



SUSTAINABILITY REPORT

2019



Sustainability Report

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Introduction to Blue Water Shipping

Blue Water Shipping is a global transport and logistics provider offering tailor-made transport and freight solutions. We handle all types of cargo - from small parcels to entire oilrigs from one continent to another. Blue Water's services are offered worldwide through a comprehensive network of own offices and cooperation with trusted business partners.

The foundation of Blue Water is professional and skilled employees. Our knowledge is shared internally so we can benefit fully from our in-house competences and provide the best complete and customized transport and logistical solution for our customers anywhere in the world. Blue Water puts great effort in evolving and developing the organization and our in-house competences. In addition, one of our most important goals is to provide a safe and healthy workplace for all employees.

Blue Water operates within the following eight business areas:

- Reefer Logistics Road
- Reefer Logistics Sea
- Port Services & Agency
- Oil, Gas & Industrial Projects
- General Cargo Road
- General Cargo Sea & Air
- Wind Logistics
- Marine Logistics

All business areas are described further at the end of this document.

We value close relationships with our customers, because we know it makes a difference and gives us the best opportunities to create optimal solutions together with them. Our Direction and Values are key to us and together with the employees the foundation for how we do business.

Purpose

Together we create solutions

Worldwide transport & logistics



Direction

Best in Town



Values

The Blue Water Way

- We play as a team – and we play to win
- The colour of service is Blue – we work with passion to serve customers better, every day, everywhere
- We keep our promises – because our business is built on trust
- We believe in strong and long-lasting relations – enabling everyone to run a good business
- Our responsibility reaches beyond our business – we take care of each other, our partners and society
- We constantly question status quo – dedicated to improving our efficiency



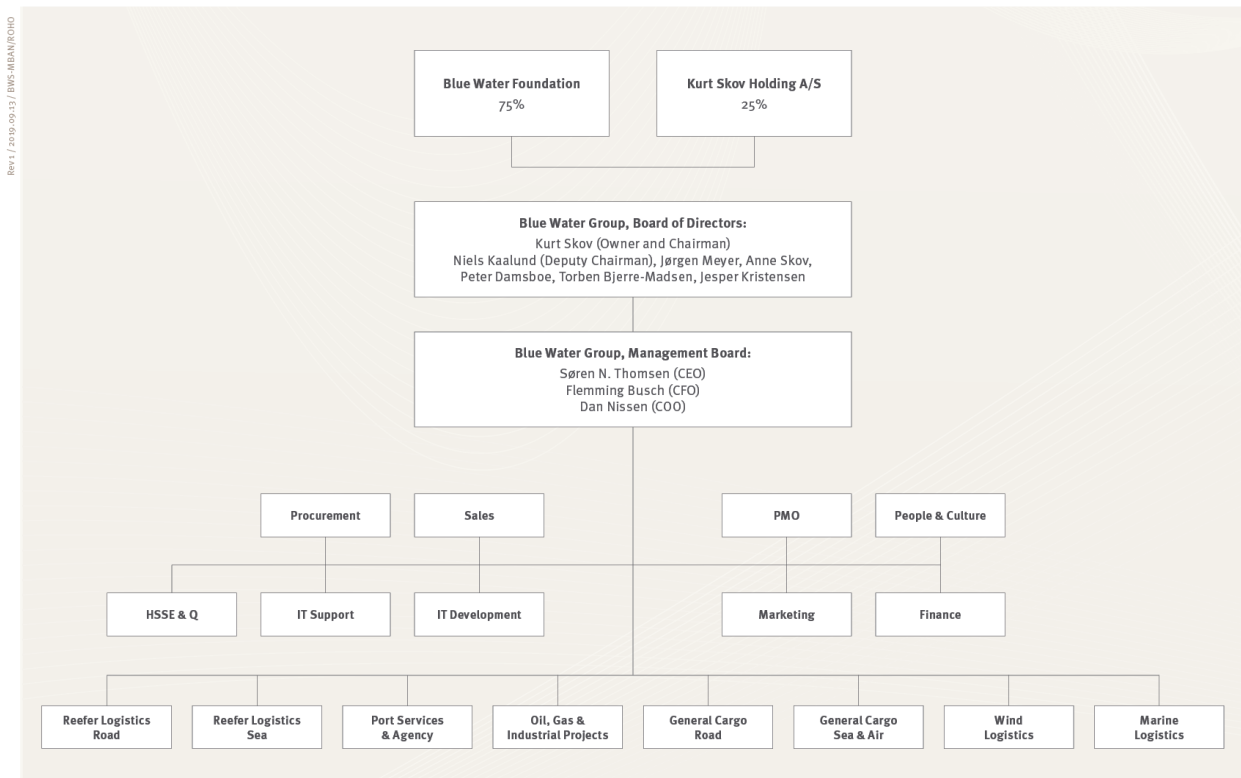
History of Blue Water

Blue Water was founded in 1972 with an ambition to create a local freight forwarding company that could provide clients with a better service and higher quality than our competitors. Over the years, Blue Water has expanded to not only include our own offices throughout Denmark, but also Blue Water offices in countries around the North Atlantic, in Western and Eastern Europe, in Central Asia and the Middle East, in the Far East and North & South America.

Ownership and Support Functions



Organisation



Blue Water Foundation

The Blue Water Foundation was established in 2007 to:

- Ensure continued existence, development and jobs
- Ensure Danish ownership based out of Esbjerg
- Ensure against demerger or sale
- Secure Blue Water's name and identity

Policies

Our policies	The policy in short	Example(s) of policy implementation
Code of Conduct	<p>Our Code of Conduct describes how we want to do business supporting and respecting the protection of internationally proclaimed human rights and good business ethics. At the same time, it describes how we work against corruption in all its forms by increasing the employees' understanding of the rules and minimizing the risk of breaking the rules.</p>	<ul style="list-style-type: none"> • Training in business ethics and anti-corruption incl. an e-learning program in Blue Water Academy. • Implementation of our Whistle-blower programme.
Supplier Code of Conduct	<p>Our Supplier Code of Conduct defines the basic requirements placed on Blue Water's Suppliers concerning their responsibilities towards their stakeholders and the environment. All approved medium and high-risk suppliers have signed this document and they are stored in the Supplier Database. In this way we ensure responsible supplier management by defining and communicating our expectations from the Code of Conduct.</p>	<ul style="list-style-type: none"> • Internal audits of the process Supplier & Agent Management. • Carrying out supplier audits of high-risk suppliers.
Global Quality Policy	<p>The Global Quality Policy describes how we want to ensure that we deliver high-quality solutions to ensure customer satisfaction.</p>	<ul style="list-style-type: none"> • Certified ISO 9001:2015 Management System at the offices in Esbjerg, Oslo, Marseille, Nantes, Brest, Houston, Aberdeen, Baku, Singapore and Manchester. • Global annual customer satisfaction survey. • Global Quality targets.
Global Environmental Policy	<p>The Global Environmental Policy describes how we want to ensure that Blue Water only produces minimal environmental impact.</p>	<ul style="list-style-type: none"> • Certified ISO 14001:2015 Management System at the offices in Esbjerg, Oslo, Marseille, Nantes, Brest, Houston, Aberdeen, Baku & Singapore. • Global Environmental targets.

<p>Global Health & Safety Policy</p>	<p>The Global Health & Safety Policy describes how we want to ensure that Blue Water is a safe place to work.</p>	<ul style="list-style-type: none"> • Certified ISO 45001:2018 Management System at the offices in Esbjerg, Oslo, Marseille, Nantes, Brest, Houston, Aberdeen, Baku & Singapore. • Global Health and Safety targets • Implementation of the HSSEQ Reporting System to record and handle all incidents and accidents at our workplace and take all practicable steps to prevent these events from happening again, including ongoing root cause analysis and implementation of lessons learned.
<p>Group Privacy Policy</p>	<p>The Group Privacy Policy describes how we process personal data.</p>	<ul style="list-style-type: none"> • Global implementation of e-learning in Data Privacy Awareness Training • Classroom trainings for Group IT and Group People & Culture • Global management data privacy introduction at Annual Leadership Meeting.

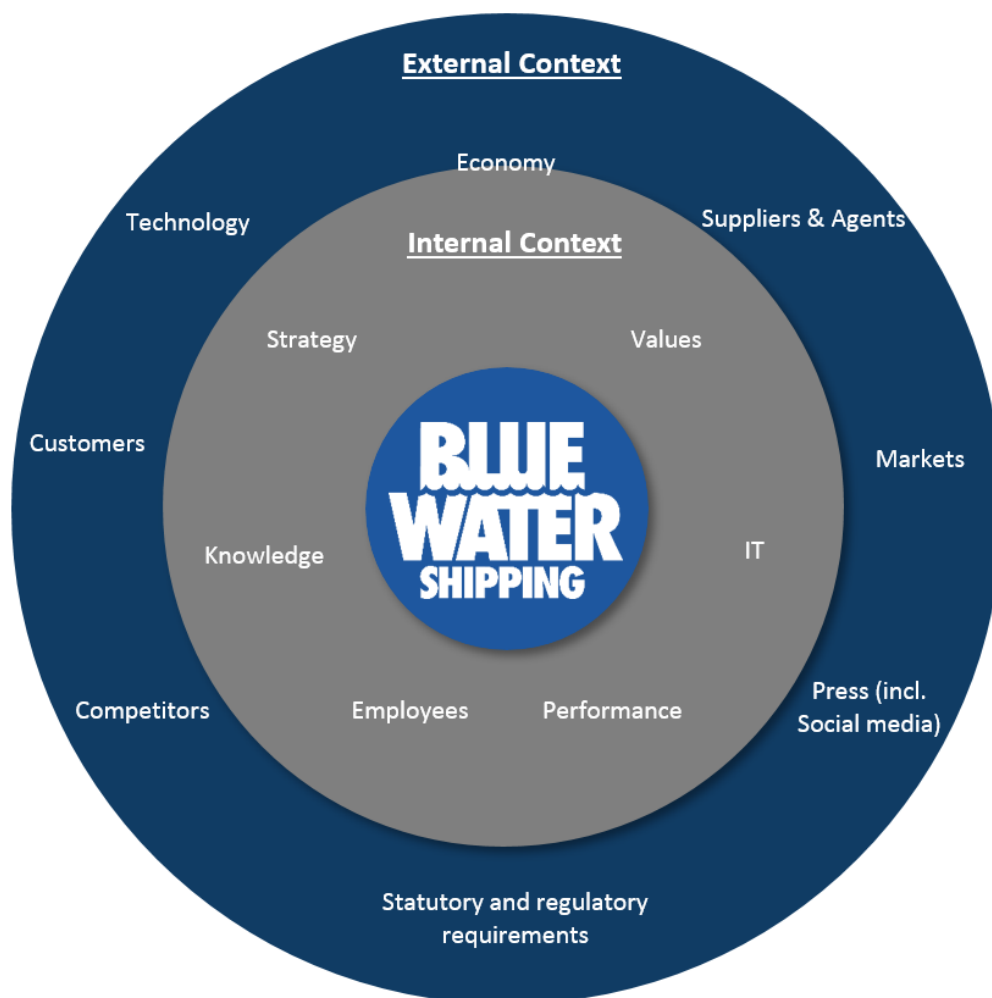
Global Business Risks

In Blue Water we strive to work proactively with risk management to the benefit of the business improving the customer service and deliverables. We see risk management as prerequisite in an ever-changing global business environment. This is why we deployed a context model. The model was developed based on inputs from employees representing all business units and support functions in Blue Water.

The context model is an operational tool for the business to consider all internal and external parties when addressing risks according to ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018. This context model was used to collect business risks and has been the foundation for the Enterprise Risk Management. The internal and external issues are monitored and reviewed when applicable and at least annually according to our process 'Document Control & Records'.

Health & Safety issues/risks/opportunities are discussed at Management Reviews and based on these inputs the targets are set by the executive management.

If there are any new demands from these internal/external parties these are assessed, discussed. and actions are decided on Management Reviews.



Based on the context model and our Business Risk Register and Financial Risk Register we have consolidated a global Enterprise Risk Management overview. We have therefore identified and mapped the following strategic areas as key drivers:

Risk Management Areas	Action	Reaction
Strategic	Aligning our cores values, unique competences and customer expectation with our core values making sure we live up to our promises.	If discrepancies are identified, we adjust and navigate with services and deliverables as key focus areas.
IT	Monitoring rapidly changing developments, especially within Artificial Intelligence and Robotics.	Implementing a digital strategy developing the digital platform for our future customer services.
Market	Constantly adjusting the course of global daily operations within our markets.	We assess changes in customer's demands and expectations enabling us continually to move gods to across the world.
Financial	Keep focus on earnings and positive cash flow. Investing and working capital should support the business.	Implementing standard and customized service generating profitable business for our stakeholders, supported by controls and audits.
Compliance	Acknowledgement of the legal framework in which we operate is the driver behind compliance initiatives.	Assessments of new legal requirements, implementation new ways of working, supported by internal controls and audits.

Group HSE & Quality and Group Finance are responsible for ensuring that the Enterprise Risk Management is updated. We acknowledge that there are differences between different businesses and the risks are therefore potentially being measured and monitored for each business unit. Each quarter meetings are held with the Executive Management and the Enterprise Risk Management is presented to the Board of Directors bi-annually.

Our three focus areas in 2019

In 2015, all United Nations Member States adopted the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs). This created a framework for addressing the issues and creating a plan of actions in the areas of critical importance for the global society. At Blue Water, we are committed to contribute to the 17 SDGs by making them operational and relevant for the way we do business. In the following section our three focus areas and related results for 2019 will be described.

People & Organisation - Health & Safety targets

The overall objective of Health & Safety is that Blue Water shall be a safe place to work. This includes efforts both within physical and mental focus points. Therefore, we want to decrease the number of lost time incidents (LTIs)¹. Blue Water’s long-term target is zero accidents, which is a part of our global overall 2024-Strategy. It must be noted that the registered LTIs include employees being employed on an hourly basis, such as dockers, which is an employee group, where we have challenges in influencing directly. We also understand that this is a work in progress and Blue Water will continually have this topic as a key focus area.


The target for 2019 was to have a lost time injury frequency rate (LTIFR)² below 2,88.

The way we want to achieve this goal is by having a safety culture with focus on preventive actions. Therefore, it is our objective to have a H&S prevention ratio³ above 10.

At the same time, Blue Water wants to have a visible Management on-site conducting safety dialogues. All trained administrative managers must register at least one safety dialogue each quarter.

All operational managers must register at least one safety dialogue in ten different months to keep focus on safety. Additionally, at least two awareness campaigns must be conducted.

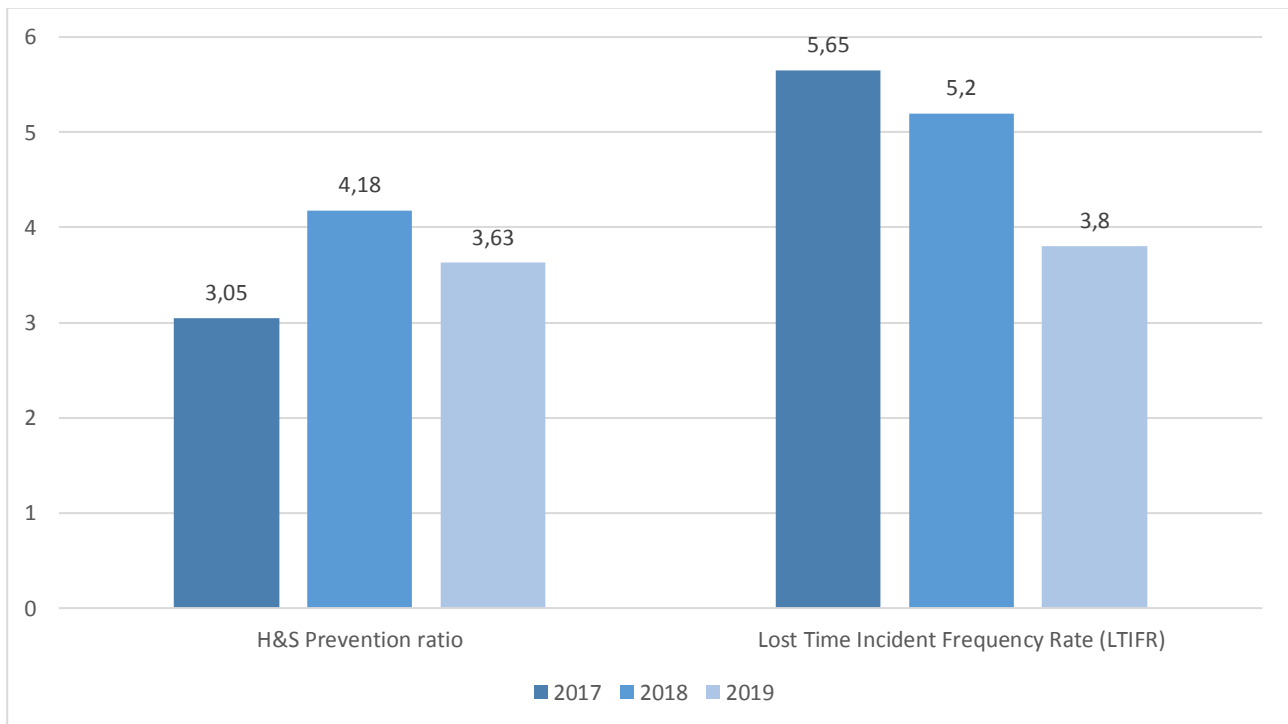
With our statement; “Playing to Win”, which is a part of the overall 2024-Strategy, we have implemented the Safety Journey. This process ensures that we have increased focus on the company’s overall Health & Safety performance. To support the Safety Journey, we created a Safety Awareness Concept, that will be the foundation for all initiatives within Health and Safety going forward.

Health & Safety <i>A safe place to work</i>	Targets / KPIs	Results
 <p>8-8</p>	<ul style="list-style-type: none"> • Lost time injury frequency rate (LTIFR) < 2,9 • H&S Prevention ratio > 10, which is the sum of observations and near-misses reported related to all H&S accidents reported • Minimum two (2) Awareness Campaigns pr. year 	<ul style="list-style-type: none"> • Lost time injury frequency rate (LTIFR) = 3,8 • H&S Prevention ratio = 3,63 • Safety Campaign = 100 % completed

¹A Lost Time Incident (LTI) is defined as a work-related incident where an employee is unable to work the day after the incident.

² The Lost Time Injury Frequency Rate (LTIFR) is defined as the number of lost time injuries per one million hours worked.

³ The H&S prevention ratio is defined as the amount of H&S preventions and near misses registered per H&S accident.



The review of the annual results has been done by Executive Management and is considered work in progress. The Health & Safety performance for 2019 is unsatisfactory, as only one of three targets was reached. Executive Management acknowledges that the results of the initiatives implemented in 2019 has had a positive impact on the trend. Furthermore, we have adjusted the action plan for the Health & Safety target accordingly in September 2019 with increased focus on Health & Safety performance. The Blue Water Safety Journey was launched in September at the annual leadership meeting. The Blue Water Safety Journey will support all the health & safety initiatives in the 2024 strategy.

Responsible Operations - Environment targets

Blue Water is focusing on the business environmental impact and our general carbon footprint. Therefore, we seek to reduce waste and protect the environment where possible. Blue Water is aiming for introducing sustainable and appropriate initiatives to support such efforts.

In order to strengthen our climate efforts, Blue Water entered into a five-year climate partnership with the Danish energy company Ørsted in 2016. The vision of the partnership is to contribute positively to the green transition. Specifically, it means that all electricity consumption at the Blue Water offices in Denmark is covered by electricity from the offshore wind farm on the Danish island Anholt.

The Stop Food Waste campaign was initiated on November 18th 2019 at the headquarter in Esbjerg. This gives the employees the possibility to buy food from the canteen that otherwise would have ended in the garbage can. A total of 91 food boxes of approximately 500 g was sold in the six weeks in 2019, which equals a decrease in the food waste by 45,5 kg. The money collected from the campaign will be donated to a selected charity in 2020.


Throughout 2019, Blue Water Shipping and SpacelInvader have been working on establishing a collaboration and partnership which will initiate a number of concrete initiatives in Blue Water's supply chain as part of the company's climate initiative "Go Blue".

The purpose of the partnership is to commission the SpacelInvader solution both in Blue Water's internal supply chain and at selected customers.

The capacity optimization has a very positive impact on the bottom line for both climate and environment as well as being a good economical case.

When more goods can be transported optimally with the same truck, there is both space, money and CO2 to save. Each truck that can be saved affects all bottom lines positively.

In January 2020, a total of DKK 208.192 was invested in new LED lightning in three of the warehouses in Esbjerg. This investment is expected to decrease the energy consumption with 81.35 %⁴. Later in 2020, it is planned to introduce an app enabling Blue Water employees in Denmark to carpool when travelling for business from one office to another. It is expected that this initiative will decrease the overall emission result going forward.

Environment <i>Minimal environmental impact</i>	Targets / KPIs	Results
 12-2	<ul style="list-style-type: none"> • Implement a stop food waste campaign. • Reduce food waste in headquarter with 17 % in 2020 • Implement a CO2 emission calculator. 	<ul style="list-style-type: none"> • Stop Food Waste campaign initiated November 18th 2019 • CO2 Emission calculator will be a part of digitalization strategy as a robotic process automation (RPA) project.

⁴ According to calculations from LED Huset the consumption should decrease from 395.306 kWh to 73.714 kWh yearly


Business Ethics, Corporate Compliance & Governance

As we in Blue Water are operating across several cultures, traditions, local laws and practices, it is important to make sure that all employees are aware of the common set of principles providing guidance to what Blue Water considers good business practices and ethical behaviour – principles that are outlined in our Code of Conduct.

Therefore, Blue Water implemented e-learning in 2018, with a slideshow and a quiz as an addition to the introduction that is given when starting in the company. The training is mandatory for all employees in Blue Water Shipping and as of 30st of March 2020 97 % have completed the course.




In 2017, a Whistle-blower programme was implemented as part of our Code of Conduct in cooperation with an independent company. The programme ensures that we always work within the framework of the law and leads to a successful enforcement in case of unethical or illegal conduct. Also, the programme serves to protect Blue Water and our reputation globally.

In addition to the Code of Conduct several compliance programs are implemented e.g. Data Privacy, fraud and Anti-corruption. Blue Water consider these compliance programs to be a vital part of the organization. This is also why the compliance programs will be updated regularly and improved to align business requirements and customer expectations.

Compliance <i>Ensure legal compliance</i>	Targets / KPIs	Results
 <p>16-2, 16-3, 16-5, 16-8</p>	<ul style="list-style-type: none"> • Roll out Code of Conduct training to all Blue Water employees • Roll out several compliance programs, such data privacy, fraud and anti-corruption to all Blue Water employees. 	<ul style="list-style-type: none"> • 97% of all global employees have completed the Code of Conduct training • 94 % of all employees have completed the Data Privacy training.

Working with the Sustainable Development Goals in 2020 and onwards

In the beginning of 2019, it was decided by the top management in Blue Water that the focus should be on Sustainability Development Goal (SDG) 4 and 8 in 2020 and onwards. These targets have been divided into two overall focus areas being 'Blue Water Academy' and 'Health & Safety Performance', which are aligned with the overall 2024-Strategy in Blue Water. Specifically, the following SDG targets are covered by our two focus areas:

Focus areas	UN SDG Targets
<p>"Blue Water Academy" – Trainee program and development of current employees</p> <p>As employees are our strongest asset, there will be an increased focus on trainees, talents and leaders in Blue Water Shipping in 2020 and onwards. This will include but is not limited to the following topics:</p> <ul style="list-style-type: none"> • Develop and implement a Leadership Training program • Develop the current trainee education in Denmark • Internal training centre at the fifth floor at the headquarter in Esbjerg • Implementation of a talent program (starting with an evaluation process for all trainees). 	<ul style="list-style-type: none"> • 4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship • 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value • 8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training. <div data-bbox="853 1126 1313 1352" style="background-color: #c00000; color: white; padding: 5px; display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <p>4 QUALITY EDUCATION</p>  </div> <div style="text-align: center;"> <p>8 DECENT WORK AND ECONOMIC GROWTH</p>  </div> </div>
<p>Health & Safety performance</p> <p>Health & Safety targets for 2020:</p> <ul style="list-style-type: none"> • LTIFR < 2,5 • Proactive reporting > 15 • Minimum 6 global awareness campaigns in 2020 under the headline "Dare to Care". 	<ul style="list-style-type: none"> • 8.8 Protect labour rights and promote safe and secure working environments for all workers. <div data-bbox="853 1675 1082 1908" style="background-color: #c00000; color: white; padding: 5px; display: flex; justify-content: center; align-items: center;"> <p>8 DECENT WORK AND ECONOMIC GROWTH</p>  </div>