



SUSTAINABILITY REPORT

2020

CONTENTS

INTRODUCTION	2
CEO LETTER	3
Sustainability is our future	3
INTRODUCTION TO BLUE WATER	4
Policies	5
INTRODUCTION TO THE SUSTAINABLE DEVELOPMENT GOALS	6
GOAL 4	7
Education & development	7
Smoke free future	7
Social responsibility	7
GOAL 8	8
Dare to care campaign	8
Health & safety targets	9
GOAL 12	10
Environmental targets	10
New company cars in Blue Water	11
Partnership with spaceinvaders	11
Green Equipment	11
GOAL 16	12
Compliance, Risk Management and Data Ethics	12
Data Ethics in Blue Water	13
Scope 1, 2, and 3 Emissions	14
A responsible supply chain	16
Blue Water wins award	16
WHAT IS NEXT?	17

INTRODUCTION

This Sustainability Report covers the relevant and significant social, IT, ethical and environmental issues for the financial year from the 1st of January to the 31st of December 2020. It gives our costumers and stakeholders an overview of our performance in these areas.

This report serves as our annual communication on progress to the UN Global Compact and as the statutory statement on CSR in accordance with section 99a of the Danish Financial Statements Act.



CEO LETTER

SUSTAINABILITY IS OUR FUTURE

Blue Water Shipping A/S is a global transport & logistics provider offering tailor-made transportation and freight solutions. We handle all types of cargo ranging from small parcels to entire oil-rigs moves from one continent to another. Blue Water's services are Globally available through a comprehensive network of owned offices and collaborated with trusted business partners.

As a global business, we too have an important role to play in securing a sustainable future. Blue Water operates all around the world and this report serves to outline our global as well as local initiatives and goals for corporate responsibilities.

We believe that innovative thinking and a diverse staff lay the foundation for solving tasks in the future. To present our sustainability programme, we have invited our colleagues from around the organisation to support with their contributions.

The Blue Water spirit is based on teamwork and creating solutions together or strategy of sustainability is also built upon two strategies;

1. Use sustainability unobtrusively to strengthen or create competitive advantage.
2. Use sustainability in our daily lives.

Our area of responsibility covers both social, economic, and environmental issues. To create transparent and measurable visions, UN's Sustainable Development Goals (SDG) serve as our guiding principle creating comparable and definable goals. In this report, we explore how

we work with four of the SDGs, anticipating that we can contribute more in the future.

Unfortunately, 2020 brought an array of new challenges to our Global Business.

The world suffered a pandemic and as a business transporting cargo around the world, Blue Water experienced the pandemic too. Challenges were faced and new opportunities arose on a global scale.

In September 2020 Blue Water was faced with one major challenge, a cyberattack. This attack effected every part of our business. Upon detection of this suspicious activity the company's IT department decided to protect the company's assets and business intelligent data. All our systems were shut down. Restricting access for hackers, meaning all working operations were immobilised within the business. A business decision was made to rebuild the whole IT infrastructure to support future business security.

The foundation of Blue Water is based on professional and skilled employees. Our knowledge is shared internally so we can benefit fully from our inhouse competences and provide the best complete and customised transport & logistical solutions for our customers globally. Blue Water is committed in evolving and developing the organisation and our inhouse competences. In addition, one of our most important goals is to provide a safe and healthy workplace for all employees.

We value close relationships with our custom-

ers because we know it makes a difference and gives us the best to create optimal solutions together. Our direction and values are key to us and together with our employees shapes the foundation for how we conduct business.

This report is a continuous development towards some of sustainability goals and how we are adapting along the way.

Sustainability to Blue Water is a mind-set, a way to do business.



CEO, Søren Thomsen

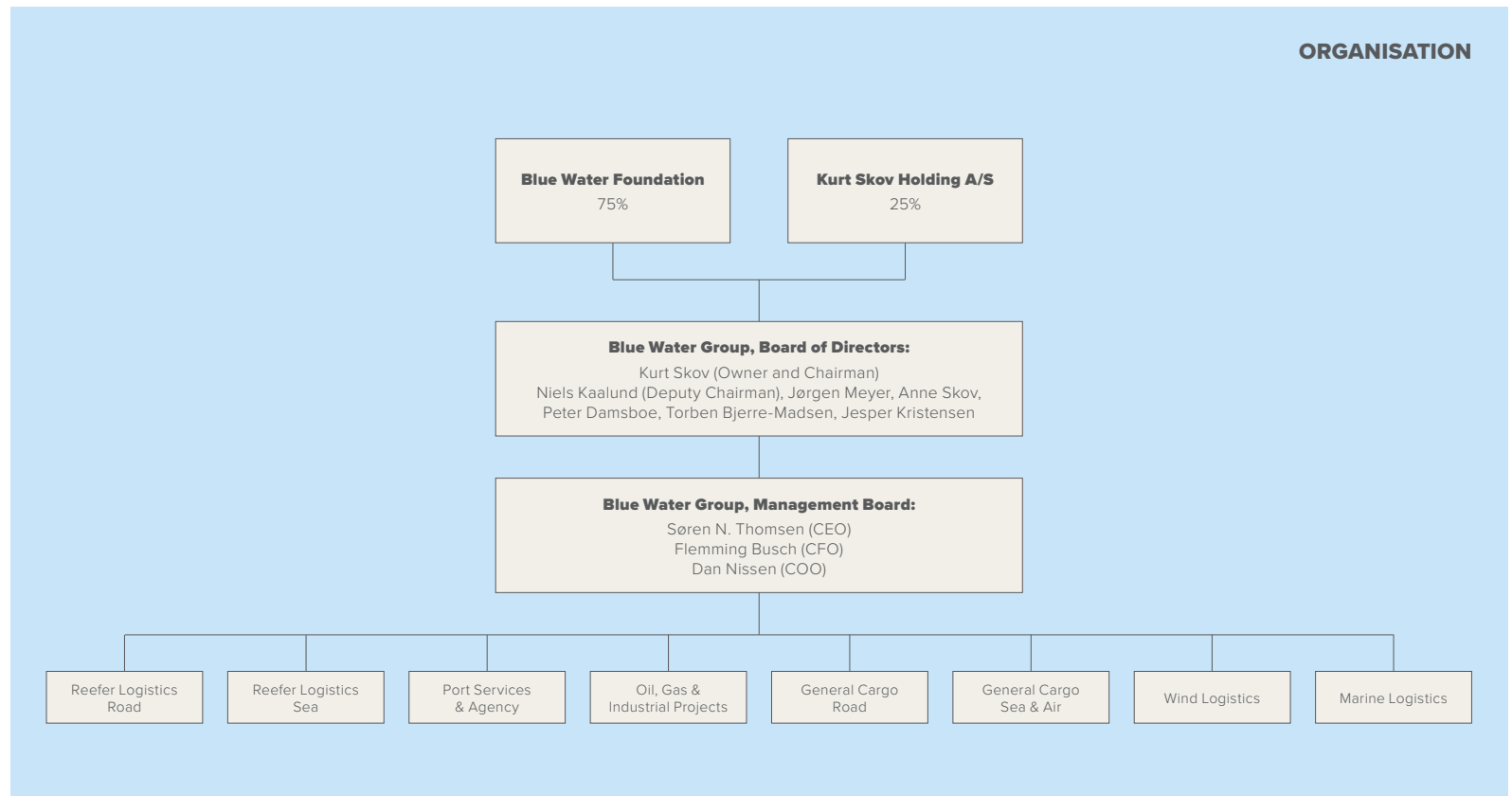
INTRODUCTION TO BLUE WATER

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 nine locations throughout Denmark, but also Blue Water offices in countries around the North Atlantic, in Western and Eastern Europe, Australia, in Central Asia and the Middle East, in the Far East, and North & South America.

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

ORGANISATION



INTRODUCTION TO BLUE WATER

POLICIES

- » 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.

The Blue Water values drive and support the behaviour and culture. Through policy setting we strive to align company behaviour and standards. Through training we encourage behaviour and culture and through audits and controls we ensure compliance within all areas.

POLICY	THE POLICY IN SHORT
<u>Code of Conduct</u>	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 minimising the risk of not complying.
<u>Supplier Code of Conduct</u>	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. Through this process we ensure responsible supplier management by defining and communicating our expectations from the Code of Conduct.
<u>Global Quality Policy</u>	The Global Quality Policy describes how we want to ensure that we deliver high quality solutions to ensure customer satisfaction.
<u>Global Environmental Policy</u>	The Global Environmental Policy describes how we want to ensure that Blue Water only produces minimal environmental impact.
<u>Global Health & Safety Policy</u>	The Global Health & Safety Policy describes how we want to ensure that Blue Water is a safe place to work.
<u>Group Privacy Policy</u>	The Group Privacy Policy describes how we process personal data.

INTRODUCTION TO THE SUSTAINABLE DEVELOPMENT GOALS

The report structure follows our four areas of our Sustainable Development Goals (SDG) commitment.

In Blue Water, we care about environmental performance, social responsibility, quality education, the health and safety of our employees, and solid business management and processes. By integrating these principles into all aspects of how our business is conducted, we not only better manage risks, data ethics and opportunities, but also meet the evolving needs of our internal and external stakeholders.



GOAL 4 QUALITY EDUCATION

4 QUALITY EDUCATION



EDUCATION & DEVELOPMENT

Our values set the tone for our company culture as well as the behaviour and standards we expect of employees and those we work with. These standards are detailed in our Code of Conduct (CoC), and CoC training is mandatory for all employees. The training emphasises our ethical guidelines and focuses on common dilemmas as well as anticorruption measures.

In early 2021, we will launch the Blue Water Academy and open inhouse physical state-of-the-art training facilities. The Academy builds on a long tradition in the company of focusing on the development of our employee's competencies to ensure we always have the strongest competencies and best employees in the industry.

The academy will focus on building our competencies within all our industrial functional areas and be a natural extension of the trainee programme we have run for years. The trainee programme will continue and during the year, we will add a further global dimension to it.

The Academy will also hold all our leadership-, talent, and project development activities which will be delivered in a mix of internal and external training, all on a foundation of our culture and DNA.

SMOKE FREE FUTURE

Blue Water supports Esbjerg Municipality and Cancer.dk in the ideology that no children and young people should smoke.

With partnerships, campaigns, news and debates, Smoke free Future works to make it harder to start smoking. Through local initiatives and policy efforts, together with our partners we are changing the framework and attitudes towards the youth smoking.

Blue Water supports the healthy and sustainability work that ensures that no children or teenagers smoke by 2030 and that only 5 per cent of adults do so. More than 200 schools, organisations, businesses, and institutions are already part of Smoke free Future.

SOCIAL RESPONSIBILITY

Along with our colleagues in the industry, LEMAN, BRING, and DHL, Blue Water has joined forces to promote social responsibility on the agenda within even more companies. The "Code of Care" programme has established a project called "Everyone has the right to a job" – a new initiative supporting the creation of jobs for young people. Being an ambassador to the "Code of Care" programme has the purpose to recruit broader and see new opportunities in onboarding candidates who have had a troublesome past. The focus and cooperation on social responsibility has given all four companies a wider range of candidates to recruit from. The process has given a unique opportunity to work within a joint purpose and secure youngsters a meaningful job, a job that previously has been impossible to even hope for.

Link to Danish article: [Transportbranchen har sat kurs mod socialt ansvar – Code of Care.](#)



Trainees jumping in the harbour



DARE TO CARE

Safety is important, why? Because it is our responsibility to create a safe working environment. Blue Water has set Safety as a priority in our corporate strategy. Through our safety journey we will strive towards ZERO lost time injuries in 2024. This means that we together must create a safety conscious organization, and hereby make Blue Water an even safer and better place to work.

Please see link to the Blue Water Safety Journey - [BWS safety journey on Vimeo](#)

DARE TO CARE CAMPAIGN

The courage to dare to care and address unsecure and unsafe acts will be promoted with communication. Our campaigns are based on enhancing communication through mindset and tools.

Ensuring that our employees become aware of their acts and that communication is vital in performing changes. Communication must be effective and accurate, and one must be

trained in both receiving and giving positive feedback. To establish this baseline, Blue Water will educate and provide the tools for our managers and employees.

By training managers, they will become role models in showing and living safe behaviour, and they will communicate consistently through relevant channels.

We believe that positive communication promotes secure and safe teamwork. Together we create solutions.



GOAL 8 DECENT WORK & ECONOMIC GROWTH



HEALTH & SAFETY TARGETS

Lost time injury frequency rate

The figure 1.0 above shows that the target for the frequency of lost time injury per one million working hours was not reached. All root causes have been analysed, mitigating actions have been established, and have been implemented accordingly. All actions will be followed up upon and monitored.

The figure also shows an increase of 12% of all registered accidents over the past 4 years. Having had several sessions of safety awareness training, having employees understand

the importance of reporting and being trained in the tools available, Blue Water is convinced that the increase in registered accidents shows the path to a more mature safety culture.

Safety Dialogue

Safety dialogues are supporting the safety culture maturity and by documenting through the implementation stage, Blue Water ensures a new way of conducting dialogues that, over time, will be an integrated part of daily work. A safety dialogue is based on behavioural safety (well done <-> unsafe act) and does not have focus on inspection of equipment, facilities etc. The main focus should be how employees

handle safety and what behaviour an employee show towards safety (including wearing of PPE). Safety dialogues have increased by 2% over the last year, showing a total of 27% of all inspections performed in 2020.

Global Awareness Campaigns

In line with the Blue Water Safety Journey, awareness campaigns are one of Blue Waters health and Safety targets every year. This enables us to focus on risks that reflect the working conditions Blue Water is currently facing. The target was reached and as an example, the global COVID-19 campaign was implemented and changed rapidly from week to week.

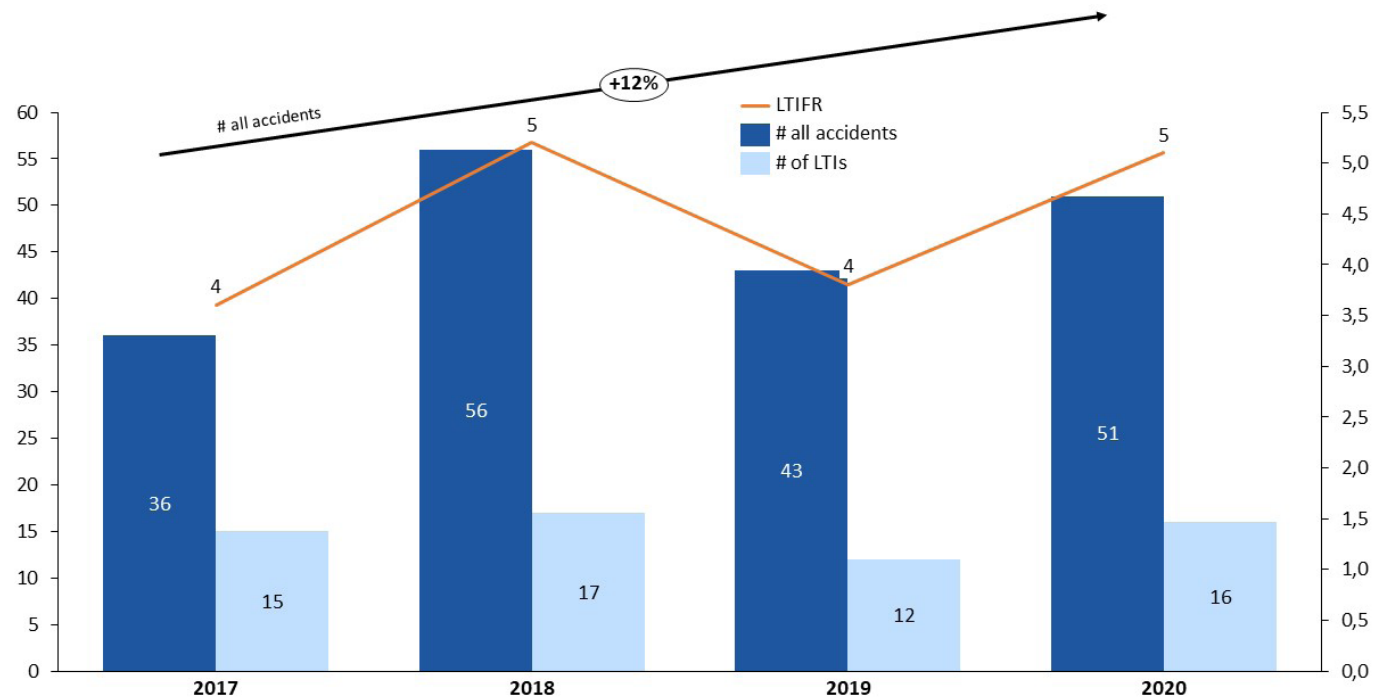
The campaign evolved into several other campaigns such as developing and distributing Travel Kits, developing guidelines and travel restrictions as well as training the managers on "working from home" challenges.

Increased number of observations

In 2020, a significant increase in observations was reported by our employees, enabling us to implement several preventative actions. This positive trend and improved engagement is helping us reach our targets and will in the long run ensure that we reach the desired safety culture.

Health & Safety Targets

- » Lost time injury frequency rate (LTIFR) < 2,5
- » Safety Dialogue;
 - 4 per year for administrative people managers
 - 10 per year for operational managers
- » Minimum 6 global awareness campaigns in 2020 (reference to The Blue Water Safety Journey)
- » Increase number of registered observations



GOAL 12 RESPONSIBLE CONSUMPTION & PRODUCTION

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



ENVIRONMENTAL TARGETS

- » Stop Food Waste Campaign” in HQ, Esbjerg and reduce the food waste with 500 kg in 2020 – equal to 17% waste reduction
- » Implement a CO2 emissions calculator (Robotic Process Automation)
- » Change port cars to electric cars (according to turnover of the car fleet)
- » Change lighting in 3 warehouses, Esbjerg and HQ, Esbjerg from conventional to LED reducing CO2 with more than 75%

Stop food waste campaign

Blue Water initiated the year 2020 with a “Stop Food Waste Campaign” at HQ in Esbjerg. Due to COVID-19 the project was postponed and will be relaunched once the circumstances change.

CO2 emission calculator

The target to develop and implement a CO2 emissions calculator was partly put on hold.

Due to the cyberattack, resources were allocated elsewhere.

Parts of the organisation has initiated a partnership with [EcoTransIT World](#). EcoTransIT World provide a calculation of energy consumption and emission data of a worldwide transport chain.

Electric port cars

Changes are according to plan. Blue Water will see challenges going forward due to technical and infrastructure issues.

Change from conventional to LED

The initial plan has partially been implemented. Focus was redirected to reducing CO2 emissions in HQ by changing IT equipment and lightning.



GOAL 12 RESPONSIBLE CONSUMPTION & PRODUCTION



NEW COMPANY CARS IN BLUE WATER

A new company car policy has given the opportunity to acquire new electric and hybrid company cars which will be delivered in September 2021.

PARTNERSHIP WITH SPACEINVADERS

Blue Water and the entrepreneurial company SpacelInvader have formed a climate partnership focusing on making cargo road transportation greener and launching a series of initiatives in Blue Water's supply chain. The purpose of the partnership is to integrate

the SpacelInvader transport solution within Blue Water's internal supply chain and offer it to customers. The company SpacelInvader has developed the transport system that allows more pallet goods per truck by doublestacking. The capacity is optimised which has a very positive impact on reducing carbon footprint.

GREEN EQUIPMENT

Blue Water's location in the Port of Aarhus, DK, is, due to a large volume of goods handled, focusing on greener cargo handling. Blue Water is in close dialogue with customers and

suppliers regarding sustainable transports and choice of transportation modes available.

Most of our changes will be to convert our heavy machinery and to ensure our employees change driving behaviour. As a result, Blue Water has converted 80% of diesel driven forklifts.

The partnership with Aarhus Kommune and other stakeholders in the Port has resulted in a strategy for 2030.

Article published by "Go Green With Aarhus" – www.gogreenwithaarhus.dk



GOAL 16 PEACE, JUSTICE & STRONG INSTITUTION



Corruption negatively impacts sustainable development, encourages illegal activity, and diminishes democracy. Our commitment to fighting corruption at every level of our value chain and applies to all employees, board members, supplier, and partners all over the world.

The Blue Water compliance programme oversees the fulfilment of these objectives and presents the framework for compliance.

The Blue Water whistle blower system is accessible from all countries in which we operate. It is designed to make it easy for employees and external parties to report suspected criminal activity. The system is maintained by an external party to protect anonymity, evidence, and the objective investigation of all cases.

COMPLIANCE, RISK MANAGEMENT AND DATA ETHICS

In Blue Water, we strive to work proactively with risk management. We believe that this approach benefits the customers, employees, and business services supporting that Blue Water is a trustworthy company. We see risk

management as prerequisite in an everchanging global business environment.

Blue Water has deployed the Enterprise Risk Management model. The model is based on inputs from all business units covering the whole organisation and all business areas. Furthermore, Blue Water continually monitors global trends. Blue Water can navigate and adjust accordingly to new risks in the organisation or parts of it. Consequently, the internal and external risks are monitored and reviewed when applicable.

Health, safety, environment, compliance, finance, and other relevant issues/risks/opportunities are addressed at management reviews. Based on the input, targets are set by the executive management. If there are any new demands from customers and business partners, including other internal and external parties, these are assessed and documented in the Enterprise Risk Management system. Future actions are decided on management reviews securing the appropriate handling of these risks. Below targets for 2021 to mitigate identified risks.

Targets 2021

- » Implement new Quality Management System (QMS)
- » Implement new Whistle blower and Compliance app
- » Implement new Contract Management System
- » Implement new Enterprise Risk Management System

GOAL 16 PEACE, JUSTICE & STRONG INSTITUTION



DATA ETHICS IN BLUE WATER

At Blue Water, we process large amounts of data for and about customers and employees daily. It is part of Blue Water's goals to use new technologies, and we have also launched several initiatives to further secure the IT infrastructure so that data is adequately protected.

Therefore, Blue Water works actively with technical and organisational measures that consider legislation, business expectations, and customer requirements.

At Blue Water, we continuously monitor and evaluate data/information to confirm usage for our global business operations and the benefit of customers & employees. As part of the data's ethical considerations, Blue Water has introduced several supportive measures which are regularly reviewed to confirm criteria for processing the company's data.

Blue Water has introduced a privacy policy describing how personal data is processed. Furthermore, policies for handling contracts, tenders, and follow up with customers have also been implemented, as well as awareness

raising campaigns for employees on various topics, e.g. phishing.

In connection with COVID-19, there has been a special focus on protecting personal and company data when working from home. This has taken place through virtual information campaigns. There are also discussions with managers about information security respecting and securing the interface between work and private life. Training has also been carried out for special groups of employees on topics related to their professional working areas as well as the issuance of privacy notifications in relevant areas.

Blue Water pays particular attention to entering contracts with customers and suppliers, including data processing agreements, which help to ensure appropriate processing of customer and employee data. Through information security, risk management, IT security, and compliance, Blue Water works actively with good data processing practices in respect for data protection and ensuring the free movement of information for the benefit of society, customers, and employees.



GOAL 16 PEACE, JUSTICE & STRONG INSTITUTION

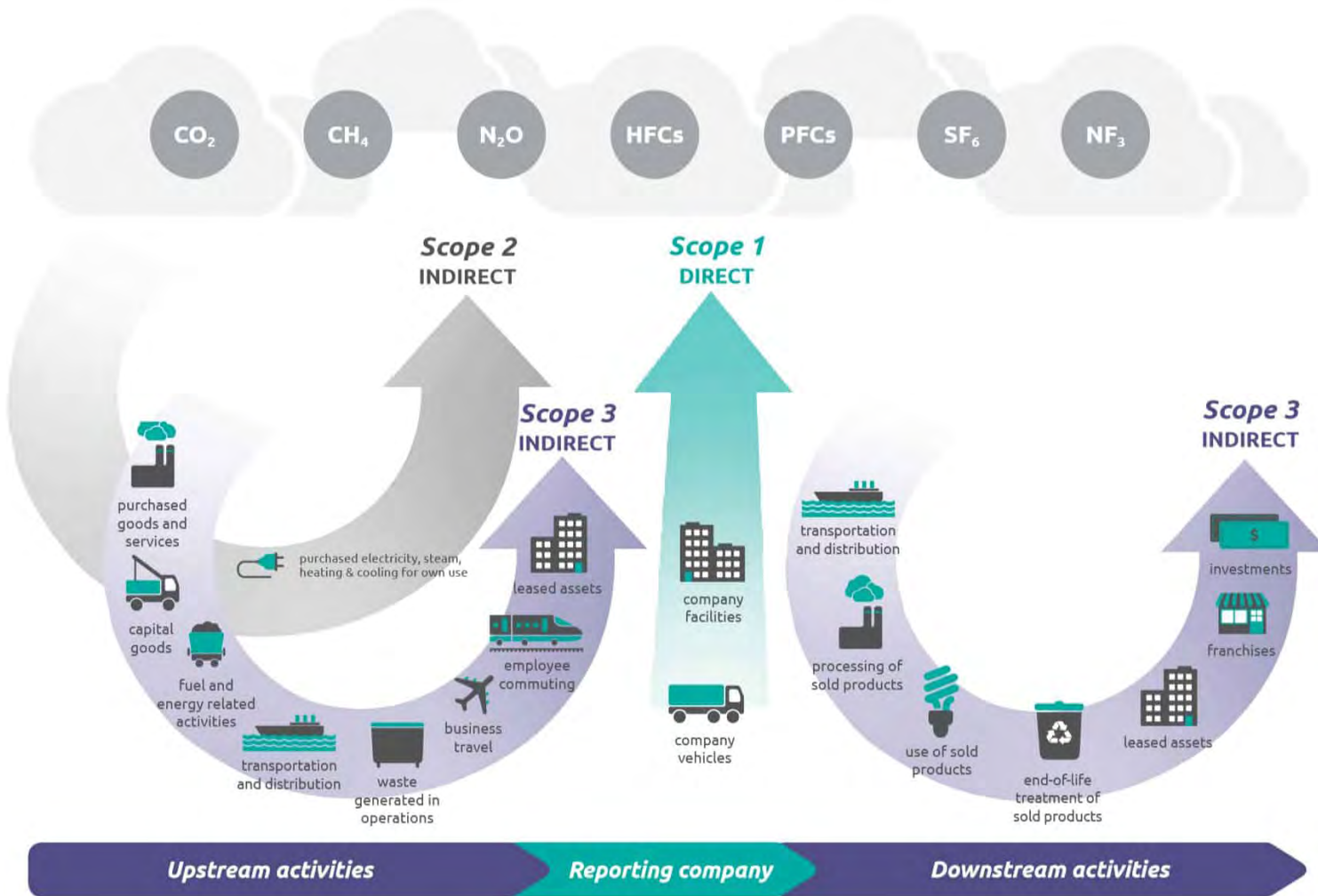


Figure: Scope 1, 2, and 3 Direct and indirect emissions

SCOPE 1, 2, AND 3 EMISSIONS: OVERVIEW TO DIRECT AND INDIRECT EMISSIONS

The concept of emissions scopes was introduced by The Greenhouse Gas Protocol (GHG Protocol).

The goal: To define how a company controls the emissions it is responsible for. Asking ourselves, if we are causing the emissions directly or if we are causing them indirectly through our supply chain?

Where emission scopes are used

The GHG Protocol is the most widely used international accounting tool for government and business leaders to understand, quantify, and measure greenhouse gas emissions.

This being said, emissions scopes are widely used in political efforts to regulate carbon emissions – for example through carbon taxation. Most carbon pricing constructs right now, for example, only account for Scope 1 emissions.

Another goal of different emissions scope is to improve transparency and make different accounting and reporting methods more useful for different types of organisations. In short, certain industries might have a lot of control over their indirect emissions.

GOAL 16 PEACE, JUSTICE & STRONG INSTITUTION



Scope 1: Direct emissions

Direct Greenhouse Gas Emissions come from sources that are owned or controlled by Blue Water. In the case of Blue Water, these emissions consist of emissions from the fleet of company cars and the Blue Water owned fleet of heavy machinery.

Scope 2: Indirect emissions from energy

Scope 2 accounts for Greenhouse Gas Emissions from the generation of purchased electricity and heating/cooling by Blue Water. As for the energy purchased in Denmark, it is worth mentioning that all electricity purchased

and consumed at Blue Water offices is covered by electricity from an offshore wind farm.

Globally the actual consumption is monitored and registered in our global mapping system.

Scope 3: Indirect emissions

Scope 3 Indirect Emissions are emissions from sources that are not owned and not directly controlled by Blue Water. However, the emissions are related to our business activities.

As for many industries, Scope 3 emissions account for the biggest amount of Greenhouse

Gas Emissions, this is also the case for Blue Water.

Scope 1 and 2 emissions are much easier to calculate than Scope 3 emissions – for the simple reason that they are directly controlled by Blue Water. To effectively measure our Scope 3 emissions, we need to look deeper into our value chain. Apart from our commitment to make a deep dive, we will also need a political commitment and alignment in country regulations. We know that Scope 3 is where we will find the largest reduction in carbon emissions.

GOAL 16 PEACE, JUSTICE & STRONG INSTITUTION

16 PEACE, JUSTICE
AND STRONG
INSTITUTIONS



A RESPONSIBLE SUPPLY CHAIN

During 2020, the demand for Personal Protection Equipment has increased significantly due to the pandemic.

Blue Water secured an air bridge directly from Shanghai, China to Billund, Denmark with reliable partners to fulfil the increased demands for Personal Protection Equipment in Europe.

BLUE WATER WINS AWARD

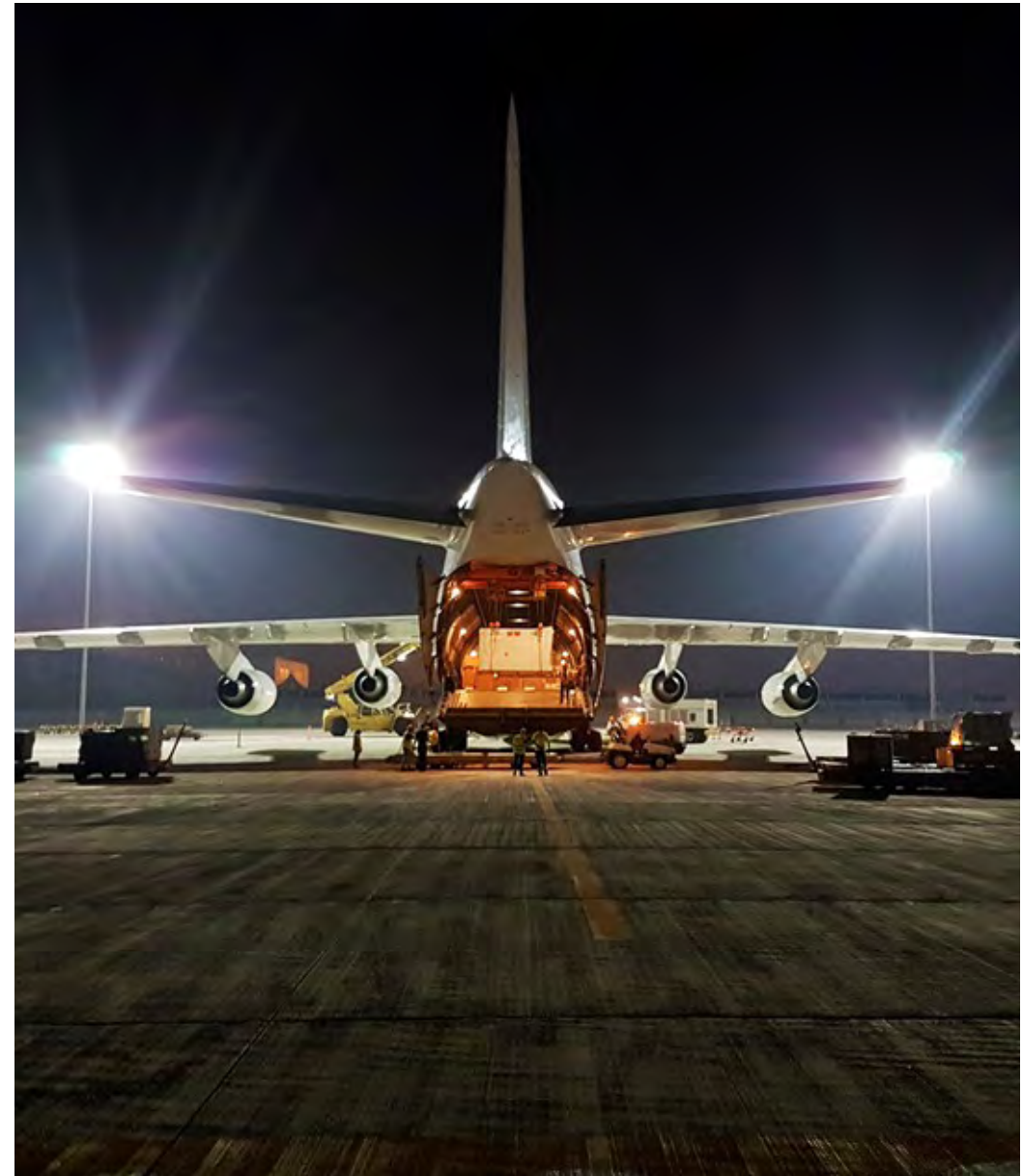
After decades of conflict, electricity has become a scarce commodity in Afghanistan even though the potential for power generation is huge with sufficient reserves of gas, water, and wind. However, only 300 Megawatts are domestically produced every year. Moreover, at least 75 percent of electricity – about 1,000 Megawatts – are imported from neighbouring countries.

Blue Water is proud to contribute to the project in Afghanistan. The project was handled in close cooperation between several Blue Water

locations – e.g., Dubai, Billund, Esbjerg and Houston. The various inhouse experts designed an efficient and safe solution for the project, also involving overland transportation in the USA, sea freight from the US to Dubai as well as four air transports from Dubai to Afghanistan and one from Turkey to Afghanistan.

Blue Water won the Airfreight Solution of the Year award at the international Heavy Lift Awards 2020. Blue Water took home the trophy awarded within the project cargo category for our involvement in the delivery of the world's first [Siemens SGT-A45 turbine](#) in Afghanistan.

The judges were also impressed with the size of the cargo, the bespoke design required for loading operations, the extraordinary planning involved, and safety and security challenges that had to be overcome. Furthermore, it was the biggest air charter in Blue Water's history.



WHAT IS NEXT?



Blue Water looks to the future and asks how and why our commitment makes a difference by becoming a sustainable logistics provider contributing to the environment.

Blue Water has focused on sustainability for more than a decade and is proud of the results achieved. Those companies who can afford to move faster and go further should do so. Using technology, Blue Water can do just that, including minimizing the environmental impact on own operations and ensuring the resilience of Blue Waters infrastructure to climate change.

By focusing on how to drive changes; Blue Water can make an immense impact on climate change. Blue Water and other companies within the industry need to pull all levels of influence ranging from our operations, customers, supplier, investor, partners in innovation, and politicians to contribute to worldwide sustainable solutions in the future.



Together we create
solutions