



BLG  LOGISTICS



2020

**Clear
Course:
Future**

Sustainability Report



**»» We can't change the
wind, but we can
adjust the sails. ««**

Aristotle

Editorial

Dear readers,

In 2020, the coronavirus pandemic at least made it feel as though the world was spinning a little less quickly than usual. This also had an impact on logistics processes worldwide. Why, then, have we given this year's reports the title Clear Course: Future? Quite simply because we continue to chart a clear course even through slightly choppy waters. We remain committed to our sustainability goals and continue to believe that looking to tomorrow is essential to making the right decisions today.

What we achieved in this respect in the past year, what challenges we see, where we see potential to improve and in which areas we are concentrating our efforts - you can discover all this and more in this Sustainability Report, giving you an overview of how we meet our ecological, social and economic responsibility. In addition, with the help of selected projects, we showcase online how our actions make a small contribution every day toward achieving the United Nations Sustainable Development Goals (SDGs).

We have also continued to develop the format and for the first time are placing a focus on digital reporting. Under reporting.blg-logistics.com/en our reporting - including this Sustainability Report as well as the Financial Report and the Company Magazine 2020 - has found a new online home. Here, you can click back and forth between the contents and like this obtain a comprehensive and interactive overview of our performance and of the topics that we influence and that influence us.

Enjoy!

Yours, Jakub Piotrowski

Head of Sustainability, Digitalization and IT



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Foreword of the CEO

Dear readers,

An extraordinary year lies behind us in 2020. The coronavirus pandemic presented us as a company with unexpected challenges. At the same time, it meant that in the reporting year each and every one of us at BLG LOGISTICS went above and beyond. For this reason, I expressly wish to extend my thanks to all of our employees at the beginning rather than at the end of my remarks.

Despite great flexibility and an enormous amount of effort, the lockdown in the spring led to a significant drop in revenue accompanied by operating losses. The fact that we continued to implement our sustainability agenda under these circumstances shows how deeply sustainable action is now ingrained in our mindset and our processes. Although we had to postpone individual projects due to the pandemic-related restrictions, overall we are clearly on course. This also applies to our "Mission Climate", our path to net zero emissions. The absolute emission reduction targets that we have set ourselves in this context were validated in November by the independent Science Based Targets initiative (SBTi). This makes us the first German logistics provider with scientifically recognized climate protection targets.

We assume a particular responsibility toward our employees. Our top priority was therefore to enable them to work safely even under coronavirus conditions and to protect them as best we could. Thanks to the implementation of prompt and targeted hygiene concepts, we were

successful in this. Meetings and training courses were quickly switched to digital formats. Because despite the distance we are currently required to keep, we want to live our corporate values together on a daily basis, develop our employees, bring new people on board and thus strengthen ourselves as an organization.

Last year once again underscored what we already know - it is crucial that we position ourselves on a stable and sustainable path to the future. Not only do we move our customers' goods and business forward, we also apply the same principle to ourselves: Never stand still. That's why we continued to work on new product solutions in 2020 and are increasingly drawing on new technologies such as artificial intelligence to actively shape the sustainable logistics of tomorrow. Another future-oriented project is our new logistic center C3 - for customers, climate and comfort - that will optimally combine various aspects of sustainability at our Bremen location and thus reflects the very essence of our understanding of doing business in an economically, environmentally and socially responsible manner.

Stay healthy.



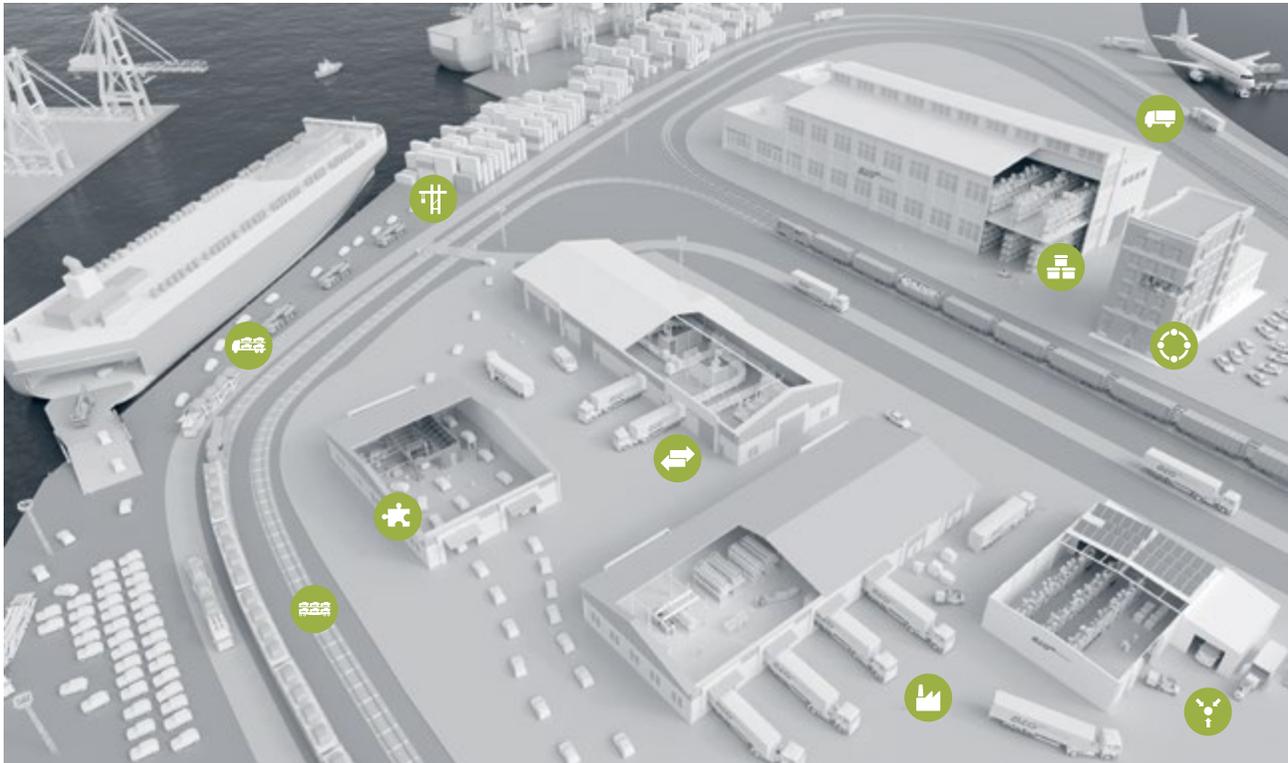
Yours, Frank Dreeke

Chairman of the Board of Management



"Last year once again underscored what we already know - it is crucial that we position ourselves on a stable and sustainable path to the future."

Services at a Glance



Transport logistics
Secure transport of finished vehicles and other goods via road and rail, by sea and air



Cargo handling logistics
Extensive network of seaport and inland terminals



Distribution logistics
Distribution of goods from production plants or central warehouses to the customers



Production logistics
Supplying final assembly through optimum preparation of parts and components



Procurement logistics
Ensuring availability of stocks via management and monitoring of procurement processes



Reverse logistics
All logistics processes for returning goods or materials into the product cycle



Supply chain management
Organization of integrated logistics chains in project and process management, technology, IT and quality



Value-added services
Value-creating activities such as technical processing, cleaning or surface treatment for finished vehicles

Company Profile

BLG LOGISTICS GROUP AG & Co. KG (BLG KG) headquartered in Bremen is a seaport and logistics service provider with an international network. We offer extensive logistics system services in automobile, contract, and container logistics along the entire supply chain and devise sustainable logistics solutions. Our clients include the leading German automakers as well as companies in retailing and industry. Today, BLG LOGISTICS has a presence in all the world's growth markets, with almost 100 locations and offices in Europe, America, Africa, and Asia.

 www.blg-logistics.com

Our company is run by a management company organized as a private enterprise, i.e. BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877- (BLG AG). The Free Hanseatic City of Bremen (municipality) is the main shareholder. The Board of Management of the listed joint stock corporation manages the business of BLG KG on its own responsibility. There were two new appointments to the Board of Management in the reporting year. Ulrike Riedel was appointed as Labor Relations Director with effect from July 1, 2020, succeeding Dieter Schumacher, who passed away on February 19, 2020. On November 1, 2020, Christine Hein also joined the Board of Management as new CFO. The 16-member Supervisory Board, in which employees and shareholders are equally represented, monitors and advises the Board of Management in its work.

The Group's sales revenue in financial year 2020 totaled EUR 1.07 billion. Detailed financial key figures are presented in our Financial Report 2020.

 reporting.blg-logistics.com/en

You can find an overview of key figures relating to sustainability on ► page 10.

Our ownership structure

As of December 31, 2020, the Free Hanseatic City of Bremen (municipality) was the main shareholder of BLG AG with a share of 50.4 percent. Other large institutional investors are Finanzholding der Sparkasse in Bremen and Panta Re AG, Bremen, each with a share of 12.6 percent and the Waldemar Koch Foundation, Bremen, with a share of 5.9 percent. Free float shares account for 18.5 percent. Information on the legal group structure is presented in our Financial Report 2020.

AUTOMOBILE - intelligent vehicle logistics from A to Z

BLG's AUTOMOBILE Division is the leading technical and logistics service provider for the international automotive industry. In this business area, the company offers multimodal transport concepts with global logistics reach and dovetails individualized and innovative technical service packages. Distribution takes place by road, rail and inland waterway. In addition to the seaport terminals in Bremen, Bremerhaven, Cuxhaven, Hamburg (Germany), and in Gdansk (Poland), the AUTOMOBILE Division also operates several inland terminals on the Rhine and the Danube Rivers. The bases of our truck fleet extend from Paderborn in Germany to Moscow. BLG AutoRail is a special provider of vehicle transport by rail. It owns 1,500 open, double-deck railroad cars, including 200 flat wagons, and thus has Europe's most modern and

versatile rolling stock at its disposal. This means that the logistics supply chain from the vehicle manufacturers to the end customer is fully covered. Each year, our worldwide AUTOMOBILE network generally handles, transports or technically processes over six million vehicles, making BLG LOGISTICS one of Europe's leading automobile logistics companies. The impact of the coronavirus pandemic led to a major crisis in the automotive sector. As a consequence, in the 2020 financial year the volume of vehicles handled in the division's network was considerably lower than in the previous year at 4.8 million (previous year: 6.3 million vehicles).

But our wheels are constantly turning: BLG's AUTOMOBILE Division consistently supplements its logistics network with smart digital solutions and sustainable concepts for climate-friendly transport. Thus, we are currently converting our car terminal in Hamburg to make it climate neutral. And we actively advise and support our customers in the area of electric mobility. Alongside sustainability, digitalization is the big topic of the future for the automotive and logistics industries. BLG is contributing to this by working with partners on a research project to develop complex planning and management tools for car terminals.

In the reporting year, we expanded the Dodendorf location from a car transportation base into an independent car terminal, which started operations in May 2020 under the name BLG Autoterminal Deutschland. It was also developed into an electric mobility location, with an area extension already planned for 2021. Here and at other terminals, BLG LOGISTICS provides services for various manufacturers, including handling, technical processing,

quality assurance, and customs clearance for electric vehicles, and in this way contributes to the energy transition.

CONTRACT - tailor-made logistics solutions

In the CONTRACT Division, we manage complex projects and offer our customers in industry and retailing reliable upstream and downstream logistics solutions. The focus of our know-how and experience lies in car parts, industrial and production logistics as well as in retail and distribution logistics. Here, we provide conventional logistics services such as transport, storage and picking as well as value-added services such as assembly and returns management. We also plan, design and implement highly automated logistics centers, ranking us among Germany's leading providers of logistics services. At locations in Europe and overseas, we handle a wide variety of goods ranging from automotive parts, railroad components, trainers, printers, fashion, furniture or frozen foods through our own logistics centers and those of our customers.

On January 1, 2020, BLG LOGISTICS opened a new location in Meerane, Saxony. The logistics center boasts a hi-tech automated small parts warehouse and specializes in handling and storing cable harnesses for electric vehicles. At the Ludwigsfelde site, our industrial logistics business area was able to acquire additional new business. For our customer Siemens Energy, we dedicate 35,000 m² of warehouse space to storing and retrieving spare parts for gas and steam turbines and handling worldwide shipping. At the end of March 2020, we began

with the step-by-step commissioning of the "Prototype Park" in Waiblingen. With this project, a well-known automotive manufacturer realized the plan to consolidate the warehouse locations of several divisions at an off-campus location and transfer them to a service provider.

At the beginning of January 2020, BLG LOGISTICS increased its shareholding in BLG Sports & Fashion to 100 percent. In this context, customer areas were restructured and new managers and blue-collar employees were hired. For the 150,000 m² multi-user logistics center in Hörsel, Thuringia, we were able to conclude a multi-year contract with fashion provider Hallhuber in November 2019. With an area of 25,000 m² dedicated entirely to fashion logistics, the logistics center in Ochtrup in the Münsterland region was also newly commissioned in the reporting year. At this location, an automated picking and storage system designed as a goods-to-person system helps to ensure efficient and ergonomic processes. The CI Factory of our customer Engelbert Strauss in Schlüchtern, Hesse also started operations on January 1, 2020. Here, BLG LOGISTICS operates the new highly complex and fully automated logistics hub. Also in Hesse, we have been operating a second logistics center in Butzbach since April 1, 2020 for our customer Bosch. This new business enabled us to welcome some 65 new employees. We supply Bosch plants worldwide with factory and supplier components. In addition, we are responsible for distribution logistics for individual business units and maintain warehouses close to the plants. In the "Warehousing General" service area, Bosch awarded us the status of "preferred supplier" at the start of 2021.

At locations that we closed during the reporting period - for example because the cargo volumes handled there were transferred elsewhere or because individual customers decided in favor of cooperating with competitors - we redeployed employees working there to other locations or they were able to transfer to new employers as part of a transfer of operations. In the few instances where this was not possible, we made use of reconciliation of interests and redundancy plans.

CONTAINER - box services

In the CONTAINER Division, the EUROGATE Group, in which we have a 50 percent stakeholding, confirmed its position as one of Europe's leading shipping line-independent container terminal operators. The Group's core business is container handling at seaports at ten terminal locations. Secondary services include seaworthy packaging or container depot, maintenance and repair services as well as intermodal transport. EUROGATE GmbH & Co. KGaA, KG is a company consolidated using the equity method of accounting and managed separately from BLG in all CSR-relevant areas. The information in this report relates to the fully consolidated companies of the AUTOMOBILE and CONTRACT Divisions, including BLG AG and BLG KG (central departments). Information relating to the non-financial report of EUROGATE is presented separately on ► pages 54 to 57.

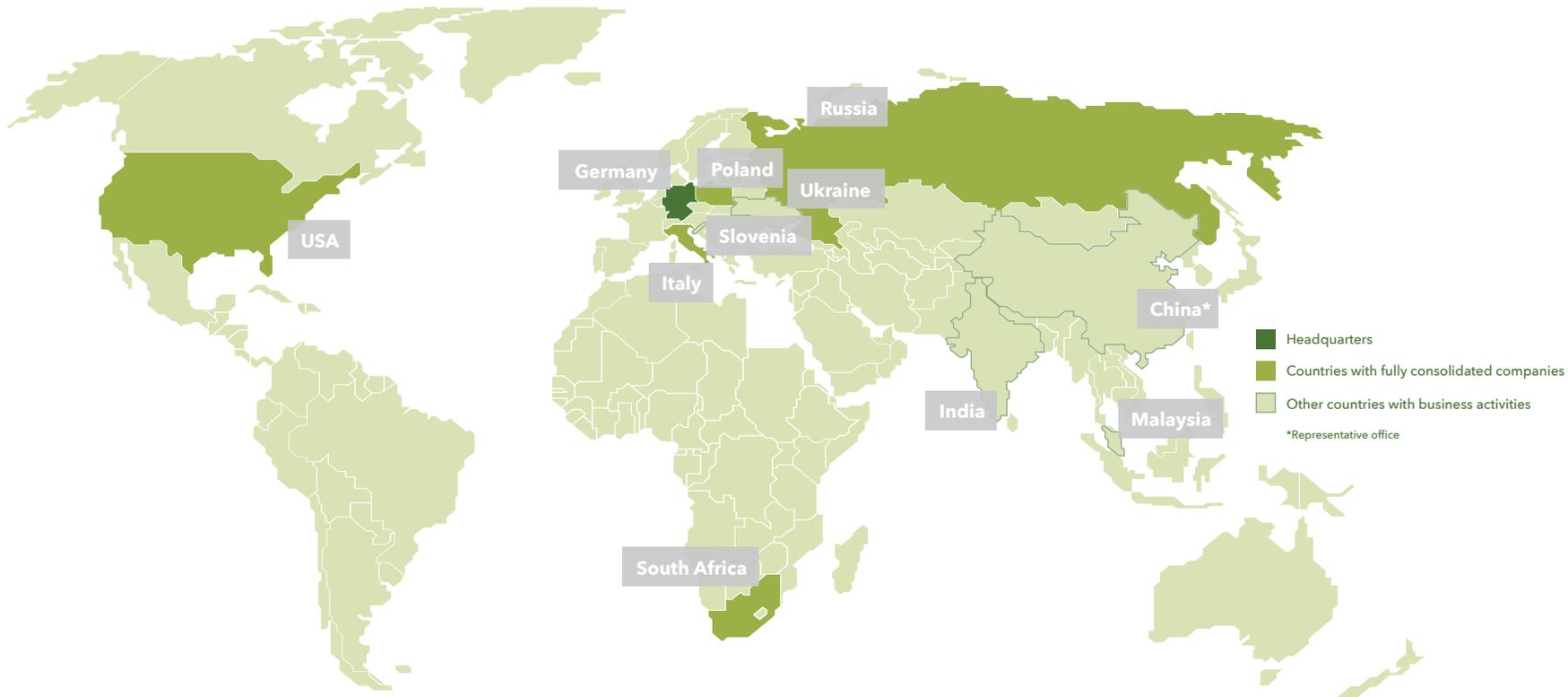
The map provides an overview of the distribution of our fully consolidated companies as well as other countries with activities of the AUTOMOBILE and CONTRACT Divisions.

On a clear course to the future with over 11,000 employees

Our employees assume responsibility for smooth logistics of high-quality products day in and day out. In 2020, in its fully consolidated companies plus the CONTAINER division (50 percent), BLG LOGISTICS employed an average of 11,609 employees globally (calculated in accordance with Section 267 (5) German Commercial Code).

On the reporting date of December 31, 2020, there were 9,874 employees at more than 70 German locations in the AUTOMOBILE and CONTRACT Divisions as well as at the central departments, plus a further 654 employees at the international locations of our fully consolidated companies. Further information about personnel statistics and development is provided in detail in the Social section from ► page 30.

BLG LOGISTICS | Automobile and contract logistics



Total energy consumption

263 Gigawatt hours

Absolute greenhouse gas emissions
(Scope 1 and 2, 2018-2020)

-16.6%

-10%

Fewer accidents than in the
previous year

1,350

Employees on the "Fit & Fun"
health care program

11,609

Employees worldwide incl.
CONTAINER Division (50%)

Proportion of women in total workforce

26.0%



23.3%

Proportion of women in management levels 0-3

4,045

Training days
(centrally organized)



Collective pay agreement

98.7%

1.07 € bn

Revenue of the BLG Group

5.8 € m

Total project volume for three new
research projects



Key Figures

Strategy

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Sustainability Management

A sustainable, resource-saving way of conducting business is central to our DNA and is firmly anchored in our corporate strategy. We consider the quality of our services, our innovative drive and our practiced responsibility toward employees and the environment as essential factors for our long-term success.

This conviction has not changed. A number of major challenges require society – and us as part of it – to act sustainably at all levels. Climate change, growing competitive pressure in a globalized business world, fiercer competition to attract the best talents and coping with a pandemic are just a few of them. For us, sustainability means more than making green gestures. We aim to balance economic performance, social commitment and responsibility for the environment. By taking all these aspects into account, we gain a holistic understanding of the opportunities, interdependencies and challenges that we face across all areas and levels of the company. We are guided in this by government and supranational targets such as the climate neutrality goals of the German federal government and the European Union or the Paris climate protection goals. We also incorporate the United Nations Sustainable Development Goals (SDGs) into our sustainability management and focus on eight selected goals that are particularly closely linked to our business. You can find out more in the Materiality Analysis section from ► page 15.

Management and responsibilities

Our central Sustainability and Digitalization department is responsible for monitoring, improving and implementing our sustainability management. Through the close links between these two areas, we aim to achieve synergies and, above all, drive innovations that not only boost our business and the underlying processes, but also have measurable sustainability benefits. Among other things, the department brings together our sustainability activities in the AUTOMOBILE and CONTRACT Divisions and is also responsible for preparing our annual Sustainability Report. In addition to this, it calculates our energy and CO₂ footprint, and supports cross-departmental energy management. What's more, the team also generates important impulses and ideas, driving sustainability throughout the company. One particularly important aspect in this connection is the formulation and implementation of sustainability targets and the selection of appropriate standards. For example in the reporting year, the department was in charge of overseeing the validation of our climate protection target set in 2019 by the independent Science Based Targets initiative (SBTi). The central department reports directly to the CEO.

The Human Resources department, represented on the Board of Management until February 2020 by our Labor Relations Director, and with effect from July 1 by his successor, is responsible for the aspects of social sustainability that focus on the interests of our employees. We are aware that in order to practice sustainability consistently across all areas of the company, it is essential to get all employees on board. For this reason, we are continuing to drive our cultural change and under the motto #SuccessDependsOnEverybody invite our employees in

workshops and surveys to help shape our company and fill our values with life. One important aspect of this is our shared leadership principles, which we roll out across the company in our training program TAKE THE LEAD. In the reporting year, we reviewed this process through supervisor feedback in the form of the voluntary TRUSTED LEADER survey. For more information about employee topics and BLG as an employer, please refer to the SOCIAL section from ► page 30.

Management systems, certifications and recognitions

Our sustainability strategy is supported by a number of certified management systems. At most of our German and foreign locations we are certified according to DIN EN ISO 9001 for our quality management and additionally according to VDA 6.2 at our automotive locations. Our commitment to the environment is reflected in our environmental management system, which is certified in accordance with DIN EN ISO 14001. This system has been implemented since 2014 at all our German auto terminals and transport centers in the AUTOMOBILE Division as well as eight more centers in the CONTRACT Division and is improved on an ongoing basis. In the meantime, we have established an energy management system compliant with DIN EN ISO 50001 at a total of 26 locations in the CONTRACT Division. In the AUTOMOBILE Division, energy audits according to DIN EN 16247 were carried out in the reporting year. In the future, our centrally managed cross-divisional energy management is to be facilitated by the use of a universal software solution. The BLG LOGISTICS GROUP with the central Safety and Environment department, as well as BLG Cargo Logistics are certified in accordance with the occupational health and safety management system DIN EN ISO 45001.



Our retail logistics business area has been a member of the Advisory Board of the not-for-profit initiative Lean & Green since 2013 and in 2015 we received the Lean & Green Award. Due to the significant reduction in CO₂ emissions in recent years, we are now among the Lean & Green 1st Star winners. Capital magazine has also named us one of Germany's "Climate-conscious companies 2021" on the basis of a study conducted jointly with the online portal Statista, ranking us 49th, and thus the highest placed logistics service provider, among the 2,000 companies surveyed.

We regularly engage external agencies to evaluate our sustainability performance and again in 2020 as well as in 2021 achieved another silver CSR rating from EcoVadis. Our high points score places us among the top 25 percent of the companies evaluated by EcoVadis and in the meantime we belong to the top 13 percent within our industry.

Values and guidelines

Our corporate values such as commitment, respect, passion, responsibility and openness to change form the basis of our corporate culture. Accordingly, our sustainability management follows these principles. We have also defined the legal and ethical standards that serve as our orientation in a number of policies and guidelines. We are currently reviewing these in order to more clearly communicate the requirements we place on our own employees and on external partners. Making sure our standards are applied along the entire supply chain is particularly important to us in this context. These adjustments are based on the continuous refinement of our

compliance system, which is designed to ensure adherence to legal rules and ethical principles.

We detail the main elements of our corporate governance structures in our Corporate Governance Statement which simultaneously constitutes the corporate governance statement of the Board of Management pursuant to Section 289 a of the German Commercial Code (HGB). This focuses on the corresponding declaration of the Board of Management and the Supervisory Board and significant actions taken by the management that go beyond the statutory requirements. It also explains the procedures of the Board of Management and Supervisory Board as well as their composition. For more information, see the Financial Report 2020, from ► page 14.

In dialog with our stakeholders

When formulating our goals and the focus of our sustainability management, we strive to take the interests of all stakeholders into account in a balanced and appropriate way. For us, this includes all persons or groups, both inside and outside the company, who are directly or indirectly affected by our business activities now or in the future and therefore have an interest in BLG's development.

With many of them, we are in regular or frequent contact. Satisfying their needs is one of our top priorities. Accordingly, we communicate with them closely and as partners - especially in those branch offices where we supply customers directly or even work on their sites. We also receive very focused feedback on the issues that concern them whenever we work on joint major projects over a longer period of time or develop new logistics locations

for them. In addition, on several occasions in recent years, we engaged external experts to identify locations in dialog with our most important customers.

Another equally important stakeholder group is our employees. That is why two-way communication with them regarding their expectations is vital. Therefore, we conduct the TRUSTED LEADER survey described above alternately with the Trusted Employer survey, which helps us to establish how far our corporate values are lived by everybody on a daily basis.

Important memberships in associations, organizations and initiatives

- Central Association of German Seaport Operations, Hamburg
- German Logistics Association (BVL)
- German Transport Forum, Berlin
- Business Association Wirtschaftsverband Weser, Bremen
- Company Association Unternehmensverband Bremische Häfen, Bremen
- German Freight Forwarding and Logistics Association, Berlin
- Logistics Alliance Germany, Berlin
- AKJ Just-in-Time Working Group
- Charta of Diversity
- Awards Association Trägergemeinschaft Bremer Diversity Preis
- Work-life balance initiative berufundfamilie®
- Lean & Green
- Partnership of Environmental Enterprises (PUU)

We also use other channels for dialog tailored to specific target groups to communicate with other key stakeholder groups. These are shown in the adjacent graphic. Nearly all groups of key importance to us are represented on the Supervisory Board via representatives from industry, banks, the workforce, labor unions and the public sector. The Advisory Board is made up of scientists specializing in sustainable logistics, process innovation in logistics and junior management training as well as representatives from business, trade associations and media.

In 2016, our CEO Frank Dreeke was elected Chairman of the Central Association of German Seaport Operators (ZDS). The ZDS represents some 180 companies providing maritime cargo handling services in the ports of northern Germany. This makes it one of the most important interfaces between the port sector and the political arena. Furthermore, Frank Dreeke is a member of the Presidium of the German Transport Forum (DVF) and of the Managing Board of the German Logistics Association (BVL). In the latter function, he spoke on the topic "Sustainable Organization - Winning the Next Decade" at the digital BVL congress in the reporting year. This and other networking events also serve, among other things, to communicate our understanding of sustainability to the entire industry and, conversely, to learn from other market participants.



Materiality Analysis

The Sustainability Report of BLG LOGISTICS has become a firm feature of our annual business reporting. It was prepared in accordance with the GRI standards (Core option). The associated GRI Content Index can be found online. This year, we have opted for even closer dovetailing of our reporting with a focus on digital publication.

 reporting.blg-logistics.com/en

Since the adoption into national law of the EU Corporate Social Responsibility (CSR) Directive, we are legally required to issue a non-financial statement as part of group reporting. This is intended to create greater transparency with regard to the environmental and social aspect of our corporate activities. We meet this requirement by preparing a non-financial Group report (NFR) as an integrated part of our Sustainability Report. The corresponding ► CSR Index shows where the topics relevant for the NFR appear in the various sections of this Sustainability Report.

Reporting scope

Our sustainability reporting covers the fully consolidated companies of the BLG LOGISTICS GROUP, which belong exclusively to the AUTOMOBILE and CONTRACT Divisions. Therefore, when identifying and selecting relevant topics to be dealt with in the Sustainability Report and further prioritizing the contents for the non-financial report we focused above all on these two divisions and our central departments.

This report focuses on the domestic BLG companies. They account for 93.8 percent of all employees and 96.4 percent of revenue of the fully consolidated locations, i.e. the vast majority of our business activities. In order to be able to present our sustainability performance even more transparently, we are working on increasing the availability of data from our foreign companies. In the area of energy management and for CO₂ accounting, we already include consumption data from our fully consolidated foreign companies.

The CONTAINER Division is represented by the EUROGATE joint venture, which is Europe's leading shipping line-independent container terminal operator. EUROGATE independently manages the areas relevant to non-financial reporting, including energy, the environment, personnel and compliance. In the interests of transparency, the NFR-relevant topics for the CONTAINER Division are presented separately from ► page 54. Furthermore, EUROGATE publishes its own Sustainability Report.

 www.eurogate.de/sustainability

Defining and selecting the reported topics

In terms of content and structure, the Sustainability Report 2020 takes its cues from the 2018 and 2019 reports. In the former, we described in detail the process we applied to determine the contents of the reports. When preparing this year's report, we once again reconsidered the headings, structure and arrangement of the material topics and made some minor changes. While neither the business developments in the reporting year nor the regular dialog with our stakeholders gave us rea-

son to fundamentally change the way we select the aspects to be reported on, we have nevertheless slightly modified their weighting and the content focus in some cases. Among other things, after intensive consideration and taking into account current and planned political initiatives, we decided to explicitly include the topic of human rights and integrate it into the *Fair Working Conditions* section, which is now called *Fair Working Conditions and Human Rights*. We also included selected contents such as work-life balance and the employer attractiveness indicator here, instead of addressing them in a separate section. For all included topics, we continued to measure the same metrics and only supplemented, expanded or added to them insofar as the new version of individual GRI topic standards made it necessary to do so. We also added new indicators in connection with our more extensive greenhouse gas accounting.

Having included the United Nations Sustainable Development Goals (SDGs) for the first time in the 2019 report and prioritizing six of them that we considered to be especially closely linked to the impact of our business activities, we are continuing to integrate these into our business processes. We also decided to place an additional focus on SDG 7 *Affordable and clean energy*. Because in order to achieve our climate target, we rely, among other things, on the purchase of green electricity and at several locations produce our own electricity from renewable sources. With the planned expansion of our guidelines, we are now also including SDG 12 *Responsible consumption and production* for the first time.

To complement this report, we also present selected projects to illustrate exactly how the SDGs are being lived at BLG LOGISTICS, both on a large and small scale, and give a voice to those who fill them with life every day - our employees.

 reporting.blg-logistics.com/en

The materiality matrix on ► page 17 gives an overview of the allocation of SDGs and material topics.

Weighting of material aspects

We have grouped the topics identified as relevant under the three headings ENVIRONMENTAL, SOCIAL and ECONOMIC and arranged them in the materiality matrix according to their importance for BLG and their impacts on society.

As the topic Sustainable supply chain contains aspects from all three areas, it is described in a separate section on ► page 19. To evaluate the individual aspects, in addition to feedback from our stakeholders - in particular customers and employees - we also drew on current sociopolitical and in-house developments. Following our

resolution to become a climate neutral company by 2030, and the adoption of a new emissions reduction target, we have prioritized the topics of Climate protection and Energy management more strongly than in the previous year. We are also seeing higher demand from customers for sustainable logistics solutions. In the wake of the coronavirus pandemic, protecting the health and well-being of our employees - always one of our top priorities - has been given a stronger focus than in normal years. This, too, is reflected by a shift within the materiality matrix. And finally, with the integration of the human rights aspect into the topic fair working conditions, this already important topic has now gained increased significance in combination with this new aspect.

BLG LOGISTICS supports the United Nations Sustainability Development Goals (SDGs).

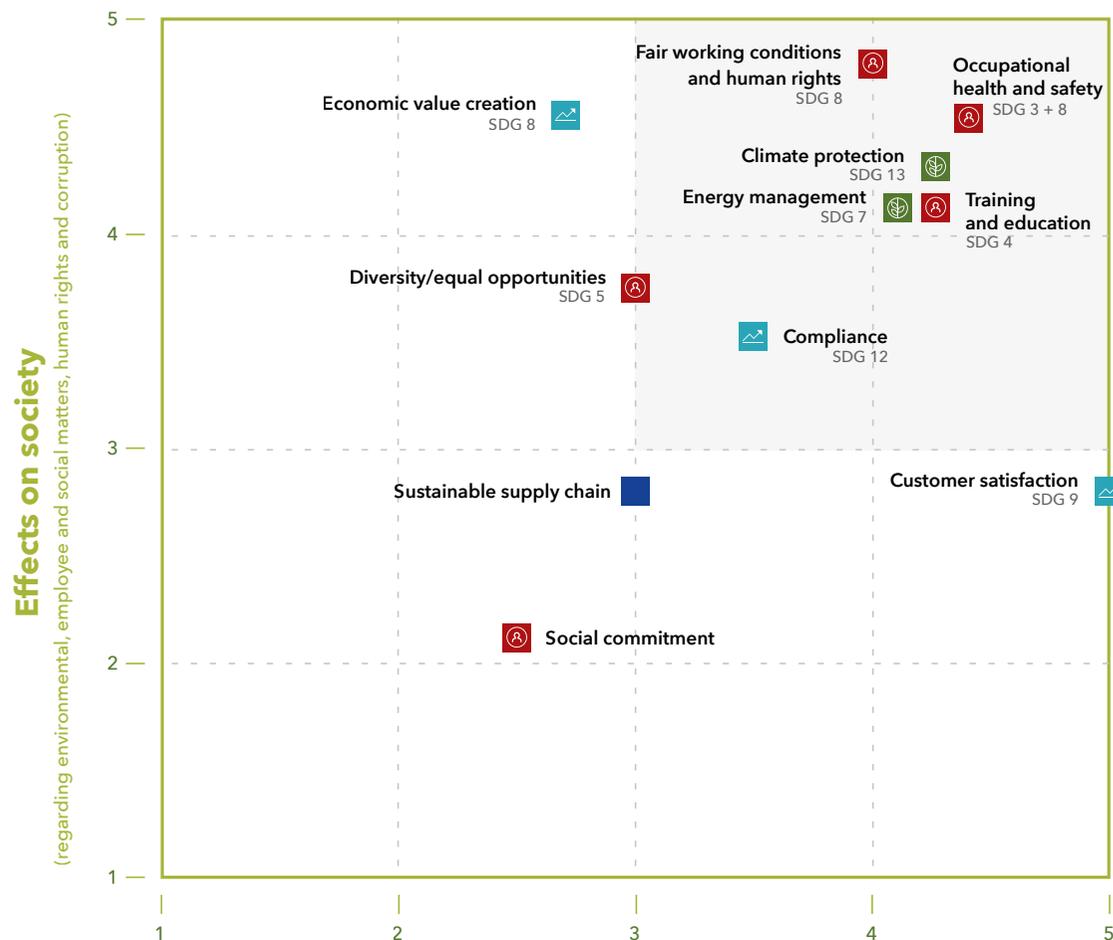


 reporting.blg-logistics.com/2020/sdg-journey

Our NFR focuses on the following topics, which we consider highly relevant both to the business activities of BLG LOGISTICS and to our impacts on society: Climate protection, Energy management, Fair working conditions and human rights, Occupational health and safety, Training and education, Diversity and equal opportunities as well as Compliance. These are shown in the materiality matrix in the top right quadrant (gray background). The topics Economic value creation, Sustainable supply chain, Social commitment and Customer satisfaction also play an important role for BLG LOGISTICS in the context of sustainable operations. For this reason, these aspects are also included and described in separate sections of this Sustainability Report.

For each material topic shown in the matrix we disclose the relevant management approach and present selected key indicators according to GRI. What's more, we illustrate how BLG LOGISTICS tackles the individual aspects in the NFR. These include concepts, results of implementation, internal checks and relevant key metrics. The Risk Management section on page 18 examines overall risks.

Materiality matrix



Business relevance for BLG LOGISTICS

- 🌱 Environmental
- General
- Ⓜ Social
- Contents of Sustainability Report
- 📈 Economic
- Contents of Non-Financial Group Report

Risk Management

We believe that dealing responsibly with potential risks and taking them into account appropriately in all business processes is the basis of any sound corporate management. At the same time, we feel it is important not just to reliably identify, but also seize business opportunities. Our opportunity and risk policy enables us to do precisely this and to further develop the company and create value without exposing it to undue risks. Our Board of Management is responsible for the strategic direction of our risk management. In addition to formulating risk policy principles this also includes the profit-oriented management of overall risk. The Supervisory Board is responsible for exercising responsibilities under company law. The Board of Management regularly informs the Supervisory Board in a standardized report about decisions that are relevant in terms of risk. The adjacent figure shows the responsibilities in connection with risk management organization.

Identifying, assessing and minimizing risks

We identify potential risks at an early stage within the scope of continuous risk monitoring and a risk management and reporting system geared to the corporate structure in terms of company law. In this context, we focus particularly on such risks that arise as a result of strategic decisions and that may threaten the company's continued existence. It is also of paramount importance to us that our business activities do not pose any risk to people, the environment and society. We responded to the risk to our employees' health from the novel coronavirus at an early stage, among other things by setting up a crisis committee. We took early warnings very seriously and decided on important steps as early as February



2020. In cooperation with our company physicians, we drew up a pandemic plan valid across the entire company and put corresponding hygiene regulations in place by March 2020. The protective measures were reviewed on an ongoing basis, regularly adapted to changing developments and consistently communicated. This enabled us to make a decisive contribution to protecting our employees during the pandemic through planned and consistent action, while at the same time keeping processes running smoothly.

We categorize all risks into five clearly defined risk areas. In addition to financial risks, we are exposed to market risks, political, legal, and social risks, strategic risks as well as performance and infrastructure risks. The last three categories in particular cover potential risks associated with sustainability and our CSR policy. To provide as much transparency as possible, our risk report states not only the subjective gross expected value, but also additionally shows the respective value according to various evaluation scenarios (best - expected - worst case) and their probability of occurrence. Furthermore, the risk report describes the measures defined by our risk manager and their impacts on the risk. For more information about our opportunity and risk management, see the Financial Report 2020 (from ► page 61).

The relevant management groups in the divisions are regularly notified of identified risks and measures defined to counter them. The Board of Management also receives quarterly reports and the Supervisory Board is reported to at its ordinary meetings. Four such meetings were held in the reporting year. No material risks with very likely serious negative impacts on matters relating to sustainability and the national CSR policy were or are known to us for the 2020 financial year. Regarding the impacts of the coronavirus pandemic on equity and the operating result, please see the Financial Report 2020.



Sustainable Supply Chain

As a logistics service provider, we operate along global supply chains and provide highly complex services for our customers. You can find a detailed description of our portfolio on ► pages 7 to 9 in the Company Profile section. We also coordinate the entire supply chain, establish and manage integrated logistics chains across the entire value creation process in the areas of project and process management, technology, IT and quality assurance. We predominantly work with products and components provided by our customers. This means we have only very limited influence on their upstream processes.

Wherever we can influence processes and set benchmarks ourselves, we strive to ensure sustainable standards. This applies, for example, to our order and purchasing processes, which are managed by our central Purchasing department and encompass more than 100 material categories. We also give consideration to energy efficiency - this is an important criterion in the procurement of lighting systems and forklift trucks, for example, alongside quality, price and delivery times. The same applied in 2020 for the replacement of IT hardware. Our main procurement markets are located above all in Germany and neighboring EU countries with high standards regarding sustainability.

The coronavirus pandemic has also given rise to supply bottlenecks. These particularly affected products in the area of personal protective equipment. Here, after a great deal of research work and changes of suppliers, we were able to build up a new network and secure supplies.

Nevertheless for these - and other goods - longer delivery times are still common.

Clear regulations strengthen commitment

Section 17 of our General Terms and Conditions of Contract and Purchase regulates our standards with regard to Compliance, the environment, social responsibility and energy efficiency. We stipulate, for instance, that our suppliers comply with the applicable statutory provisions governing the treatment of employees, but also regarding occupational safety and environmental protection. We also expect them to take appropriate measures to reduce as far as possible the impacts of their business activities on people and the environment. We also take compliance with the principles of the UN Global Compact as a given. This includes among other things respect and protection of international human rights. Our suppliers are responsible for ensuring any subcontractors also meet our requirements. To make it even clearer in the future which legal and ethical standards we consider to be an indispensable basis for our business relationships, we are currently drawing up our own Supplier Code of Conduct as part of the general review of our policies and guidelines.

www.blg-logistics.com/agbo

Our supplier evaluation system

We live up to our own standards with respect to sustainable business management by monitoring the relevant supply chains and exerting influence within the scope of our possibilities. In order to establish an organized structure for documenting and processing the related information, we have used a dedicated system to evaluate our suppliers since 2016. Using a comprehensive catalog of

questions we record criteria such as pricing, quality, delivery reliability, environmental protection, sustainability and communication. This enables us to identify weak points and risks and to discover development potential. We then use these insights to develop measures that effectively improve quality or cooperation.

We choose which suppliers to evaluate according to their relevance for our business activities and the order volume they represent. The focus is on key procurement areas from the fields of intralogistics, major capital expenditures and consumables with evaluation being carried out in coordination with the responsible sites. We share the findings with our suppliers and they also flow directly into our procurement strategies as well as the supplier management of our purchasing teams. Overall, even in post-pandemic times, we will continue to rely more on online formats for face-to-face supplier meetings. If there are no complaints, this concludes the process without us initiating any follow-up measures. This was true for all supplier evaluations undertaken in the reporting year. If, on the other hand, we identify a need for change or improvement, we agree with the supplier on what steps they can take to actively develop their performance. Suppliers who are not able to comply with our standards in the long term no longer receive orders from us.



Environmental

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- 27 Energy Management



Our environmental responsibility

Whenever we talk about sustainability and identify fields of action, we become acutely aware of our responsibility toward the environment – because after all, logistics consumes energy and produces emissions. For all our efforts, that is not going to change in the short term. All the more reason for us to play our part in limiting global warming in line with the Paris Climate Agreement. Our MISSION CLIMATE charts the course – we aim to reduce our greenhouse gas emissions in absolute terms and where we cannot avoid emissions entirely, we offset them by investing in certified climate protection projects. This will enable us to become climate neutral by 2030.

This report focuses on the topics of climate protection and energy management. In addition, we take a holistic view of the effects of our business activities on the environment and continuously review and improve our processes with regard to their impact on air, water and soil. A number of our locations are certified according to ISO 14001 for their environmental management. With a view to a circular economy, resource conservation and waste management are steadily growing in importance. We take responsibility for the environmentally compatible

use of resources and aim to reduce our waste volume by avoiding, reducing, recycling and reusing waste. In the future, we not only want to record these aspects more centrally, but also integrate our strategies and progress transparently into our reporting. We are also increasingly taking the issue of biodiversity into account, particularly in the planning and development of new sites.

Because environmental sustainability not only concerns our own actions, making sure our standards are applied along the entire supply chain is particularly important to us. We formulate our expectations of our suppliers in our General Terms of Contract and Purchase and in the future also in our own Supplier Code of Conduct.



Climate Protection

We will be climate neutral by 2030. This involves cutting our CO₂e emissions by 30 percent within the company and 15 percent externally.

The topic of climate protection is right at the top of the agenda - in politics as well as in many companies. We are no exception. The German government is striving to get Germany as close to net zero emissions as possible by 2050; the same target exists at the European level. As a logistics company, we want to play our part - and at the same time support our customers in improving their own climate footprint.

We met our first CO₂ reduction target, which at the time was linked to revenue, in 2018, two years ahead of schedule. This motivated us in the following year to set ourselves a new, even more ambitious target for reducing our greenhouse gas emissions. By 2030, we will reduce our absolute Scope 1 and Scope 2 emissions by at least 30 percent and our Scope 3 emissions by at least 15 percent, in each case compared to the figures for the base year 2018. These ambitions were verified in the reporting year by the Science Based Targets initiative (SBTi), which recognized us as the first German logistics service provider with climate protection targets in line with the Paris Climate Agreement. The decisive factor is that our reduction target is an absolute goal that is not tied in with corporate growth. We will offset all Scope 1 and 2 emissions that we cannot avoid entirely by investing in high-quality climate protection projects. Like this, we will become a climate-neutral company by 2030. In aggregate, we view these targets and objectives as our Mission Climate - the path to climate-neutral logistics.

Three levers for greater climate protection

There are three strategic levers we can use to achieve our targets for reducing greenhouse gas emissions: steadily increasing our energy efficiency, producing our own regenerative electricity and purchasing green electricity. In this, avoidance comes first, followed by reduction and, if all else fails, offsetting. Therefore we are placing a special focus on increasing efficiency, i.e. using energy in such a way that we can achieve more output for the same input. See the Energy Management section of this report for more detailed information. We were also able to notch up initial successes when it comes to generating our own energy from renewable sources. In 2019, we installed a photovoltaic system on the roof of the car terminal in Kelheim and in the reporting year we were also able to utilize solar energy on customer premises at the Waiblingen industrial logistics location. With these two installations, we covered around 73,000 kWh of our electricity requirement in 2020 - equivalent to a reduction in greenhouse gas emissions of approximately 17 t CO₂e. We will continue to systematically invest in our own electricity production and expand it to additional sites. We are also currently working on a cross-company approach for the supply of green electricity.



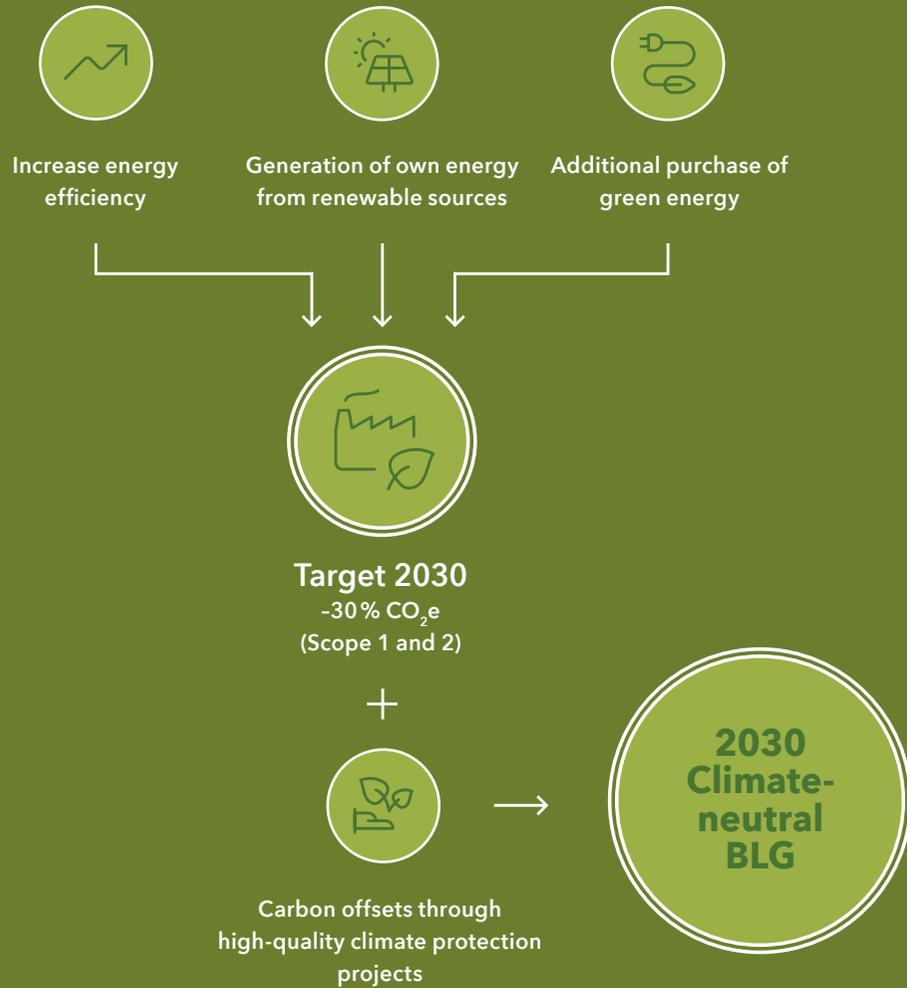
UN goal: Take urgent action to combat climate change and its impacts

By 2030, we aim to have reduced our own greenhouse gas emissions measured in absolute terms against 2018 by at least 30 percent. Over the same period, we want to achieve a 15 percent cut along our supply chain. Supplementary carbon emission offsets will enable us to also become a climate-neutral company by 2030.

→ reporting.blg-logistics.com/2020/sdg-journey

Our climate targets at a glance

Climate target within the company



Absolute CO₂ reduction in the supply chain



One important milestone on the path to our goal is the upgrading of the car terminal in Hamburg to make it climate neutral – following completion of the conversion, the terminal is expected to produce almost net zero CO₂ emissions itself. Among other measures, we will renew the heating system here and in the future heat with biomass, convert the lighting to efficient LED technology and increasingly use electric vehicles.

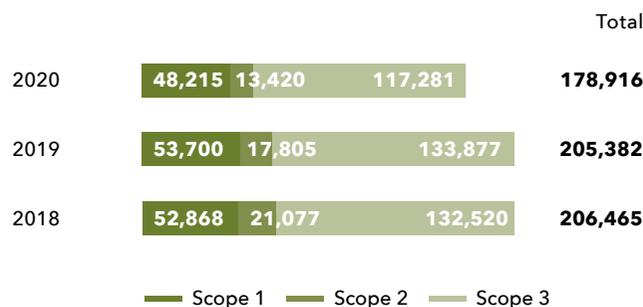
In addition to the reduction measures described here, since the end of 2020 we have been offering our customers the option of making our services climate-neutral. On request, we calculate the greenhouse gas emissions for the contracted service individually and offset them through high-quality climate protection projects. With these two aspects, we also improve our customers' climate footprint, because our Scope 1 and Scope 2 emissions are at the same time their Scope 3 emissions.

Calculating our greenhouse gas emissions

To be able to cut our CO₂ emissions, we need to know where and in what quantities we use energy and generate greenhouse gas emissions. We collect, validate and evaluate energy consumption data decentrally, directly at our locations. This data is collated once a year by our central Sustainability and Digitalization department, which calculates the emissions generated. The consumption statistics for all locations of our fully consolidated companies are taken into account here. As part of the new climate targets, we now also record around 95 percent of the energy consumption of the associated sites outside Germany. In our AUTOMOBILE and CONTRACT Divisions, we use our own diesel trucks. Their consumption is included in our energy and greenhouse gas

accounting. Our fleet is also supported by subcontractors, above all in the freight forwarding and car transport business areas. Within the scope of our new climate targets, they are now also included in our extended reporting (Scope 3).

Absolute greenhouse gas emissions
broken down into direct and indirect emissions (t CO₂e)



For our greenhouse gas accounting, we are guided by the principles of the Greenhouse Gas Protocol (GHG Protocol), whereby we present direct and indirect greenhouse gas emissions separately. We distinguish between Scope 1 (direct emissions from the combustion of natural gas, heating oil, diesel and gasoline), Scope 2 (indirect emissions from electricity and district heat generation) and Scope 3 (other indirect emissions). We have significantly expanded our reporting of Scope 3 emissions in the context of the new climate protection target. We have been calculating our CO₂ equivalents (CO₂e) since 2011. This includes not only carbon dioxide, but also oth-

er gases with high greenhouse potential (see Glossary for details).

For the CO₂e calculation of German gasoline and diesel vehicles, we use well-to-wheels emission factors (WTW) from the DIN EN 16258 standard. These include all generated CO₂e emissions, from the provision of the power sources used by the vehicles through to the operating phase and also take the proportion of biodiesel or ethanol into account. For our foreign vehicles, we take the emission factors of the Global Logistics Emissions Council (GLEC) as our benchmark. To calculate the further emissions from the primary energy sources including the upstream chain, we use the CO₂e emission factors from the Global Emission Model for Integrated Systems (GEMIS) from the International Institute for Sustainability Analysis and Strategies (IINAS). We regularly adjust the emission factors in line with the adjustments in GEMIS, also retrospectively. The emission factors used for electricity apply on a site-specific basis depending on the energy supply company. The corresponding electricity emission factors for our foreign sites are based on the respective country mix from the GEMIS.

Special focus on our own emissions

In 2019, we already made headway in reducing our Scopes 1 and 2 emissions by 3.3 percent compared with the 2018 base year. This is a good first step, and if we continue to increase the amount of CO₂ saved each year by 2.5 percent compared with the base year, we will achieve our set goal by 2030. This positive trend continued in 2020. With a significant reduction in greenhouse gas emissions of 16.6 percent compared with 2018 we clearly surpassed our target for the year. However, this

Absolute greenhouse gas emissions (Scope 1 + 2)
from 2018 to 2020 and target corridor until 2021 (t CO₂e)

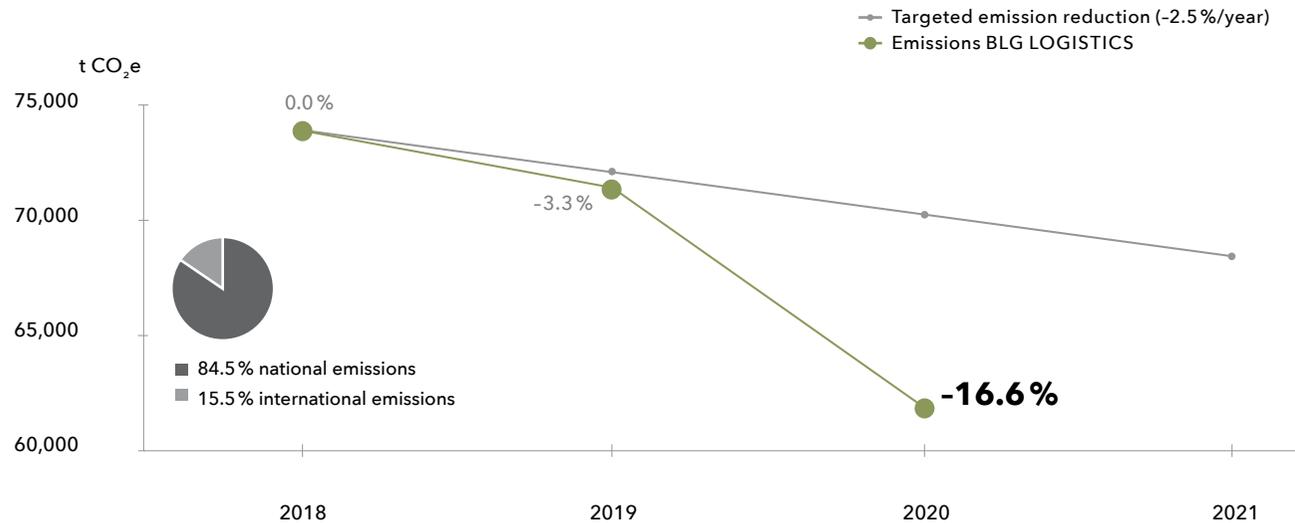


figure also reflects the effects of the coronavirus pandemic. Many of our locations experienced disruptions to normal operations in the reporting year, which led to an above-average reduction in emissions, which in all probability would not have been possible on this scale in a normal financial year. With a particular focus on Scope 2, the substantial increase in the share of renewable energies in our electricity mix contributed significantly to the reduction.

In 2020, our German sites were responsible for most of our global emissions at just below 85 percent, with some 15 percent attributable to our foreign locations.

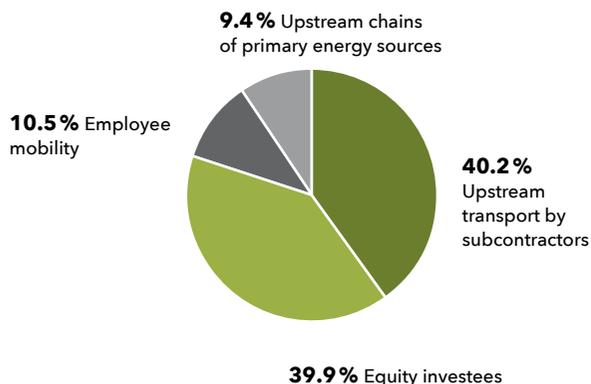
Now under closer scrutiny: Emissions in our supply chain

We have expanded our climate assessment with the inclusion of Scope 3 emissions and, in line with the SBTi requirements, from all 15 categories belonging to the GHG Protocol for the first time identified those which, taken together, account for over two thirds of our total Scope 3 emissions. A separate sub-target was to be set for these - in our case a reduction of 15 percent compared with the base year up to 2030. In this context, we will give consideration in the future to upstream transports by our subcontractors, our equity investees, employee mobility, and also continue to monitor the upstream chains of primary energy sources.

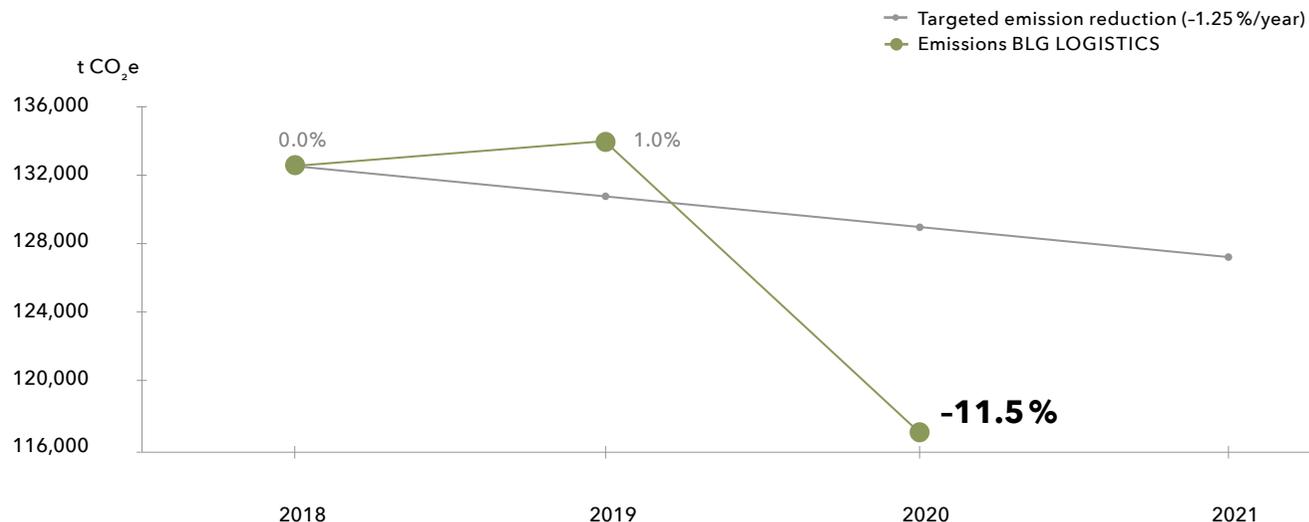
In almost equal measure, the upstream transports and our equity investees can be identified as the biggest two emitters. Taken together, they are responsible for more than 80 percent of Scope 3 emissions. In the case of upstream transports, we report on emissions that result from purchased transportation services by truck and rail. In equity investees, we include the emissions of our EUROGATE joint venture on a pro rata basis, which make up the absolute majority, plus individual other companies. With respect to employee mobility, we report on emissions from our employees' daily commute to and from the workplace, those from our company cars and rental vehicles and from our business flights. To calculate the former, we first carried out a company survey, which will be repeated at regular intervals in the future. In this context, we also give employees the opportunity to express their wishes and suggestions concerning this topic. We have also taken the opportunity to update our company car policy to include electric and hybrid vehicles. Here, we are paying greater attention to ecologically correct use by limiting the permissible commuting distance and creating charging facilities at the homes of the concerned employees. With respect to the upstream chains of the primary energy sources, we report, as in the previous years, on emissions that result from production and transport.

The recorded Scope 3 emissions initially increased slightly in 2019 by 1 percent compared with the base year and therefore overshoot the target mark of minus 1.25 percent. In the reporting year, by contrast, we achieved a reduction of 11.5 percent and thus far exceeded our target for the year. Across all Scopes, we generated 178,916 t CO₂e in 2020, which was a significant saving compared with previous years. However, as described, this figure is to be interpreted taking the proportionate effects of the coronavirus pandemic into account. For more information about the measures used to lower our emissions, please refer to the Energy Management section of this report.

Percentage share of Scope 3 emissions 2020
broken down by categories considered



Absolute greenhouse gas emissions (Scope 3)
from 2018 to 2020 and target corridor until 2021 (t CO₂e)



Carbon offsetting - first steps in Brazil and Malawi

Offsetting emissions that we cannot avoid is an important building block on our way to becoming a carbon-neutral company. In the reporting year, we offset the climate impacts of our company car fleet and our business flights for the second time by supporting climate protection projects. Like this, we were able to offset 889 t CO₂e through a forest conservation project in the Brazilian federal state of Pará in 2020, as well as a project to provide

safe water in the Republic of Malawi. Both projects are certified and verified in accordance with internationally recognized standards - the Verified Carbon Standard, the Climate, Community and Biodiversity Standard and the Gold Standard. They were selected by our employees, who were given the possibility to vote in a survey.

Energy Management

We are continuously working to increase our energy efficiency. We are also looking to generate more of our own electricity from renewable sources.

Energy management is an important means of increasing our efficiency and thus leveraging economic and environmental potential - it is also essential for achieving our climate protection target. Our on-site energy officers are responsible energy planning at the individual locations. In addition to systematic data capture, this involves regular energetic evaluations as well as documenting planned and implemented measures. All activities are monitored and managed by a central controlling unit. In the reporting year, our energy management system was re-certified according to DIN EN ISO 50001 at 26 locations. At other locations, pending energy audits according to DIN EN 16247 were completed. Our environment management system has been certified in accordance with DIN EN ISO 14001 since 2014 at all German locations in the AUTOMOBILE Division as well as eight more contract logistics centers.

This report for the first time also includes the energy consumption figures for our fully consolidated foreign locations; however, our overall focus remains strongly on Germany. One reason for this is that at 85 percent Germany accounts for the lion's share of the energy requirement, another is that the foreign locations for the most part assume responsibility for this topic themselves. In the remainder of this section, therefore, graphics and

analyses relate to our fully consolidated German sites unless stated otherwise.

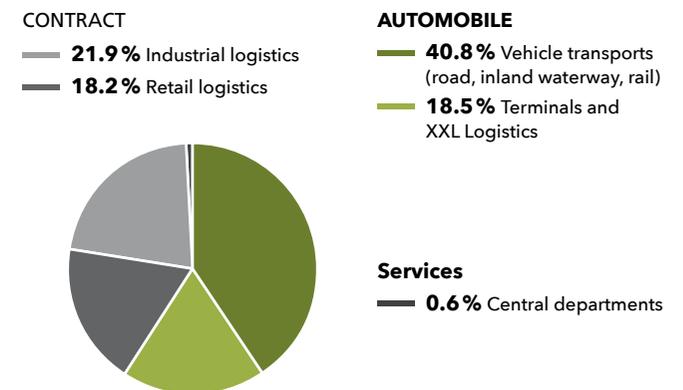
Basis: Calculating our consumption data

In order to permanently reduce our energy consumption - and hence greenhouse gas emissions - we need to know precisely where energy is consumed. For this, we rely on decentralized recording, validation and evaluation by our energy officers on site. Not included are sites, plants and vehicles whose energy consumption we cannot control. The consumption of all fully consolidated companies is aggregated and calculated by the central Sustainability and Digitalization department as part of the annual energy and CO₂ accounting.

Parallel to formulating our new climate protection target, we also published a revised version of our energy policy that has been in force since 2016. www.blg-logistics.com/nachhaltigkeit. In addition, in interviews conducted with our energy officers in 2020 we evaluated the tools used to capture data and document measures taken. Subsequently, optimization proposals were developed, among other things for the renewal of these tools and also for best practice communication. The results from the survey were also factored into the specifications for comprehensive energy management software

for evaluation, analysis and documentation, which it is planned to select in the course of 2021 and introduce across the company in a timely manner.

Percentage share of energy consumption 2020
broken down according to divisions and business areas



Energy consumption in the reporting year

Our global energy consumption in 2020 was 263 million kWh, with the German locations accounting for 222 million kWh of this amount. Here, 59 percent of the total

Absolute energy consumption

broken down according to energy sources

		2020	2019	2018
	Liters	MWh	MWh	MWh
Electricity		54,948	57,233	62,362
Germany		54,783	57,149	62,312
Self-generated electricity (utilized)		73	37	-
Self-generated electricity (fed into grid)		10	5	-
Foreign		92	47	50
Natural gas		69,030	76,292	79,308
Germany		68,976	76,115	79,171
Foreign		54	177	137
District heat		163	117	127
Germany		163	117	127
Foreign		-	-	-
Heating oil	1,005,077	10,001	11,366	11,594
Germany	1,005,077	10,001	11,366	11,594
Foreign	-	-	-	-
Diesel	12,700,576	125,990	139,937	133,596
Germany	8,603,613	85,348	99,543	98,900
Foreign	4,096,963	40,642	40,394	34,696
Gasoline	311,293	2,743	3,337	3,299
Germany	303,146	2,671	3,167	3,161
Foreign	8,147	72	170	138
Vehicle gas		31	50	34
Germany		31	50	34
Foreign		-	-	-
Total energy consumption		262,906	288,332	290,320
Germany		222,046	247,544	255,299
Foreign		40,860	40,788	35,021

consumption was attributable to the AUTOMOBILE Division, while car transports and their consumption of diesel fuel were, in turn, the biggest consumer with 41 percent. In industrial and retail logistics, which are both included in the CONTRACT Division, the biggest consumers were cross-sectional technologies such as heating and air conditioning technology and lighting. Compared with the previous year, we were able to report savings for all energy sources with the exception of district heating. However, the 8.8 percent reduction in energy consumption for the reporting year must also be seen against the background of the effects of the coronavirus pandemic.

Measures to enhance efficiency

As in many other areas, the implementation of energy efficiency measures was also impacted by the coronavirus pandemic in the reporting year. Projects that had been planned were in some cases stopped or postponed by at least a year. The following projects were nevertheless continued or brought to completion.

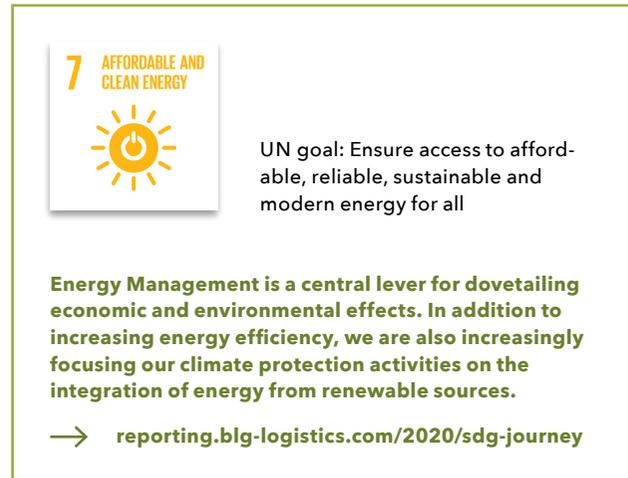
For example, we completed the renewal of the heating control system at our high-bay warehouse in Bremen and calculated the respective savings. In the past, the control regulators were distributed decentrally across the site and were sometimes difficult to access; in addition, the settings on the programming cards were not displayed uniformly. Operation was correspondingly time consuming. After replacing and combining the three higher-level controllers in a single interface, access is now via web browser. This means that the shift-by-shift adjustment of temperature and time programs can be carried out

quickly and easily and unauthorized access can be prevented. Not only did the measure pay for itself within just six months, it also saved 1.3 million kWh of gas over the course of the year, which translates into an avoidance of 305 t CO₂e.

LED projects already underway at various locations were continued. At the Bremerhaven car terminal, which has already been largely converted, first test areas were defined for the outside areas - here, by adjusting the control of the outdoor illumination, it is hoped that further savings can be achieved in the future. We already require 1.3 million kWh less, equivalent to around 350 t CO₂. Fitting LEDs in conjunction with an intelligent control system was also a focus at our logistics center in Bremen. Here, in a first step, three out of nine buildings with a surface area of around 28,000 m² were converted, reducing the connected load by 50 percent, equivalent to a yearly saving of 174,000 kWh. Thanks to daylight-dependent control, we are able to realize additional savings potential while improving illumination intensity and lighting quality. The remaining buildings will follow in 2021. Across all facilities, conversion to LEDs in the meantime results in annual savings of around 2.4 million kWh of electricity.

Communicating knowledge and raising awareness

Once again in the reporting year we kept our employees continuously informed about topics related to energy efficiency via various formats - above all through training courses and notices. Unfortunately, however, the coronavirus pandemic meant there were restrictions here as well. Thus the TechnikTreffen (technical meetings) that normally take place in-person were replaced by smaller



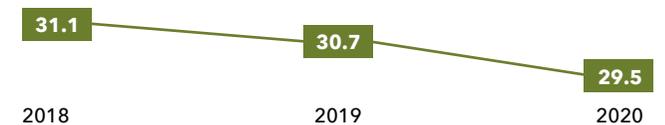
online events dealing with topical issues. The training up of new energy officers in BLG's climate and energy management was also done digitally in 2020.

New solutions: For clean energy and lower consumption

Since 2019, a photovoltaic system has been in operation on the roof of the car terminal in Kelheim. It has a generator area of 430 m² and an output of 74 kWp. A similar system ten times the size went into operation at the Waiblingen site in 2020, where we can also utilize the solar power generated there. In the reporting year, we utilized over 80 percent of the clean energy from both facilities ourselves. Like this, we were able to cover an electricity requirement of around 73,000 kWh, which is equivalent to avoidance of 17 t CO₂e.

Our company BLG AutoTransport offers transport services for new and used vehicles and in the reporting year operated its own fleet of 195 trucks in Germany. Having already expanded the fleet by 70 new vehicles in 2018 and 2019, we invested in a further ten in the reporting year. 99.5 percent of the fleet complies with the EURO 6 standard. Consequently, the average diesel consumption by BLG AutoTransport in the reporting year fell once again. At 29.5 liters per 100 kilometers, this figure is again below the previous year's value.

Specific diesel consumption of own automobile transport fleet (D)
liters/100 kilometers



We are also working continuously on modernizing our fork-lift truck fleets. At several locations, we replaced the entire industrial truck fleets in the reporting year. The new vehicles use lithium-ion and high-frequency charging technology. We also already have hydrogen forklifts in operation at one site.

Social

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- 42 Social Commitment



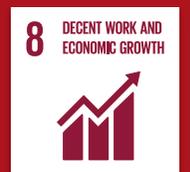
Our social responsibility

We assume our social responsibility toward various stakeholder groups, as it extends to a wide variety of tasks within numerous areas of activity. It goes without saying that we feel a particularly strong commitment toward our employees. Ensuring safe working conditions and helping them stay healthy is our top priority. In this context, the coronavirus pandemic has presented us with particular challenges, which through the prompt and targeted implementation of protection concepts we are mastering better every day - also thanks in no small part to the flexibility and commitment of our employees.

It is equally important to us to be able to offer our workforce attractive opportunities that fit their very different backgrounds and qualifications. Those who want to should be able to progress and develop their skills. In line with this approach, we also give people with atypical employment histories access to qualification and training measures, which often lead to them being taken on as employees. Fairness plays a central role in all of this. We value the diversity of our employees and offer them equal opportunities.

We also want to map all of the described aspects in our supply chain and to this end are currently developing a Supplier Code of Conduct. The purpose of this is to make the fundamental human rights, to which we are wholly and without exception committed, and the requirements associated with them even more evident.

In addition, we are keen to assume an active role in society by supporting various local and global projects and initiatives, often over several years. Our commitment to crisis aid, children and young people, sports and health protection are just some areas where we are active.



Fair Working Conditions and Human Rights

Our employees are crucial to our success. We offer them safe, attractive workplaces with fair pay, and are also mindful of the working conditions of the people in our supply chain.

Our success and our development are built on our employees' expertise, commitment and passion for logistics. All employees are treated with equal respect and nobody is subject to discrimination. The collectively agreed wages and salaries that we pay are another important cornerstone for ensuring fair working conditions. Beyond this, we also take our social and civic responsibility seriously and consider respect for human rights to be an integral aspect of our corporate behavior.

Employment contracts, wages and salaries

The majority of our employees, at 87.9 percent, hold permanent jobs. Compared with the previous year and in a year marked by the coronavirus pandemic this percentage once again increased slightly by 0.7 percentage points. In the reporting year, 92.1 percent of our employees worked full time. Among those who worked part-time, women made up the largest group with 61.2 percent.

We pay our employees on the basis of the collective agreements applicable in our industry and at the respective locations, or in individual cases at comparable rates. Naturally, the statutory minimum wage applies not only to our own employees, but also to temporary agency workers. In addition, of course, they have the right to freedom of association and collective bargaining. In 2020, 98.7 percent of our locations were integrated in a collective wage agreement system.

Employment contract and type

Basis: Germany 9,874 employees (status as of 12/31/2020)

	Total in %	of which male in %	of which female in %
Employment contract			
Permanent	87.9	74.8	25.2
Temporary	12.1	68.3	31.7
Employment type			
Full-time (100%)	92.1	77.1	22.9
Part-time (<100%)	7.9	38.8	61.2

We take our employees' needs seriously and help them combine career and family life. Employees who wish to work part-time - for example to look after children or care for relatives - are generally given the opportunity to do so. In around 85 percent of cases we are able to approve their application. For non-tariff employees, we additionally create corresponding possibilities through flexitime models as well as trust-based working hours. Our central departments hold a permanent certificate from berufundfamilie Service GmbH. The aim of the audit is to implement a sustainable family-conscious Human Resources (HR) policy.

Impacts of the coronavirus pandemic

With the start of the first "national lockdown" in spring 2020, we quickly anticipated a dramatic deterioration in the order situation. The collective bargaining parties reacted quickly and with foresight to this exceptional situation: On April 1, 2020, the collective agreement on short-time work for port employees of German seaport companies came into force and was implemented by the member companies. At the same time, the ongoing collective bargaining negotiations were initially suspended, but were resumed in the fall.

Fair Working Conditions and Human Rights

Joint development and practiced codetermination

Automation and digitalization are set to permanently change logistics processes and ultimately the entire logistics business model. In order to remain competitive over the long term, we want to take our employees with us on this journey and manage the changes this entails in a socially acceptable way. For this reason, in February 2020, together with the labor union ver.di, we began discussions in the respective collective bargaining committees on an automation and digitalization collective agreement. Due to the COVID-19-related restrictions, both parties subsequently mutually decided to suspend the talks until the end of the year and to continue them in 2021.

Practiced codetermination has become a firmly established part of our corporate culture. Dialog with our employees and respectful communication with each other are important to us. The basis for this is mutual trust and a strong representation of interests. This is achieved at operational level by the works councils and at Group level by the employee representatives on the Supervisory Board. Exchanges of this nature invariably prove to be highly valuable. Practiced codetermination is especially important whenever the focus is on workplace design, occupational safety and the compatibility of career and family. For example, in response to requests from the workforce, we began introducing new functional work clothing in the reporting year with a high level of wearer comfort. Our staff had the opportunity to test the new

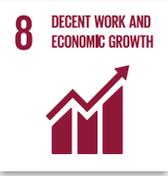
models and their feedback played an important part in our decision.

Equal rights for temporary agency workers

In logistics, the order situation is subject to a relatively high degree of fluctuation. This means we are often forced to bring in agency employees to cover capacity fluctuations or very short-term contracts. In Bremen and Bremerhaven, due to our traditional links with the port, our first choice of workers are those from the Central German Seaport Operators (Gesamthafenbetrieb, GHB). These employees are subject to the framework pay agreements agreed for German seaport companies with the ver.di labor union. Naturally, we only use service providers that meet the minimum wage requirements.

As of December 31, 2020, we employed 79.3 percent own staff, 4.1 percent GHB employees and 16.6 percent employees from other personnel service providers. This corresponded to an increase of 3.4 percent for own staff compared to 2019. We make no distinctions between our three employee groups with regard to contractually agreed work assignment flexibility. This applies for example to short notice for work assignments, overtime or weekend work. What's more, we are, of course, committed to the principle of "equal pay for equal work" and thus also comply with the requirements of the German Temporary Employment Act (Arbeitnehmerüberlassungsgesetz - AÜG).

As in previous years, we again took employees from agencies and personnel service providers into permanent employment in the reporting year, including 190 former GHB employees who started full time at the car terminal in Bremerhaven. The transfers are part of a strategic concept for GHB, which was adopted jointly by the Bremen Ports Association Unternehmensverband Bremische Häfen, the ver.di labor union and the individual port companies in March 2020. In a first step, this also included the offer to 180 GHB temporary workers to join BLG LOGISTICS on a part-time basis and thus benefit from better protection, including a minimum number of shifts and eligibility to receive full collectively agreed benefits. In the meantime, 157 of them have been taken on as part-time employees, bringing the total number of employees from GHB as of December 31, 2020 to 347.



8 DECENT WORK AND ECONOMIC GROWTH

UN goal: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Our employees are crucial to our success. Therefore we offer them secure and attractive jobs with fair wages and practiced codetermination.

→ reporting.blg-logistics.com/2020/sdg-journey

**Fair Working Conditions
and Human Rights****Responsibility for human rights**

Respecting human rights plays a central role for us, both when it comes to working conditions within our own company and in cooperation with suppliers, subcontractors and business partners. We expect them to comply with corresponding standards and have included this requirement in our General Terms of Contract and Purchase. In order to anchor respect for human rights in our systems and processes more firmly along the entire supply chain in the future, we are currently in a first step revising and updating our internal and external policies and guidelines. In doing so, we intend to take an even clearer stand both internally and externally - and communicate our rejection of practices such as child and forced labor just as clearly as our action against any form of discrimination. At the same time, we will reinforce our support for fair wages, social benefits and a limit on working hours, as well as for the right to freedom of association and collective bargaining.

Limiting fluctuation

Fluctuation is a key indicator for measuring our attractiveness as an employer. Of course, it says something about how satisfied our employees feel in their job and to what extent they perceive the working conditions to be fair. Fluctuation is also a non-trivial cost factor due to the expense and time needed for attracting new employees and onboarding them successfully. We calculate this figure from the number of employees leaving of their

own accord compared with the average number of employees throughout the financial year. In 2020, 312 employees left us at their own request. Compared with the previous year, the rate thus fell quite significantly from 3.15 to 2.1 percent, and was within our target of a maximum fluctuation of 2.2 percent. However, it should be noted that the number of proactive terminations by employees has generally declined during the coronavirus pandemic. Independently of this, we conduct exit interviews as a standard procedure in order to find out why employees leave us and to derive possible areas for improvement from this.

Support offerings and welfare

In the reporting year, 2,820 employees were covered by our Company Social Advice Office - and 83 of them availed themselves of this offering, equating to a rate of 2.9 percent. They were supported in 276 consultations. Other forms of support available to our employees are subsidies for dental prostheses, homeopathic treatment and hearing aids, as well as rest and respite leave. These benefits are funded by an exclusively employer-financed support association, BLG LOGISTICS GROUP e.V.

Training and Education

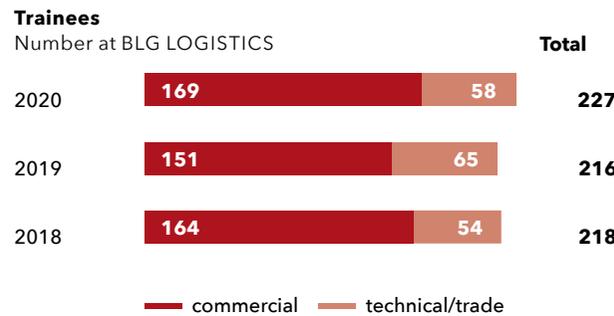
Our training programs take account not only of qualifications but also of personal background and life situation. We offer our employees further development opportunities throughout their careers.

Continuing to inspire qualified skilled employees and young talents to forge a career with us is crucial to our company’s long-term success. As with all matters that affect staff welfare, the training and education aspect falls within the responsibility of the central Human Resources department. Together with the HR managers from the locations, the central HR department supports our employees with any questions, problems or complaints they may have. Staff can also seek the advice of the works councils in these matters. Our compliance system provides the overarching framework.

Win-win: Promoting young talent is a benefit for all

Our services are provided by people - it is their motivation and their expertise that enable us to deliver day after day the level of quality that our customers have come to appreciate. This is why training our own future staff is such a vital element of our HR work. In the reporting year, 75 trainees took their first steps on the career ladder with us, and a few years from now will qualify as warehouse logistics specialists, vehicle spraypainters or in one of ten other apprenticeship trades. We also offer options for dual study programs, for example a Bachelor’s degree in Forwarding, Transport, and Logistics or the Bachelor’s in Information Science at the Bremen location.

 www.blg-logistics.com/karriere



In 2020, we employed 227 trainees - 169 in commercial and 58 in technical professions. As part of the company's guarantee to take on former trainees, we made everybody who qualified a job offer. As a result, at our Bremen location we were able to transfer 75 percent of our ex-trainees to permanent employment contracts. For many years, we have also specifically supported employees who want to retrospectively qualify as specialists in warehouse logistics. In the reporting year, we offered two courses, giving 36 employees the opportunity to prepare for the relevant Chamber of Industry and Commerce (IHK) examination on a full-time basis for twelve weeks. 34 of them passed first time around. The course was largely funded by the Labor Agency and is being offered again in the subsequent year - in January 2021, 19 new hopefuls enrolled who are aiming to qualify in late summer.

Creating opportunities through qualification

Through our "Training through Work" program launched in 2017, which is organized in cooperation with the training center Aus- und Fortbildungszentrum Bremen (AFZ) and the youth employment agency, we offer young people with no vocational qualifications the possibility to join an initial qualification program (EQ) after completing an internship. In the reporting year, the first cohort from our part-time "Hanse Logistics Specialist" course launched in 2019 completed their training. This course is directed particularly at women with care responsibilities and opens up vocational opportunities for them in the field of logistics. While all 16 candidates completed the course successfully, we were unfortunately not able to take any of them on due to the uncertainties surrounding the coronavirus pandemic and the short-time work rule in place parallel to the end of the course.

In line with our "character comes before skills" ethos, we also regularly offer people with diverse backgrounds and in different life situations - even if they have no prior qualifications - the chance of a vocational future in logistics. At our Schlüchtern location, we carried out an integration project in 2020 that opens up new prospects for the long-term unemployed, refugees and young people with no training qualifications. After two months of theory classes and a four-week practical course, 14 of the 17 participants found a permanent job with us.

Continuous skills development

The continuous investment in the development of our employees is as beneficial to them personally as it is to us as a company. Expanding their competencies and honing their skills in a targeted manner is therefore a central element of our HR management activities. Despite the COVID-related restrictions, we organized and held 176 seminars and training courses in 2020 dealing with leadership, social and methods competencies as well as developing specialist and technical skills. After initially having to cancel a large number of events, we did manage to hold many of them later in the year under COVID-compliant conditions. In some cases, we switched to completely digital formats. Thus despite the less-than-ideal conditions, with 4,045 employee days we again managed to increase the time dedicated to training year on year.

In connection with the introduction of a digital learning management system initiated prior to the onset of the coronavirus pandemic, the HR development department is currently working on developing other digital learning formats. To this end, initial qualification measures were held in the reporting year and first training courses were tested by selected groups. The system will gradually be made accessible to more employees in the course of 2021. It is fair to say that the experiences made with digital learning have so far been very positive, so that we intend to continue to hold many of our management training courses online going forward. Apart from a higher number of participants, the reduced amount of travel is also a point in favor.



UN goal: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

In today's world, many different paths to qualification, continuous expansion of competencies and personal development are more important than ever. With a whole range of measures and programs, we offer great access to training and education programs for all qualification levels.

→ reporting.blg-logistics.com/2020/sdg-journey

Focus on developing leaders

We adhere to the principle of developing our own management staff before hiring externals. For this reason, we do not shy away from investing substantially in the promotion of management careers. Some years ago we therefore launched our Junior Management Program (JMP), which allows us to train executives in a targeted manner in line with our specific requirements. A total of 161 employees have completed the program to date, and 47 of them now occupy a position on management level 3 or higher. Another nine candidates completed the current cycle in the reporting year, although the associated courses could only take place to a limited extent due to the pandemic. In addition to workshops dealing with leadership, communication and conflict resolution, the 18-month trainee program for the first time also encompassed the new shadowing format, where site visits were used to discuss the processes in place with the responsible managers.

Reflecting the importance given to consistent management development from within our own ranks, in 2020 we also created a comprehensive competence model for our operational managers that specifies our concrete requirements. Assessments and evaluations based on the criteria defined there are carried out by supervisors, colleagues and the Assessment Center, among others.

We also continued our "TAKE THE LEAD" management training program, which is an important element of our #SuccessDependsOnEverybody culture process. Offered for the most part as live webinars in the reporting year, with 672 training days much of the content was nevertheless covered. 336 employees from management levels 3 to 5 took part. The aim of "TAKE THE LEAD" is to define our own leadership culture, consistently develop it and roll it out uniformly across all management levels. To increase flexibility, the training modules are initially being offered to management levels 5 and 6 in 2021 via an online portal, and can thus be worked through individually and on demand. The goal is for all managers to have completed the basic modules 1 to 3 as well as the special topic "Change management" in the course of the year.

Feedback as a development tool

We aim to provide all employees with feedback on their performance once per year, according to fixed criteria. In addition, each employee should get an assessment of their potential on the basis of which we draw up tailor-made development plans for employees in line with their qualifications. In the reporting year, 43 percent of our workforce received an evaluation of their performance and professional development.

Occupational Health and Safety Management

We take responsibility for providing a safe working environment with a focus on accident prevention. Prevention also means we support our employees in staying healthy.

Our employees are crucial to our success - they represent our expertise and fill our values with life. Ensuring they stay safe and healthy is therefore a top priority for us. We assume this responsibility from all perspectives as part of our health management and focus first and foremost on prevention - both when it comes to avoiding accidents and ensuring and promoting our employees' well-being. In the reporting year, the coronavirus pandemic placed entirely new demands on us and our duty of care in this context.

Systems and responsibilities form the framework

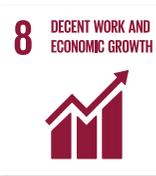
At top management level, our Labor Relations Director is responsible for occupational health and safety. Direct contacts for our employees are the HR department, the central company health management system, the social counseling service, the representatives of persons with disabilities and our company physicians. The latter are deployed at each location by intercompany services, are qualified to perform their duties in accordance with the German Occupational Safety and Health Act (Arbeitsschutzgesetz - ArbSchG) and are made known to the employees. The important area of occupational safety is supported by the central Safety and Environment department (ZBA_SU): Its staff, who are also qualified in accordance with the ArbSchG, regularly conduct inspections of workplaces and processes to check preventive safety

measures and organize training courses. Over and above this, we encourage our staff to share any occupational health and safety concerns and suggestions they may have with us - if they wish, risks can be reported anonymously via an external ombudsman. Conversely, we keep the workforce informed through a variety of channels, including the new app for employees, and regular meetings at operational level. We also involve our employees in the preparation of hazard assessments, because they know the work processes to be evaluated best.

In addition to the BLG LOGISTICS GROUP with the central ZBA_SU department, our company BLG Cargo Logistics is also certified according to the occupational health and safety management system ISO 45001. This ensures that occupational health and safety aspects are integrated even more closely into our processes.

Processes and knowledge ensure safety

In logistics, physically strenuous manual work is common. Above all in the ports and warehouses, work is intensive, fast and fatiguing. Special precautions must also be taken wherever there are interfaces between people and machines. Regular hazard assessments are a key element of a systematic and effective occupational safety system. They are used to derive concrete operating instructions and induction guidelines that offer our



8
DECENT WORK AND
ECONOMIC GROWTH

UN goal: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

We are responsible for ensuring a safe work environment. In this context, accident prevention is a central goal. Thoroughly tested work processes, regular risk assessments and improvements based on them help us achieve this goal.

→ reporting.blg-logistics.com/2020/sdg-journey

employees orientation and reassurance. As part of this process the staff from the central ZBA_SU department inspect all workplaces, areas and processes as well as all activities, work equipment and hazardous substances. The Occupational Safety Committees at our locations are responsible for bringing newly designed measures to implementation. Each site also has an alarm and hazard

Reportable work accidents

Number per 1,000 employees



prevention plan, which includes procedures in the event of an accident or fire and instructions for first aid.

We use the software My Ticket to record and systematically analyze accidents at work or during commutes. In the reporting year, across all German BLG companies there were 382 work accidents requiring reporting, i.e. leading to sick leave of more than three days. In 2019, this figure was 10 percent higher. Accordingly, the 1,000-man rate, which measures the number of reportable work accidents per thousand employees, decreased from 42 to 36. An especially positive trend in accident numbers was reported by the company BLG AutoTransport as well as the industrial logistics business area - each at around 50 percent below the previous year's figure. Contributing factors here were, among others, more detailed process instructions and manager training courses. Additionally, in the AUTOMOBILE Division management modules on key occupational Health and Safety Management processes are being rolled out, so as to make the assignment of responsibilities even more transparent. However, in the case of all these developments, a link to the short-time work partially introduced because of the coronavirus pandemic cannot be ruled out. For

this report, we for the first time included the Lost Time Injury Frequency Rate (LTIFR), which lies at 32 per 1,000,000 working hours. This provides information on the frequency with which injuries occur at the workplace and thus on the general safety for employees. All accidents that result in at least one day's absence from work are counted.

Our accident figures include not only our own employees, but also those of personnel service providers who work for us. External personnel are trained, instructed and kitted out with personal protective equipment in the same way as our own employees. Guests, suppliers and other persons who have cause to visit our operating sites are informed about the safety regulations.

Responsibility for ensuring the physical well-being of our employees also includes enabling them to move safely in their working environment at all times. To this end, we offer comprehensive training on various topics - including fire prevention and the handling of dangerous goods as well as first responder training. Depending on the topic concerned, these are organized and held by our central ZBA_SU department or by external trainers. Here, for example, we take advantage of the offering of the German Social Accident Insurance Institution for the trade and logistics industry.

Occupational safety during the pandemic

Due to our field of activity, we are not one of the companies that can offer mobile working from home to all of their employees. However, wherever this was feasible, we created the appropriate technical prerequisites and procured additional hardware. We conducted meetings online and only took business trips if they were absolutely indispensable. The bigger challenge was without a doubt to create a safe working environment for on-site employees in this exceptional situation. We took action from an early stage, set up a crisis committee with representatives from all divisions and rolled out safety concepts at our locations, which we adapt to the latest requirements as and when needed. Depending on location, in addition to hygiene measures such as hand sanitizer stations, plexiglass screens and temperature measuring devices, these also encompassed the partial redesign of workstations and route concepts aimed at minimizing contact. We have also rearranged the start and end times of shifts in order to avoid employees coming into contact with one another as far as possible. For the same reason, during peak times we have, for example, introduced a third shuttle bus at our Bremen site to transport the employees to their workplace. Masks are mandatory in all operational areas.

The measures of the SARS-CoV-2 Occupational Health and Safety Regulation of the Federal Ministry of Labor and Social Affairs have been implemented at all BLG locations. We keep all employees informed via regular updates and training sessions and also use the intranet and our internal e-mail distribution list to answer frequently asked questions about rules and measures. We are, of course, fully aware that both - although necessary to protect everybody - imply considerable constraints and adaptations on the part of us all.

In the reporting year, the responsible health and regulatory authorities in Bremen, Bremerhaven, Elsdorf and Hörstel conducted audits of our pandemic plan and our hygiene specifications. There were no complaints; on the contrary, our protective measures were praised. There were no general quarantine orders for BLG locations. The responsible authorities judiciously ordered a necessary quarantine for individuals when the criteria of category I - equivalent to an increased risk of infection (according to the risk classification of the Robert Koch Institute (RKI)) - were present.

Keeping people fit and healthy

We are committed to helping our employees stay fit and healthy. Unfortunately, due to the coronavirus pandemic and the associated restrictions, numerous sporting

events and health days had to be canceled in the reporting year. In place of our popular "Fit & Fun" prevention program, which in normal times encourages our employees to visit the gym, we were able to offer a digital alternative via the qualitrain app, which supports a safe home training regime. Our own in-house staff app additionally provided employees with exercises when working from home, along with recipes for a healthy lifestyle.

3 GOOD HEALTH AND WELL-BEING



UN goal: Ensure healthy lives and promote well-being for all at all ages

We actively support our employees to stay healthy, with a focus on prevention. Where this is not enough, we offer individual options for reintegration into the workplace.

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Of course, ergonomic workplace design, for example with height-adjustable desks, also contributes to preventive health care. In the operational areas, we use lifting and carrying aids in the warehouses, for example, and are currently testing the use of exoskeletons.

Starting over together

We support our employees with a special reintegration management scheme that eases them back into work after a longer period of absence due to illness. We extend this program to anybody returning to work after sick leave of longer than six weeks within a twelve-month period. In close consultation with them, we develop individual assistance options such as gradual reintegration or medical and occupational rehabilitation programs. Sick-leave talks are intended to clarify whether and to what extent the workplace has impacts on the employee's health and what we can do to restore and sustain their capacity to work. With these instruments, we aim to promote the long-term health of our employees, thereby reducing absenteeism due to sickness. The work incapacity rate in 2020 increased on the previous year by 0.4 percent to 8.75 percent. At the same time, the rate of continued pay during sick leave remained unchanged at 6.3 percent.

Diversity and Equal Opportunities

**We employ people from more than 60 nations and respect their diversity.
We are particularly committed to promoting women in management positions.**

We employ people with different cultural and social backgrounds and experience. This makes it all the more important for us to understand diversity as a strength and to promote it accordingly. After all, it also helps us as a company to reflect the society in which we operate. It brings us closer to our customers, creates new perspectives and at the same time stands for a diversity of ideas. All of this is valuable to us. For this reason, not only do we recognize the diverse potential that our employees possess, we also actively seek to harness that unique potential with a focus on the individual.

Age structure and gender distribution according to employee category

Basis: Germany 9,874 employees (status as of 12/31/2020)

	Shares in age groups in %	of which male in %	of which female in %
White collar employees			
< 30 years	20	59	41
30-50 years	52	58	42
> 50 years	28	66	34
Blue-collar workers			
< 30 years	11	76	24
30-50 years	52	79	21
> 50 years	37	77	23

Affirming diversity and bringing people together

We see diversity as an important success factor for our corporate, leadership, project and codetermination culture. To reflect this, we have developed a diversity concept that covers the entire workforce. Our diversity management is based on our Code of Conduct, our commitment to the Charter of Diversity and other in-house agreements such as initiatives to increase the quota of women in management positions. By anchoring it in our corporate values and leadership principles, we demonstrate that we take our responsibility as an employer seriously. At the same time, we expect our employees to respect the diversity of their colleagues and superiors. It is our wish that everybody within the company thinks and acts in this spirit in their daily dealings with one another. These principles are, of course, also reflected in our recruitment decisions and qualification programs. Within the company, our Human Resources department is responsible for the strategic orientation of diversity management and its further development as well as for advising and supporting the Board of Management in this area. Additionally, the staff in the HR department are the first point of contact for all our employees in matters relating to diversity. Once a year, the diversity management scorecard is prepared and presented to the Board of Management and Supervisory Board. Our commitment in this area was recognized in 2017 with the confer-

ring of the diversity award "Der Bunte Schlüssel - Vielfalt gestalten".

We committed to the principles of the Charter of Diversity back in 2016 during a project conducted by the association Unternehmensverband Bremische Häfen (UBH). This is a German employer initiative to promote and respect diversity in companies. Our goal is to create a work environment that is free from prejudice and in which all employees feel that they are valued irrespective of gender, nationality, ethnic origin, religion or personal outlook, disability, age, sexual orientation and identity.

<https://www.charta-der-vielfalt.de/en/>

Cross-cultural competence is becoming an increasingly important qualification for successful co-working. We therefore also offered training in the reporting year aimed at providing our employees with an understanding of other people's behavior as well as ideas for goal-oriented communication with colleagues and teams from other cultures. This helps to minimize conflicts and create the basis for constructive cooperation.

Integrating people - paving the way

For integration to be successful, it is crucial to support people according to their needs. With this in mind, we have developed a number of projects designed to active-

Diversity and Equal Opportunities

ly boost integration across the company. For example, as part of our basic offering we organize language courses for employees who are not so proficient in German. These make it easier for them to communicate with their supervisors and colleagues and thus boost their chances of success in their job. In addition, we support the integration of young refugees into the employment market by offering them internships, initial qualifications and traineeships. In particular through our “Training through Work” program, we regularly open the door to self-determined vocational choices for them and other young people. At the Schlüchtern location, we conducted an integration measure in 2020, after which 14 of the 17 participants, including a number of long-term unemployed, were taken on into permanent employment. To help young parents, we offer a part-time model that enables them to combine training and childcare.

More women in management

The port and logistics sector in Germany is still very much male-dominated. It is therefore all the more important to break the established mold and to further increase the proportion of women in our workforce, especially in management positions.

In November, Christine Hein was the third woman to join and serve on our Board of Management. Following the handover of duties by her predecessor, our active Board of Management has since December 11, 2020 for the first time been composed of an equal number of men and women. Thus at the very top of the organization, we are setting the benchmark for what women in leadership positions can achieve. The proportion of women in the overall workforce also increased again slightly, with

women accounting for around 26 percent of employees in the German companies at the end of the reporting year. In 2020, we again exceeded our target of at least 20 percent women on management levels (ML) 0 to 3 with a quota of 23.3 percent, which was also an improvement on the previous year. However, we did not yet manage to achieve equal distribution within the different levels. For the composition of our Supervisory Board, we comply with the statutory regulations regarding the gender quota. This must be achieved separately for the shareholder representatives and the employee representatives.

As part of our equal opportunities qualification drive, we launched our Women in Management program in 2017, which we plan to reprise from 2021 following an interruption in the reporting year due to the coronavirus pandemic. In a program of modular seminars supplemented by a mentoring scheme, this prepares selected women for taking on higher responsibilities.



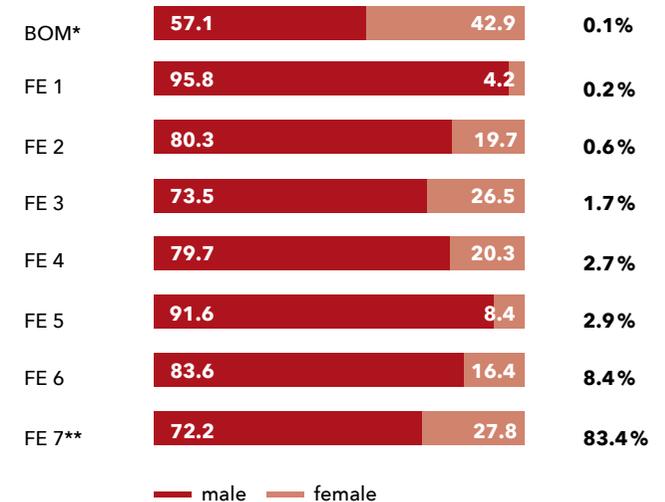
UN goal: Achieve gender equality and empower all women and girls

We are committed to promoting more women into management positions. With special programs such as Women in Management, we aim to further increase the proportion of women.

→ reporting.blg-logistics.com/2020/sdg-journey

Quota of women in management levels (ML)

Basis: Germany 9,874 employees (status as of 12/31/2020) in % Share of total workforce



*The Board of Management comprised seven members as of the end of the period and up to May 31, 2021. This results from the fact that the previous CFO continues to be carried as a member of the Board of Management up to this date beyond stepping down.

**We made some adjustments to our management structure in the reporting year to ensure a clearer separation between disciplinary (ML 1–5) and technical management (ML 6). Level 7 encompasses all other employees without management responsibilities.

Social Commitment

We want to contribute to creating a strong society. That is why we not only contribute our expertise, but also actively support projects in the fields of social welfare, health care and sport.

Contributing to the welfare of the community is part of our responsibility. That is why as a company we have been supporting initiatives and projects locally and around the world for many years. In many cases it's our employees who get involved, do the planning or make donations - something we are particularly proud of. Conversely, we are happy to support employees in their voluntary work by offering them the necessary flexibility wherever possible.

Logistics expertise against global hunger

The United Nations World Food Programme (WFP) was awarded the Nobel Peace Prize in 2020 for its work in the fight against hunger and for peace in conflict regions. We have been supporting the WFP and its important work with the free provision of logistics expertise since 2012. To this end, logistics experts travel to different regions of Africa, Latin America and South-East Asia to share their knowledge and analyze the logistics capacity of ports, roads and other facilities. Subsequently, recommendations for the WFP are drawn up. In the event of a crisis this provides the humanitarian organization with an overview of possible transport corridors.



Logistics expertise for the World Food Programme



Personal volunteering

Our trainee managers campaign for kids

Our junior managers again rolled up their sleeves in the reporting year. In the grounds of the Friedehorst Foundation, which among other things runs children's homes for girls and boys, some of whom have severe multiple disabilities, a unique inclusive play and exercise landscape is being built in Bremen. The "Landeplatz" (landing place) invites young people with and without disabilities from Friedehorst, nearby facilities and the whole of

North Bremen to come and play. Last summer, our trainee managers supported the project by building a seating area and benches from pallets for the playground, which invite visitors to relax and pass the time.

As part of the "Schenk ein Lächeln" ("Gift a Smile") campaign, Christmas parcels for needy children from the Bremen area were again busily packed in 2020. Whether books, toys or clothing - the donations made many little eyes light up. Our junior managers as always took care of the organization and coordination with the charity Bremer Tafel e.V., which traditionally distributes the parcels to the families.



Our company sports team participated in the charity soccer tournament

Connecting the world with sports

Back in January 2020, our "Blau-Weiß" BLG company sports team took part in a charity soccer tournament and won the final. The proceeds from the tournament, organized by the "KiKu" association, will benefit a children's home in Ghana, where they will be used among other things to provide medical treatment.

The One Nation Cup, which uses the power of soccer to facilitate encounters between boys and girls from all over the world across linguistic, cultural and religious barriers, unfortunately had to be postponed due to the coronavirus pandemic. It was to have brought ten youth teams together in Bremen in the summer - but all is not lost that is delayed and a catch-up date is firmly planned for 2021. We are on board as an education partner and will be promoting the Cup by holding creative workshops run by our trainees at ten schools in Bremen and the surrounding area.



Donation of FFP3 face masks to protect against the pandemic

Donating protection in the crisis

Right at the onset of the pandemic back in March 2020 we donated urgently needed personal protective equipment to the coronavirus crisis team of the Free Hanseatic City of Bremen. Our CEO Frank Dreeke presented 1,700 FFP3 face masks to Dr. Claudia Schilling, Senator for Science and Ports. Like this, we were able to make a small contribution to protecting those on the front line - for example hospital and care home staff - against the virus.



Economic

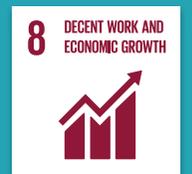
- 46 Compliance
- 49 Economic Value Creation
- 51 Customer Satisfaction

Our economic responsibility

Sustained economic success is not only crucial to our continued existence as a company; it also determines the extent to which we can act in an environmentally and socially sustainable manner. Because economic independence creates valuable leeway, for example when it comes to investing in climate protection measures or converting temporary into permanent employment contracts. In order to sustain or even expand this long-term success and with it our market position, we want to play a key role in shaping the sustainable logistics of tomorrow. In doing so, we are increasingly relying on digitalization and new technologies such as artificial intelligence to make our services and processes efficient and, wherever possible, climate-friendly. It is equally important that we ensure the satisfaction of our customers over the long term - which is why we continuously review the quality of our services and aim to further improve every day.

At the same time, we are aware of the responsibility that we bear as a major employer at many locations. We also need economic stability to be able to offer our employees good prospects and secure, well-paid jobs. Creating values for them and our other stakeholder groups is an important part of what drives us.

In all of this, our compliance system provides the framework within which we operate. This encompasses strict compliance with laws and regulations as well as our own ethical principles. We are also increasingly extending this to cover the entire supply chain.



Compliance

Legal and ethical compliance form the basis of our actions. In the interests of completeness, we also include our entire supply chain.

Laws, directives and our own ethical principles are our yardstick for all our business decisions and day-to-day activities. Our employees, customers, business partners and shareholders can rely on this. Being a reliable partner to them is important to us. Violating the law can have severe consequences for the company. This is why we consider crimes such as bribery, corruption, acceptance of benefits, embezzlement, fraud and anti-competitive agreements to be among the possible risk factors. Our compliance management system is designed to prevent these risks while educating and bringing the entire organization on board.

Compliance management system update

The departure of our previous compliance officer prompted us in the reporting year to integrate the topic of compliance into the Legal department and accordingly place it under new management. The reporting line to the Chief Compliance Officer – our CEO – is not affected by this. As part of this process, we have launched a review of the overall concept with the aim of creating an integrated compliance management system. This refinement will include revised guidelines, imposing more stringent requirements, for example on suppliers, and newly defined processes. Like this, we are continuing to demonstrate that we do not tolerate any form of corruption, do not permit discrimination and give top priority to

occupational health and safety. We utilize our resources responsibly and engage in fair competition.

Regulations, monitoring and reporting systems

The compliance officer appointed by the Board of Management develops the compliance strategy further in consultation with the Chief Compliance Officer and reports to him regularly. This also implies an ongoing review of the effectiveness of the system. The compliance officer also informs the Supervisory Board once a year about all relevant issues, processes and incidents. As a first neutral point of contact, the compliance officer supports employees with their questions, receives complaints or tips or offers advice in the case of legal violations. An externally appointed ombudsman also offers both employees and third parties the possibility of anonymously reporting compliance violations as a second point of contact. Supplementing these mechanisms, our Internal Audit department regularly checks for compliance violations.

The Board of Management and Supervisory Board have a responsibility to lead by example and are tasked with ensuring that the employees they supervise are informed about the rules and adhere to them. Employees, in turn, have an obligation to point out grievances or suspected violations of the law. To prevent corruption, it is crucial to

make employees aware of the inherent risks of corruption and to address the issue openly. For their own protection as well as that of the company, the dual control principle is to be applied in all legally relevant business processes.

Our principle

When exercising their duties, no BLG employee may offer, promise or accept incentives, preferential treatment or other benefits that are intended to influence fair, objective and proper decisions, or that even seem to do so.

Our Code of Conduct and our Anti-Corruption Policy remain key elements of the compliance management system. Like all sets of rules, these apply to all German companies in which we have a direct or indirect shareholding of more than 50 percent or in which BLG LOGISTICS is responsible for management. They are thus binding for all internal and external employees and consultants acting for us. Companies that are subject to foreign law must apply the guidelines in accordance with that law.

All employees received a copy of our Code of Conduct when it was introduced. New employees receive it in their welcome pack; temporary workers are made aware of it during their onboarding. Together with the Anti-Corruption Policy and the Compliance Policy, the Code of Conduct can also be consulted on the intranet. The Intranet also contains information on our compliance system, Code of Conduct and contact persons. At the international locations, the policies are available in the national language.

Prevention through training

At BLG LOGISTICS, compliance concerns us all. Therefore, we are currently working on expanding our training concept to include more e-learning offerings. To reach as many employees as possible, we are also relaunching our compliance communications. In the future, we are planning with the help of a 360-degree approach to inform about compliance topics throughout the year and like this continuously raise awareness.

Extensive, regular training sensitizes employees to compliance issues and consequently minimizes the risk of corruption. For this reason, even under the new concept it will continue to be mandatory for the Board of Management, all employees on management levels 1 to 3, as well as those with jobs in Purchasing or Sales. In addition, we are planning to offer corresponding training in the future to all managers below those levels. Participation in compliance courses at least every three years is mandatory.

In the reporting year, there was another round of regular refresher courses, plus induction training for all new BLG employees in the relevant functions. Training is additionally offered in Purchasing and Freight Forwarding. Our goal is to ensure that at least 95 percent of the relevant employees from each of the management levels 1 to 3 are trained within a three-year cycle. Currently, the figure is slightly below that target at 89.8 percent, and also below the previous year's level. The reason for this lies firstly in necessary changes to the training concept and ensuing delays as a result of the coronavirus pandemic, and secondly in the fact that some of the employees to be trained are on parental leave or have in the meantime left the company.



UN goal: Ensure sustainable consumption and production patterns

We want to establish and reinforce sustainable business practices not only within our own company, but also along the entire supply chain. In addition to continuous dialog with our employees and partners, we also meet this goal through our internal and external policies and guidelines.

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Responsibility through to the supply chain

Our General Terms and Conditions of Contract and Purchase also give consideration to compliance. We require our suppliers and service providers to comply with the principles of the United Nations Global Compact. This essentially relates to protection of international human rights, the right to collective bargaining, abolition of forced labor and child labor, elimination of discrimination in hiring and employment practices, responsibility for the environment and prevention of corruption.

<https://www.blg-logistics.com/en/gtcbcr>

Increased focus on information security

As is the case with most companies, we are heavily dependent on information technologies. The trust of our customers and suppliers, as well as our employees, in the security and functionality of our systems and our responsible handling of sensitive data has therefore long been a key success factor. This makes it all the more important that we ensure a uniformly high level of information security across all processes. We base our activities in this area on the recommendations of the German Federal Office for Information Security (BSI). Our information security management system is additionally oriented toward international standards such as ISO 27001 and ISO 27002. Our IT Security Policy provides the framework for all aspects relevant in this context. This applies without restriction to BLG LOGISTICS including all subsidiaries in which we hold at least 50 percent of the shares, as well as to minority interests that utilize our IT systems, and is also and is also binding for contractual partners and suppliers subject to deviating regulations.

The guidelines and procedures applicable throughout the organization are also derived from this.

Responsibility for all matters relating to IT security lies with the IT security officer, who reports to the head of IT Services. The tasks of the IT security officer include the operation and further development of the IT security organization, issuing advice on all IT security issues, regular risk analysis, the implementation of awareness-raising and training measures, and emergency preparedness. They must be involved accordingly in all IT security-relevant processes.

Increasingly sensitive: Data protection

At BLG LOGISTICS, the central Legal, Compliance & Insurance department is responsible for matters relating to data protection. With the introduction of the GDPR, the legal requirements governing how we process personal data of our employees, but also of our business partners and customers, have once again grown and we have adopted and communicated corresponding internal policies and guidelines as well as retention periods. We conduct regular and systematic on-site checks to monitor compliance with established processes and

identify possible deviations as well as potential for improvement. This ensures a uniformly high level of data protection implementation across the company. Despite the more difficult conditions as a result of the coronavirus pandemic, it was still possible to conduct the audits in the reporting year thanks to online conferences and the support of officers on site. We also use these audits as an opportunity to train employees at the respective locations on topics relevant to data privacy and thus raise their awareness. In 2020, we developed a new e-learning format. We also see the increasing number of inquiries from different departments as evidence of the growing awareness for this topic.

Processes are documented using a centrally managed application that maps numerous interfaces with IT and Information Security. The level of documentation thus achieved allows us to respond quickly and reliably even to very short-term events or inquiries from supervisory authorities.

Economic Value Creation

We prioritize strategic and sustainable growth. This helps us meet the responsibility we have as a major employer at many locations.

As part of the logistics sector, we provide services at the decisive interfaces between producers, retailers, and consumers. This includes production supply, goods distribution as well as traditional freight forwarding business. The demands on logistics are changing at an ever-increasing pace. This development is being driven not only by continuing globalization but also by ever shorter product life cycles, advancing urbanization in many parts of the world and new technologies. Our industry also faces challenges from the unrelenting pressure on margins as well as demographic development and the related shortage of skilled employees. Other factors are the ever-growing importance of e-commerce and high customer demands regarding speed, flexibility, quality of delivery and green credentials. In the current situation, the development of the coronavirus pandemic over the coming months is, of course, also one of the risks that has to be allowed for. Although the impacts have meanwhile been factored in to existing business processes and the economy as a whole has adjusted to the new situation, significant disruptions to the global flow of goods and therefore also to logistics processes may occur again in the future.

Financial management

As part of BLG LOGISTICS' mission and vision and the sharpening of our strategic guidelines, we designed the management system to be as clear and transparent as possible. Internal reporting and remuneration systems are established for the entire Group stringently according to uniform measurement variables. The key performance indicators are revenue, earnings before taxes (EBT) and the EBT margin derived from both of these.

		2020	2019
Revenue	EUR million	1,065.2	1,158.6
EBT	EUR million	-116.1	37.5
EBT margin	in %	-10.9	3.2

Against the backdrop of the coronavirus crisis, we closed the 2020 financial year with a very substantial loss overall. While the business development at the start of the reporting period was in line with our expectations, the historic ramifications of the pandemic for the world economy, global trade flows and the business of our customers was quickly felt in terms of volumes and results. Due to the idle business of many of our customers in the lockdown months of March to May alone, we incurred a loss

in the double-digit millions. This was compounded by measurement adjustments and risk provisioning necessitated by the pandemic. Volumes and earnings picked up again toward the end of the year, so that all in all we came through the crisis better than had been forecast in the spring, despite the negative development. There was sufficient liquidity at all times and the number of employees also remained stable. The increased diversification of our business in recent years and, hand in hand with this, the broader customer base from different industries have given us valuable advantages here.

Group revenue declined year on year by EUR 93.4 million to EUR 1,065.2 million, a decrease of around 8.1 percent. EBT also reduced markedly as a result of the effects of the coronavirus pandemic - by EUR 153.7 million to EUR -116.1 million. Correspondingly, the EBT margin was -10.9 percent, which is significantly below the previous year's figure of 3.2 percent. The financial management of BLG LOGISTICS is detailed in depth in our Financial Report 2020. Even though 2021 will still be characterized by challenging conditions, uncertainties and probably temporarily fluctuating volumes, we are working intensively to constantly improve our overall financial situation and, despite the crisis, consider ourselves well positioned for the future.

Value creation calculation

The information about economic value creation and distribution reveals how we generated and used our assets

8 DECENT WORK AND ECONOMIC GROWTH



UN goal: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Due to the size of our company, we are a significant economic factor at many locations. We are very conscious of the responsibility this entails for secure jobs - among other things through strategies for sustainable growth.

[→ reporting.blg-logistics.com/2020/sdg-journey](https://reporting.blg-logistics.com/2020/sdg-journey)

used to cover costs for the employees of BLG LOGISTICS. Due to the operating losses, the net value creation was not sufficient to fully cover personnel expenses in the reporting year, resulting in an overall loss for the period. This includes not only wages and salaries, but also other expenses such as statutory social security and pension contributions. Personnel costs increased slightly on the previous year by EUR 3.3 million.

In addition to personnel expenses, the value added generates a return for the capital providers. Of this, an amount of EUR 11.3 million was attributable to distributions and dividends to the main shareholder of BLG LOGISTICS, the Free Hanseatic City of Bremen (municipality). In addition, profit distributions were made to the partners of fully consolidated joint ventures and the shareholders of BLG AG, as well as interest payments for bank loans. The remaining loss was eliminated in the equity of BLG LOGISTICS against retained profits from previous years. Payments to the public purse consisted mainly of taxes and ground rent.

for our stakeholders. Net value creation is used as an indicator of the added value of our business operations for the economy as a whole. This is calculated as the gross operating revenue less expenses, depreciation and amortization (excluding personnel expenses). In the reporting year, it totaled EUR 375.6 million. The largest portion of the value added, at EUR 455.5 million, was

Value creation calculation for BLG LOGISTICS 2020

Financial year 2020	EUR million	in %
Revenue	1,065.2	
Other income	-8.2	
Gross operating revenue	1,057.0	
Cost of materials	454.9	
Depreciation and amortization expense, impairment losses	115.4	
Other expenses	111.1	
Total advance payments	681.4	
Value creation	375.6	100
Utilization		
Employees	455.5	121
Public authorities	25.1	7
Lenders	15.2	4
Shareholders	-120.2	-32

Customer Satisfaction

**We support our customers' business with innovation and efficiency.
For them and with them, we shape sustainable logistics of the future.**

With our customers, we often work in long-standing business relationships based on mutual trust. The benefits of this are particularly evident when developing large-scale projects or even completely new logistics centers, where we can bring our expertise to the table right from the start. Looking beyond the high-quality, efficient and innovative logistics services we provide every day, we see this as an opportunity to help shape the logistics of tomorrow. One aspect of this is being able to anticipate changes and actively respond when our customers shift their business focus, for example, by expanding our own infrastructure and portfolio to support the shift toward more e-mobility. Conversely, long-term contracts give us valuable scope to invest in energy efficiency measures, for instance, or to reduce the number of temporary employment contracts. It is, of course, equally important to us that our customers value what we do and choose us as their partner of choice time after time.

We therefore work closely with them to devise innovative and sustainable logistics processes and solutions. We have demonstrated our credentials in this area in a number of projects - such as at the new logistics center for our customer PUMA, which from the start was planned in line with sustainability criteria, or with the CI Factory for Engelbert Strauss. We are committed to meeting the growing demands for climate-friendly logistics. For

example, our goal to reduce greenhouse gas emissions also pays dividends for our customers' carbon footprint; and what's more, since this year we have been offering them climate-neutral services. We also firmly believe that our commitment differentiates us in the market and opens up new windows of opportunity. This mindset is reflected, among other things, in the plans for our new "C3 Bremen" industrial logistics center. The three Cs stand for Customers, Climate and Comfort - because this future-oriented project is designed to bring together customer requirements, sustainability and the needs of our employees in a unique way. In addition to carbon-neutral operation of the building, we are also striving for a Gold Sustainable Building Certificate from the Deutsche Gesellschaft für Nachhaltiges Bauen e.V. - DGNB. The project also focuses on the well-being of our employees at the workplace. Start of construction is in 2021.

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Ensuring quality - with every contract, every day

We offer our customers an extensive and varied range of logistics services of a contractually specified quality that they can depend on. This includes continuously examining ways to reduce the loss ratios within our own processes.

Our central Quality Management departments are responsible for implementing, refining and overseeing certification of our quality management systems. The majority of our German and foreign locations - including all locations in the AUTOMOBILE Division - are certified according to DIN EN ISO 9001, the automotive locations additionally to VDA 6.2. Furthermore, our customers regularly carry out quality audits at our car terminals. Despite the pandemic-related restrictions, quality management systems were rolled out and externally certified at new locations in 2020.

To optimize our transport logistics for finished vehicles, we request information about delivery quality from car dealers on site, where it is also verified. At our industrial logistics locations, we work directly alongside our customers' production processes. And in retail logistics, our services are even linked to those of our customers. Here, we hold regular operational meetings and coordinate activities at management level.

A training campaign launched in the reporting year focused primarily on risk assessment and failure mode and effects analysis (FMEA). Both are elementary to ensuring process reliability and thus customer satisfaction. Following the successful implementation of a tool for demand and capacity planning in the AUTOMOBILE Division in the previous year, the system was expanded

in 2020 to include cost and revenue planning. In this way, we aim to achieve an overall optimization of capacity utilization in line with demand, customer requirements and costs. Calculation of CO₂ emissions is also integrated as a supplementary performance metric

Steadily improving efficiency

Focusing on and optimizing value-creating activities is an important success factor for us. In order to continuously improve our processes and systems as well as boost our performance, we systematically organize all workflows according to lean management criteria and use the Six Sigma management system for process optimization. This allows us to make the most of new solutions and improvements sustainably and across all company areas.

In the reporting year, our central Operational Excellence department developed and rolled out an integrated production system for the CONTRACT Division that serves to further optimize processes and services at our customers. In addition, through the Operational Training Center (OTC), we intensified the transfer of knowledge with respect to new processes - this enables us to ensure that the respective transition or start-up phase runs smoothly. Our lean management methods have been anchored successively, among other things through workshops. Responsibility is vested in three working groups with 29 decentralized contacts. We implemented a total of five lean qualification measures with 150 managers in 2020.

Translating innovations into successful solutions

We are working continuously to offer our customers new services and thus support them in aligning their logistics processes with future requirements. In doing so, we are increasingly relying on new technologies. The innovations behind this are developed, managed and rolled out by the Sustainability and Digitalization department.

The focus in 2020 was on artificial intelligence (AI). Of eleven 100-day projects carried out to test potential new solutions and ten 6-month sprints for implementing and scaling up the results from promising 100-day projects, eight had an AI reference. Here, we place a focus on the application of machine learning with a view to deployment in human resources planning and in intelligent document management. Newly implemented projects included the use of chatbots in recruiting and the development of driverless transport vehicles at the Bremen site. In addition, numerous workshops on mapping out the digitalization roadmap were organized.

Three new research and development (R&D) projects with an AI reference were also initiated in 2020. The second round of the successful "ISABELLA" project for optimizing planning and management of terminal operations also got underway. This is again being funded by the German Federal Ministry of Transport and Digital Infrastructure (BMVI) and has the goal to integrate processes for all means of transportation into the "ISABELLA" control algorithm. On the KITE sponsorship project, we are working together with partners to develop an AI-based forecasting method for predicting transportation volumes. It is hoped this will reduce the number of empty

runs by up to 15 percent and in doing so help to lower CO₂ emissions. "INSERT" is concerned with the development of an assistance system for drafting initial concepts for production and logistics planning, for which expert knowledge is transferred into an AI-based system. The aim is to enhance quality while shortening planning processes. Here, too, we have joined forces with partners.

In the reporting year, we participated in seven cooperation projects with a total volume of EUR 18.6 million. The three newly launched R&D projects account for a volume of EUR 5.8 million.



UN goal: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

We support our customers' success by constantly further developing our own services. With digitalization projects and innovative approaches, we help shape more efficient and sustainable logistics while making our company fit for the future.

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EUROGATE

Importance of sustainability

For EUROGATE, sustainability means, above all, ensuring the future viability of the corporate Group. Within the scope of its business activities and on the basis of internal processes, EUROGATE gives equal consideration to economic efficiency, environmental protection and social responsibility. Compliance with laws and internal policies and guidelines forms the natural basic prerequisite for day-to-day business operations. Efficient port operations are key to enabling the EUROGATE Group companies to ensure that their customers benefit from reliable goods transport. This is vital because the container terminals are the hubs of international trade. At the same time, EUROGATE strengthens the local economy and provides jobs. Business activities impact on both people and the environment, for example through the Group's consumption of resources.

About this report

This report covers the principal operating companies. It does not report on minority interests that are not directly involved in the core business or on companies in which the EUROGATE Group has a stake through minority interests outside Germany, as these are not classified as material in relation to the non-financial impact of their activities and the potential for exerting influence.

This report focuses on topics that are necessary for an understanding of the business performance, the results of operations and the position of the Group, as well as the impact of its business activities on non-financial aspects. It follows the sustainability reporting standards of the Global Reporting Initiative (GRI Standards 2016). The description of the concepts presented here was prepared in accordance with Standard 103 of the Global Reporting Initiative (GRI).

As part of the reporting process, EUROGATE examined whether risks exist that are linked to its own business activities, business relationships, or products and services and that have or can have a serious negative impact on the non-financial aspects defined by law and have a high probability of occurrence. Our conclusion is that no reportable net risks as defined in the German CSR Implementation Act (CSR-RUG) exist.

Process for determining materiality

The materiality analysis compiled in accordance with GRI standards served as the starting point for the process of assessing materiality. This materiality analysis provided the basic materiality threshold for the initial prioritization of the topics selected as important for this report. In the following, the material topics for the non-financial report were derived from this. These are on the one hand of high relevance for gaining an understanding of the business performance and position of the Group. At the same

time, the business activities of the Group have a significant impact on the aspects specified in the CSR-RUG. The derivation of material topics is reviewed annually. Within the scope of this review, the topics CO₂ emissions and IT security were identified as material for the first time in the reporting year.

The outcome of this process gives rise to the four material non-financial aspects energy consumption (environmental topics), occupational health and safety (employee topics), anti-corruption and anti-bribery and IT security.

Environmental topics - energy consumption and CO₂ emissions

The Group's business activities consume large amounts of energy. Energy consumption is a key performance indicator in resource management and has a direct impact on incurred costs, and hence on financial performance. It also substantially impacts on the environment because it uses natural resources and produces greenhouse gas emissions. Together with the costs from energy consumption, efforts to limit climate change and minimize the company's own carbon footprint are major aspects that drive EUROGATE's energy management activities.

Most of the energy consumption results from the use of diesel fuel, mainly for operating the straddle carriers used for container transport at the terminals. Other major energy consumers are gantry cranes, buildings and lighting. In these areas, electricity and gas are also used as power sources. As an applied due diligence process, the energy management system certified in accordance with DIN EN ISO 50001 plays a central role in steering and further developing energy management. As part of this energy management system, energy consumption is analyzed and evaluated in regular workshops. Both energy consumption and the completed as well as planned projects of all responsible stakeholders are summarized in an annual management review and presented to the managing directors of the individual companies. Here, the improvement is evaluated in energy utilization compared to the set targets.

Various large and smaller measures aim to achieve improvements by tackling the major energy consumers. Measures and projects are regularly implemented that focus on utilizing energy-savings potential, for example with in-depth capture and analysis of straddle carrier consumption data. Especially important here is achieving a continuous reduction in the consumption of fossil fuels. Energy efficiency measures have both a technical and an operational focus. EUROGATE remains committed to appealing to its employees' sense of responsibility regarding resource-saving behavior. The company systematically involves its employees in drives to cut energy consumption. One way of doing this is by training staff to operate straddle carriers in ways that use less fuel.

EUROGATE regularly examines options for using more energy-efficient technologies. Thus in 2020 the conversion of the lighting systems to LED technology continued apace, investments were made in more energy-efficient equipment and a preliminary feasibility study was carried out into alternative drive technologies for the straddle carriers. Furthermore, 2020 saw the launch of a Group-wide transformation process, within the scope of which measures were defined that will have a positive impact on energy efficiency going forward.

Moreover, EUROGATE generates its own renewable energy from two wind turbines, four photovoltaic systems and one wood chip power plant. Also in the energy generation mix are three cogeneration plants.

The most important EUROGATE key performance indicator in this area is the energy intensity required to move containers. The energy consumption per container moved is regularly monitored. The following table shows the current status of target attainment:

Target	Lower energy consumption per container* handled by 20% up to 2020 (compared with 2008)
Status 2019	Reduction of 17.8% per container handled
Status 2020	Reduction of 15.8% per container handled
Comment	The target was not met. The increase in energy consumption in 2020 is mainly attributable to changes in operational processes in connection with managing the COVID-19 pandemic, a decline in container throughput and the switch to a new IT system in Bremerhaven.

*The kWh/container figure was calculated based on the container-relevant consumption figures for the main companies (EUROGATE Container Terminals, EUROGATE Technical Services GmbH and EUROGATE Holding Company).

Employee welfare topics - Occupational health and safety management

Protecting all company and external employees from work-related injuries or diseases and safeguarding their health and well-being is a top priority. Most work is performed using heavy equipment at the terminals (mainly straddle carriers and container gantries) and is susceptible to prevailing weather conditions. Considering the manual nature of this work and the deployment of much of the workforce in a three-shift system, promoting and protecting their health is especially important.

Occupational health and safety concerns not just health and well-being of the employees, but also has a vital impact on their performance. Especially goods handling at the seaports requires a high level of safety awareness.

Various structural and organizational measures have been established. Management of occupational health and safety is the responsibility of the individual companies and their respective managing directors. They draw up and regularly update guidelines and operating instructions for occupational safety based on their specific workflows. As part of their duty of care, managers are tasked with assessing hazards and monitoring compliance with the guidelines and operating instructions in their area of responsibility. Each location has an occupational health physician, an occupational safety expert and a safety officer.

At EUROGATE, various technical and organizational measures have been put in place to lower risk exposure and reduce accidents. Ongoing measures include regular training and instruction about safety standards and accident prevention guidelines as well as monitoring whether these regulations are observed. Strict standards are in force governing compliance with occupational safety rules, for example mandatory wearing of personal protective clothing and equipment at the terminal site. Workplaces are regularly inspected to assess any hazards there and to advise on measures to minimize risk. Any injuries and accidents that occur are categorized and evaluated.

At the German locations, along with regular occupational health days, special safety days are also organized, where a day of workshops and training sessions is dedicated to the topic of safety. These are also attended by executive managers, since they bear particular responsibility to lead by example.

The key ratios for EUROGATE are the number of reportable work accidents (including during commutes) and the number of fatal accidents. The following table shows the current status of target attainment:

Target	Minimize the number of work-related accidents* and prevent accident-related fatalities
Status 2019	Work-related accidents: 366 Accident-related fatalities: none
Status 2020	Work-related accidents: 326 Accident-related fatalities: none
Comment	The target was met. As part of the defined monitoring process in the area of occupational safety, measures to counter this development are developed based on the analysis of hazardous situations, accident severity and cause.

*In Germany, all accidents must be reported that result in death or injury that prevents a person from working for more than three days. The EUROGATE figure includes accidents involving not only the company's own employees, but also temporary contract workers. It does not record accidents involving employees of external contractors.

Anti-corruption and anti-bribery

To achieve long-term success, a company must conduct its activities in a legally compliant, fair and reliable way. Within the EUROGATE Group, compliance relates to adherence to the statutory standards as well as internal corporate guidelines and policies and working to ensure their observance in all Group companies. These include the relevant policies and principles on preventing bribery and corruption.

EUROGATE has established a compliance management system that comprises a Compliance Policy with several sections, a Code of Conduct, and an Anti-Corruption Policy. These regulations came into force on January 1, 2017. Cementing the Group's commitment to free and fair competition, the guidelines and the Code of Conduct summarize the Group's values and provide the basis for its understanding of entrepreneurial compliance. The documents state that EUROGATE neither tolerates corruption nor permits discrimination. All business decisions must comply with the law and meet EUROGATE's standards of ethics and integrity as described in the policies and guidelines.

Technical competence for the compliance management system lies with the Legal department of the EUROGATE holding company and the compliance officer. Responsibility for compliance with the Anti-Corruption Policy lies with the Group Management Board and the management boards of the respective EUROGATE Group companies. On introduction of the compliance management system, EUROGATE also appointed a compliance officer. Furthermore, an external ombudsman was appointed to receive anonymous information. Once a year, the compli-

ance officer presents an internal report to the Group management and supervisory bodies. Among other points, this contains the current status of the main compliance risks as well as suggestions for new measures or changes.

When the compliance regulations came into force, all employees received a copy of both the Anti-Corruption Policy and the Code of Conduct. The compliance officer explained this process at a large number of staff meetings. In 2019, following on from the basic in-person training courses conducted in 2017 when the compliance management system was introduced, workshops were held for employees in particularly sensitive areas of the company. The in-person training courses for sensitive areas planned for 2020 had to be postponed until 2021 due to the COVID-19 pandemic.

Compliance management at North Sea Terminal Bremerhaven GmbH & Co (NTB), which is operated as a joint venture between EUROGATE and APMT, is conducted separately. Regular compliance training courses take place in which the partners' guidelines are discussed with the relevant groups of employees. This means that the compliance regulations of both partners are also observed at NTB. Responsibility for this lies with the management of NTB. There is an internal manual that defines the company's main principles for combating corruption and bribery. Training courses organized jointly with an external partner are generally held once a year. The main topics of the training courses are determined in advance in cooperation with the management. Due to the COVID-19 pandemic, no training courses were held in 2020. An annual risk inventory, an annual fraud risk

assessment and monthly evaluations of the internal control system identify any impacts associated with this issue.

The central key performance indicator for EUROGATE is the number of confirmed cases of corruption. The following table shows the current status of target attainment:

Target	No cases of corruption
Status 2019	none
Status 2020	none
Comment	The target was met. There were no confirmed cases of corruption in the reporting year.

IT security

The ever-growing number of IT-based business processes that have emerged in recent years as well as the dovetailing of EUROGATE's systems with those of other providers along the logistics chain increase the demand for an absolutely secure IT infrastructure. Cyber threats are on the increase all the time and are constantly changing. At the same time, the EUROGATE Group's reliance on IT systems is growing, especially in light of the planned automation projects. IT security is therefore crucial to enabling and ensuring efficient business processes across the companies in the EUROGATE Group.

Technical competence for the EUROGATE information security management system (ISMS) lies with the IT

department of the EUROGATE holding company. Overall responsibility lies with the Group Management Board and the management boards of the respective companies in the EUROGATE Group. On introduction of the ISMS, EUROGATE also appointed an IT security officer.

The goals and targets are set on the basis of a general risk assessment for EUROGATE and concrete risk analyses for the respective projects. Various approaches based on NIST, IEC 62443 and alternative market approaches are being examined for modelling the measurability of the protection achieved through non-financial performance indicators. The EUROGATE ISMS was audited in the 2020 financial year in accordance with the guidelines of the Federal Office for Information Security (BSI), since EUROGATE is classified as an operator of critical infrastructure pursuant to the IT Security Act (ITSG). The focus of the audit was to assess the status quo with respect to implementing the BSI guidelines. The deviations and recommendations resulting from the audit will be dealt with within the scope of targeted measures.

Glossary

CI factory

Production site of Engelbert Strauss GmbH & Co. KG in Schlüchtern. "CI" is the abbreviation for Corporate Identity, or how a company is perceived in the public sphere.

CO₂ equivalents (CO₂e)

Uniform measure of the greenhouse effect of various greenhouse gases. The reference value is carbon dioxide CO₂. DIN 16258:2013-03 takes the following gases into account: CO₂, CH₄, N₂O, HFC, PFC and SF₆. These six gases are also listed in Annex A of the Kyoto Protocol to the United Nations Framework Convention on Climate Change. The GEMIS (Global Emissions Model for Integrated Systems) takes account of CO₂, CH₄, N₂O, C₆F₁₄ and C₂F₆.

Corporate governance

Rights and obligations of the various parties involved in the company, in particular the shareholders, Board of Management and Supervisory Board.

CSR

Corporate Social Responsibility. Social responsibility of companies as part of sustainable business operations.

EBT

Earnings before taxes (pre-tax profit). A value for determining profitability independently of tax-related effects which cannot be controlled. This is also suitable for measuring profitability in an international comparison.

EBT margin

Division of EBT by revenue. The EBT margin is an indicator of the efficiency and profitability of a company.

Equity method/At equity

Method for recognition of equity investments that are not included in the consolidated financial statements on the basis of full consolidation with all assets and liabilities. The carrying amount of the investment is increased or decreased by the development of the pro rata equity of the investment. This change is recognized in the income statement of the parent company.

Full consolidation

Method for recognition of subsidiaries that are included in the consolidated financial statements with all assets and liabilities.

Global Emissions Model for Integrated Systems (GEMIS)

A life-cycle analysis model to determine material flows with an integrated database for energy, materials, and transport systems. It is available to download free from the International Institute for Sustainability Analysis and Strategy (IINAS) and is used in more than 30 countries to analyze costs and environmental impacts.

Global Reporting Initiative (GRI)

Internationally active organization that works with various stakeholders (including companies, human rights organizations and environment organizations) to devel-

op guidelines for compiling sustainability reports. The GRI guidelines or standards constitute the most commonly used framework for sustainability reporting around the world.

Greenhouse Gas Protocol

Most widely adopted global standard for uniform accounting of and reporting on greenhouse gas emissions.

Lean Management

Process optimization approach designed to minimize waste and harmonize processes.

R&D projects

Research and development projects are ventures that deliver new knowledge or innovations as their main outcome, and are characterized by a pronounced degree of innovation, interdisciplinarity and project risk. The project goals deliberately go beyond the current state of research in science and technology. Funding is provided by the public sector in the form of grants.

Robert Koch Institute (RKI)

The Robert Koch Institute (RKI) is a German federal institute within the portfolio of the Federal Ministry of Health. The core tasks of the RKI are the detection, prevention and control of diseases, especially infectious diseases. In the context of the COVID-19 pandemic, the RKI provides regular information and recommendations for pandemic response.

SARS-CoV-2

Novel coronavirus (stands for: severe acute respiratory syndrome coronavirus type 2) that was identified in early 2020 as triggering the COVID-19 disease. The severe acute respiratory syndrome coronavirus type 2 was the causative agent of the global COVID-19 pandemic.

Science Based Targets initiative (SBTi)

A collaboration between leading environment and climate protection organizations which defines a framework according to which companies can reduce their greenhouse gas emissions on a scientific basis. One of the SBTi targets is to limit global warming to significantly below 2° C, as demanded by the Paris Climate Agreement.

Six Sigma

A management system for process improvement and statistical quality targets, and simultaneously a method of quality management. The core element is the description, measurement, analysis, improvement and monitoring of business transactions with statistical means.

Sustainable Development Goals (SDGs)

In 2015, the United Nations agreed on 17 goals for sustainable development (SDGs) which should be achieved by 2030. The SDGs shape the sustainability debate on national and international levels. As a global target system, they offer a common language and a compass for the challenges of the 21st century.

United Nations Global Compact

Global pact between companies and the United Nations to support socially fair and ecologically sustainable globalization. The members undertake to follow ten principles in the areas of labor and human rights, environment and anti-corruption in all the countries in which they operate.

CSR Index

As a joint parent company, BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-, Bremen and BLG LOGISTICS GROUP AG & Co. KG, Bremen issue voluntary group financial statements and are also obliged to produce a non-financial report (NFR). Publication of the non-financial information required by the CSR Directive Implementation Act is integrated in the already established sustainability reporting of BLG LOGISTICS. The Sustainability Report 2020 was prepared in accordance with the GRI standards (Core option).

The following table gives an overview of the contents of the non-financial reporting and the allocation of the reporting aspects determined in accordance with the materiality principle (pursuant to Section 315 c, German Commercial Code - HGB).

The Group non-financial report deals with the contents defined as essential by the CSR Directive Implementation Act for the fully consolidated BLG companies. Responsibility for the CONTAINER Division lies with the joint venture EUROGATE, which controls the topics relevant for CSR separately from BLG LOGISTICS. Therefore, contents of the non-financial report for the EUROGATE company are shown separately on ► pages 54 to 57.

Components of the NFR	Relevant contents	Page number Sustainability Report
Business model	Brief description of the business model of BLG LOGISTICS	7 to 9
Sustainability Management	Accountabilities (control and authorizations)	12 to 14
Materiality analysis	Selection of relevant contents of the report	15 to 17
Risk management	Statement of the main risks relevant to CSR	18
Environmental topics	Climate protection	22 to 26
	Energy management	27 to 29
Employee topics	Fair Working Conditions and Human Rights	32 to 34
	Training and Education	35/36
	Occupational health and safety management	37 to 39
	Diversity and Equal Opportunities	40/41
Respect for human rights	Fair working conditions and human rights	32 to 34
	Diversity and Equal Opportunities	40/41
Anti-corruption and anti-bribery	Compliance	46 to 48
	Compliance	46 to 48
Social topics	The materiality analysis did not identify any issues that are significant in the sense of the CSR Directive Implementation Act. Therefore, social topics are not part of the NFR.	-

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Enhance your experience online!

Experience our Sustainability Report digitally on your computer, tablet or smartphone and join us on an SDG journey where with the help of selected projects employees report on how we support the United Nations' Sustainable Development Goals.

Together with the Company Report 2020 and the Financial Report 2020 the direction is set: Clear Course: Digital.



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