chain.

Suppliers are required to comply with all internationally proclaimed human rights standards, including the United Nations Global Compact, the UN Universal Declaration of Human Rights as well as the 1998 International Labour Organisation Declaration on Fundamental Principles and Rights at Work, in accordance with national law and practice. This especially applies to child labour and forced labour, compliance with the respective national laws and regulations regarding working hours, wages and benefits, and to any discrimination regarding race, religion, disability, age, sexual orientation or gender.

We expect our suppliers to strive to implement the standards of occupational health and safety at a high level, and to

comply with all applicable environmental laws, regulations and standards, as well as to implement an effective system to identify and eliminate potential hazards to the environment.

We are also engaging our suppliers to support SGL Group's science-based target to reduce Scope 3 emissions and our long-term target to reach net-zero emissions by 2050. In this regard, we expect our suppliers to provide relevant data on GHG emissions for their products and services and to set emissions reduction targets for their own operations.

ZERO-TOLERANCE APPROACH

SGL Group's zero-tolerance approach to bribery and corruption is communicated to all suppliers and we require them to comply with international and local anti-corruption and bribery laws.

We require all main suppliers to sign the Supplier Code of Conduct and to communicate it to subcontractors and other business partners who are involved in supplying the products and services

described in the main contract.

In 2021, we re-started audits of suppliers after these were suspended in 2020 due to COVID-19 operating restrictions. Eleven audits were carried out within the pharmaceutical business and no evidence of non-compliance was identified. In 2022, we will expand our internal audit team and increase our supplier audits.



SEE THE SGL GROUP ANTI-CORRUPTION POLICY HERE »

DATA PROTECTION, TAX AND DONATIONS

NEW INFORMATION SECURITY POLICY AND RESPONSIBLE TAX POLICIES INTRODUCED

DATA PROTECTION

In 2021 we initiated a robust cyber security programme to protect and improve the confidentiality, integrity and availability of all systems and data within SGL Group. We comply with data privacy legislation, and the cyber security programme and our IT security policies are aligned with the ISO27002 and the CIS standard.

There were no incidents concerning breaches of customer and SGL Group privacy or losses of data during 2021.

DATA ETHICS

For SGL Group, data ethics goes beyond compliance with data privacy laws, as data is an important asset of our business. Our daily operations are based on a detailed security policy founded through our

virtues 'Respect' and 'Integrity'. We have high standards in relation to where we collect data and how we use the data:

- We set high standards on ourselves in collecting data from our assets and other sources
- We set high demands on our partners from whom we receive data.
- We refrain from extensive collection of data which may be characterised as data-driven surveillance.

Our data ethics policy prepared in accordance with the Danish Financial Statements Act, sections 99d is available at scangl.com/about/policies/

RESPONSIBLE TAX

At SGL Group, we acknowledge that tax practice is an important part of society and equally an important part of responsible corporate citizenship.

Through our Responsible Tax Policy introduced in 2021, we are committed to being a responsible taxpayer and complying with all relevant tax laws. We support the international tax reform work by international organisations such as the OECD and do not adopt tax positions which are not defensible under full disclosure.

POLITICAL DONATIONS

SGL Group does not make contributions to political parties. We only make charitable donations that are legal and ethical under local laws and practices. All donations require prior approval from the Global Head of Compliance.

EU TAXONOMY FOR SUSTAINABLE ACTIVITIES

CURRENT VERSION OF THE TAXONOMY DOES NOT INCLUDE ACTIVITIES OF ASSET-LIGHT FREIGHT FORWARDERS

In accordance with EU Taxonomy requirements, SGL Group has undertaken an assessment of which of its business activities can be classified as 'taxonomy-eligible'.

The EU Taxonomy 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.

SGL Group has no Taxonomy eligible revenue, OPEX or CAPEX on the basis that the current version of the Taxonomy

includes transport activities that relate to those provided by capacity providers, but not by asset-light freight forwarders.

The contribution to climate mitigation for these activities covers the purchase, financing, chartering and operations of vehicles and vessels. These activities are typically provided by the ocean carriers, airlines, and trucking companies from which SGL Group purchases capacity for its clients.

As such, the activities of the capacity providers are Taxonomy-eligible, but those of SGL Group as an asset-light freight forwarder are not.

SGL Group does operate a small fleet of 73 heavy-duty vehicles. However, their financial contribution to SGL Group is immaterial and, therefore, we categorise them as non-eligible.

SGL Group fully supports the objectives of the Taxonomy and, looking ahead, it is possible that the Taxonomy will be extended to cover freight forwarding activities which are covered by NACE code H52.2.9 - Other transportation support activities.

In the meantime, our approach is anchored in the emissions reduction targets outlined in the section *Environment: Climate Change and Footprint*. These targets include a ten-year emissions reduction target in line with a global temperature increase of 1.5°C before 2050 that we have submitted for validation by the Science Based Targets initiative (SBTi).



ESG PROGRESS AND DATA

ESG PERFORMANCE DATA

The three tables below disclose our 2021 performance data within the areas of Environmental, Social, and Governance. 2021 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	2021	2020	NOTES	REFERENCES
EMISSIONS					
Direct emission (Scope 1)	Tonnes CO _{2e}	6,462	5,133*	Cars, trucks, forklifts and heat (own combustion)	GRI 305-1 SASB TR-AF-110a.1
Indirect emissions (Scope 2 - market-based)	Tonnes CO _{2e}	1,869	1,648*	Electricity and heat	GRI 305-2
Indirect emissions (Scope 2 - location-based)	Tonnes CO _{2e}	1,406	1,159*	Electricity and heat	GRI 305-2
Other indirect emissions (Scope 3)	Tonnes CO _{2e}	1,263,524	964,412*	Data covers scope 3 category 4+6.	GRI 305-3
Upstream transportation and distribution C4	Tonnes CO _{2e}	1,262,240	963,450*	Our customers' transportation-related scope 3 emissions	
- Air freight	Tonnes CO _{2e}	958,141	713,846*	-	-
- Courier Freight	Tonnes CO _{2e}	1,245	1,030*	Express	
- Ocean freight	Tonnes CO _{2e}	220,433	182,584*	-	-
- Rail Freight	Tonnes CO _{2e}	14,527	11,364*	-	-
- Road freight	Tonnes CO _{2e}	67,886	54,605*	-	-
- Domestic Freight	Tonnes CO _{2e}	8	22*	Domestic road	
Business travel (C6)	Tonnes CO _{2e}	1,284	962*	-	

Overall comments to CO_{2e} figures:

Scope 1 and 2: CO_{2e} increase relates to strong company growth, employee increase of 49% and a partial return of employees to the office after working from home in 2020.

Scope 3 (C4): CO_{2e} increase relates to overall strong company growth, three acquisitions and a significant increase in air freight services, which is a high emitting transport mode.

ENVIRONMENT

TABLE 1 – ENERGY AND CLIMATE DATA

1. ENERGY AND CLIMATE DATA**	UNIT	2021	2020	NOTES	REFERENCES
CARBON INTENSITY					
CO2e per metric tonne-kilometre		2021	2020	-	GRI 305-4 SASB TR-AF-430a.2
Air freight	CO2e (g/tonne-km)	702	710*	-	GRI 305-4 SASB TR-AF-430a.2
Courier Freight	CO2e (g/tonne-km)	455	441*	-	GRI 305-4 SASB TR-AF-430a.2
Ocean freight	CO2e (g/tonne-km)	10	11*	-	GRI 305-4 SASB TR-AF-430a.2
Rail Freight	CO2e (g/tonne-km)	33	32*	-	GRI 305-4 SASB TR-AF-430a.2
Road freight	CO2e (g/tonne-km)	74	73*	-	GRI 305-4 SASB TR-AF-430a.2
Domestic Freight	CO2e (g/tonne-km)	83	101*	-	GRI 305-4 SASB TR-AF-430a.2
ENERGY					
Energy consumption (electricity, heating)	MWh	9,180	7,675*	-	

*Recalculated figures for 2020. See accounting principles on page 70-72

**2021 figures in table 1 – energy and climate data are verified by our independent auditors.

SOCIAL

TABLE 2 – SOCIAL DATA

2. SOCIAL DATA	UNIT	2021	2020	NOTES	REFERENCES
WORKFORCE					
Full-time employees	Number	1,878	1,441	-	GRI 102-8 SASB TR-AF-000.C
Part-time employees	Number	87	73	-	GRI 102-8 SASB TR-AF-000.C
DIVERSITY					
Gender diversity, all employees					
Female proportion of employees	Percentage (%)	47	46	-	GRI 405-1
Male proportion of employees	Percentage (%)	53	54	-	GRI 405-1
Gender diversity, managers					
Female proportion of managers	Percentage (%)	37	38	-	GRI 405-1
Male proportion of managers	Percentage (%)	63	62	-	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 (%)	24	24	-	GRI 405-1
30-50 years	Percentage (%)	59	58	-	GRI 405-1
Over 50 years	Percentage (%)	17	18	-	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	2.4	3.46	-	GRI 403-9 SASB TR-AF-320a.1

GOVERNANCE

TABLE 3 – GOVERNANCE DATA

3. GOVERNANCE DATA	UNIT	2021	2020	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 2021 to 31 December 2021.

REPORTING SCOPE

The report covers all entities under financial control by SGL Group as referenced in the Annual Report 2021.

For Energy and Climate Data in Table 1, the CO₂e in Scope 1, 2 and 3 cover SGL Group except for United Kingdom (UK) and New Zealand (NZ) where CO₂e figures are not available as these acquisitions occurred in late 2021. These figures will retrospectively be included in the 2022 sustainability report

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.

CONTROLS

Data regarding energy consumption are generated from an 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 3% is applied.

For Table 1 – Energy and Climate data, we have restated 2020 numbers as a result of updated methodology, improved data quality and optimisation of data processes. Specific explanations of recalculations are described on page 71-72.

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 (GHG) standard. The operational control approach is applied to all greenhouse gas emissions (CO₂e).

We have committed to the Science Based Targets initiative's (SBTi) 1.5°C target and have submitted a ten-year emissions reduction target for validation based on the market-based approach. The baseline for our CO₂e emissions reduction will be defined during this process and we will determine when to initiate an eventual target re-calculation.

The CO₂e in Scope 1, 2 and 3 cover SGL Group except for the United Kingdom (UK) and New Zealand (NZ) where CO₂e figures are unavailable as these acquisitions occurred in late 2021. These figures will

retrospectively be included in the 2022 sustainability report.

Scope 1:

Data from cars, trucks and forklifts are collected through a global survey and converted to CO₂e. An emission factor from Virksomhedsguiden / Klimakompasset is applied for trucks. The emission factor for cars and forklifts is provided by the car leasing company and the provider of forklifts. The emission factors are calculated as T/CO₂e per year per unit (car, truck, forklift).

Data on heat for the Kastrup office in Denmark has been included in Scope 1 as heat combustion is taking place at the location. Data has been measured in MWh. The emission factor has been sourced from Energistyrelsen.

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

Scope 1 recalculation:

For Scope 1 (heat) in 2020, data on heat for the Kastrup office in Denmark has been included in Scope 1 (instead for Scope 2) as heat combustion took place at the location also in 2020.

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 survey. 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.

Data from heat consumption is measured in MWh and collected in a

global survey. In the 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 Carbon Footprint which collects emission factors from a variety of national energy authorities and the Association of Issuing Bodies as well as from IGES (Institute for Global Environmental Strategies). Emission factors for Denmark are sourced from the Danish Energy Authority and Energinet, the Danish TSO. For Scope 2 heating, the district heating emission factor for Sweden is assumed to equal the Danish factor obtained from Energistyrelsen. Natural gas and oil emission factors for the remaining countries are sourced from DEFRA.

ACCOUNTING PRINCIPLES

Market-based approach:

For Scope 2 electricity, we have used residual mix factors for European countries sourced from Carbon Footprint. For the remaining countries, we have used the location-based factors. For Scope 2 heat, we have used specific supplier emission factors for the Danish offices using district heating. For the remaining countries, the location-based factors have been used.

Scope 2 recalculation:

We have improved our data collection and analysis for Scope 2 (electricity and heat). For some countries, warehouse square metres were not part of the calculation in 2020 which has been corrected and is part of the recalculation of 2020. The same approach has been used for the 2021 figures and the results for 2020 and 2021 are now correct and aligned. We have also recalculated our 2020 numbers by applying the market-based approach.

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. 92% 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.

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

For Scope 3 Upstream transportation and distribution (C4), we have recalculated the 2020 figures due to improved data quality and optimisations in data processes.

Business travel (C6):

SGL Group's finance department collects data from business travel and through a global survey. Calculations are based on provided spend data and converted to CO₂e by applying an emission factor from Virksomhedsguiden/Klimakompasset. Our business travel emissions for air freight have been reduced by 21,65 tons CO₂e as a result of our investment in Sustainable Aviation Fuel (SAF) from Neste (audit report for the reduction is available).

Scope 3 recalculation of Business travel:

For Scope 3 business travel, we have recalculated the 2020 figures due to a data error. In addition, the calculation method for car emissions has been updated. Therefore, car emissions from business travel have been recalculated for 2020.

ACCOUNTING PRINCIPLES

REPORTING PRACTICES TABLE 2

Controls: Data regarding number of employees, women in leadership and gender are generated from an annual 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 2022.

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.

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 2021.

The Sustainability Report 2021 has been prepared in accordance with the principles set out in the reporting approach described on pages 70-74.

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 2021. Further, in our opinion, the information given in the Sustainability Report is consistent with the accounting policies applied.

Kastrup, 31 March 2022
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 SHAREHOLDERS OF SGL INTERNATIONAL A/S

We have been engaged by SGL International A/S (hereafter SGL Group) to perform a 'limited assurance engagement', as defined by the International Standard on Other Assurance Engagements, and to report on SGL Group's selected energy and climate data as presented in table 1 – energy and climate data on page 66-67 (the "selected energy and climate data") for the period 1 January – 31 December 2021.

Other than as described in the preceding paragraph, which sets out the scope of our assurance engagement, we did not perform any assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion in this respect.

In preparing the selected energy and climate data, SGL Group applied the accounting practices described on pages 70-72.

Management's responsibilities

SGL Group's Management is responsible for determining the scope of the selected

energy and climate data, selecting the accounting practices, and for presenting the selected energy and climate data in accordance with those accounting practices, 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 on the presentation of the selected energy and climate data, based on our procedures and the evidence we have obtained. We performed our work in accordance with ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information and additional requirements under Danish audit regulation. Those standards require that we plan and perform our work to obtain limited assurance about whether,

in all material respects, the selected energy and climate data, is presented in accordance with the accounting practices, and to issue a conclusion thereon.

The procedures performed in connection with a limited assurance engagement vary in nature and timing and are substantially less than those performed in connection with a reasonable assurance engagement. A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the selected energy and climate data and related information and applying analytical and other appropriate procedures.

Consequently, the level of assurance obtained for a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Our procedures were designed to obtain a limited level of assurance for our conclusion and do not provide sufficient evidence to issue a reasonable assurance report.

Our independence and quality control

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 issued by the International Ethics Standards Board for 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, and have the required competencies and experience to perform this assurance engagement.

EY Godkendt Revisionspartnerselskab also applies International Standard on Quality Control (ISQC) 1, and accordingly maintains a comprehensive quality control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Our procedures included:

- Review of SGL Group process for the preparation and presentation of the selected energy and climate data to develop an understanding of how the reporting is conducted within the organisation
- Interviewed those in charge of the selected energy and climate data to develop an understanding of the process for the preparation of the selected energy and climate data
- Analytical review procedures to support the reasonableness of the data
- Made inquiries to significant development in reported data
- Verified on a sample basis the information in the selected energy and climate data against source data and other information prepared by those in charge

- Considered the disclosure and presentation of the selected energy and climate data against the accounting practices.

We also performed such other procedures as we considered necessary in the circumstances.

Conclusion

Based on our procedures and the evidence obtained, nothing has come to our attention that causes us to believe that the selected energy and climate data in table 1 – energy and climate data on page 66-67 for the period from 1 January to 31 December 2021, have not been prepared, in all material respects, in accordance with the accounting practices described on pages 70-72.

Copenhagen, 31 March 2022

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Søren Skov Larsen
State Authorised Public Accountant
mne26797

Lars Fermann
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