



ANCOTRANS

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ANCOTRANS ESG POLICY



ENVIRONMENTAL
SOCIAL
GOVERNANCE

Contents

1. Introduction by Group CEO	2
2. Use of ESG Policy	3
2.1 Compliance with Law.....	3
2.2 Scope of Policy.....	3
2.3 Policy Maintenance	3
3. Environmental	3
4. Social	5
4.1 Health and safety	7
5. Governance	8
6. Reporting.....	9
7. Declaration of Understanding	9

1. Introduction by Group CEO

As a market leader within our business area, we are obliged to seek sustainable ways to run our business. This applies to all areas within the concept of sustainability.

Our responsibility is not only to follow the rules that apply, but also to actively engage in the work of creating a more sustainable world.

We have identified the most relevant areas in our efforts to follow the UN's global goals and the Paris Agreement's action plan and goals. This does not mean that we focus exclusively on these areas, we will work to achieve a large number of other goals to.

Our aspirations are also embedded in our strategy, vision and mission, and reflected in the values we have chosen to strive for.



With these sustainability goals in mind, we strive every day to make the planet a greener place and reduce both our emissions and resource consumption throughout our entire value chain.

The health and safety of our employees is also an area we pay great attention to, as we are of the opinion that going to work should not be harmful to health, both physically and mentally. This of course also applies to our suppliers' employees, with whom we therefore, to the greatest extent possible, try to have a long-term collaboration, as this provides the best opportunities to gain knowledge and familiarity with each other.

For these principles and policies to have value, it is essential that they are approved by the board and anchored in the management and thus becomes an integral part of the entire organization.

In the following, our goals within the individual subjects are described, and which measures we believe can lead us towards them.

Best regards

Anne Kathrine Steenbjerge

CEO of ANCOTRANS Group

2. Use of ESG Policy

2.1 Compliance with Law

ANCOTRANS will comply with and uphold all relevant laws in all jurisdictions in which we operate. ANCOTRANS expects its employees to comply with the highest applicable standards of compliance, whether that be this policy or local legal requirements.

2.2 Scope of Policy

This policy applies to the entire ANCOTRANS and, to the extent possible by law, all associated persons. Compliance with this policy is mandatory to all levels, functions, and areas of the entire ANCOTRANS.

This ESG Policy does not cover every situation in which conformity to ESG principles should be observed. ANCOTRANS personnel and all affiliated parties are always expected to behave ethically and in accordance with applicable law.

2.3 Policy Maintenance

This policy will be stored centrally so that it can be accessed by all ANCOTRANS employees. It will be maintained by the ANCOTRANS Group CEO. Country Managers are responsible for informing about this ESG Policy to the employees of his or her country, where applicable, and supervising adherence to this policy and applicable law.



3. Environmental

Our business area has, by its very nature, been, and still is, very dependent on fossil fuels, which generally have a high emission of greenhouse gases and at the same time contribute to particle pollution, in addition it also draws on non-renewable resources.

Fortunately, we are amid a technological development which, in the long term, provides some opportunities for more and more reduction. On the other hand, we are not yet at the point where all transports can be carried out with renewable and emission-reducing forms of energy, but development is going fast, and it is our hope that new usable environmentally friendly solutions will be available within the foreseeable future, and that these will have a price level, that makes it economically possible to utilize them.

It is our hope that in the future we can enter partnerships with our customers and suppliers, so that our services can be far more sustainable and profitable for all parties involved.

Our goals:

- Short term (within a year) goals: Save >1 % on our carbon footprint from our operation scope 1 and 3 (2023 as index basis).
- Medium term (1 to 3 year) goals: Save >5 % on our carbon footprint from our operation scope 1 and 3 (2023 as index basis).
- Long term (4 to 30 year) goals: Become 100 % CO₂e neutral.

Working for a Better Climate - One container transport at a time

Since the majority of our emissions and pollution originate from the combustion engines in vehicles, this is where our focus and our efforts lie. We measure our carbon footprint according to the GHG protocol using recognized sources for data, factors etc.

To achieve our goals, we have defined these main focus areas:

- Use of renewable types of fuel (mainly HVO and LBG).
- Increase our fleet of electrical vehicles.
- Accelerate the utilization of rail and intermodal solutions.
- Training in fuel saving driving behaviour and monitoring via fleet-systems.
- Optimize routing, loads dispatching and increase number of reloads via transport management systems.
- Purchase sustainable and energy-saving equipment and material.

These are initiatives we continuously integrate into our operations and purchases, when the technological capabilities are deemed mature. To have the most impact, it is important that attention is given from all levels in the organization. This is created through regular follow-up on the individual initiative by our reporting teams in close cooperation our fleet department and/or operation, and the results are used to evaluate and create awareness to motivate incentives for recurrent innovation.

We are anticipating that there is a long way to go before our industry and value chain, from the purchase of trucks to different forms of fuel, are able to become emission-free.

Therefore, we will continue to offer our customers the possibility to offset the carbon footprint from their transports by planting forests, where we already have a project in Uganda, and are about to start up a new project in Vietnam. Furthermore, we have a forest project in Denmark with 7.500 trees currently.



4. Social

Europe, and particularly the northern regions, benefits from having very well-organized working agreements and conditions implemented. These are regulated both in labor market laws and in EU regulations - specifically to our industry, the EU road package.

This does not mean that we should not be aware and set targets for these areas. Our position is that everyone should have a good experience when they go to work, and of course that all basic rights are a matter for everyone, both physically and mentally. We firmly believe that this is the best way to get the most engaged and dedicated employees.

As a member of trade organizations and employer organization in the countries in which we are represented, we are obliged to comply with the agreements the labour market the parties have agreed to, including agreements on wages, working hours and more.

We have assessed the following topics and subtopics within the social area as essential:

Own workforce:

- Secure employment.
- Health and safety.
- Gender equality and equal wages.
- Education and skills development.

Workers in value chain:

- Legal salary and proper conditions.
- Open working conditions dialogue.
- Work and personal life balance.

Our short and medium term (0-3 years) goals:

- Top 10 % eNPS (measured work satisfaction within our industry).
- 10 % female drivers in 2025.
- Health insurance for all employees.
- Continuing education and continuous training for everyone.
- Well-oriented through monthly information sessions and an open and positive dialogue through regular 1-1's.
- Green ambassadors in every country, who will facilitate activities to improve social connections and wellbeing, minimum 3 times a yearly in all countries.

Our values work as our guidelines for good and healthy business conduct in all of our operations:



They apply to all employees whether they are working as drivers or in offices, but also to our daily interaction and communication with business partners and suppliers.

To achieve our goals, we have defined these main focus areas:

- Improve communication and information throughout the entire organization.
- Targeted efforts to hire more female drivers.
- Offering education and mandatory training. Utilize the use of our learning platform (ALU).
- Information about and invitation to use our health insurance.
- Facilitate social as well as professionally relevant events initiated by our green ambassadors.

These are all initiatives that have been initiated and are under ongoing development. Events are often arranged across departments and offices to develop cooperation between them.

It is important to us to support the good life on the road by providing accessibility to adequate driver facilities – either through partnerships or otherwise. This is an ongoing effort in our fleet operation. In recent years, we have continuously pursued different solutions to upgrade facilities for to both drivers and subcontractors. This includes bath areas, kitchens, Wi-Fi, laundry services etc.

To achieve our goals of 10 % female drivers by 2025, we continuously work on initiatives to attract more female drivers, including providing female workwear and facilities, flexible working hours and a balanced usage of male and female drivers in pictures and videos in our campaigns and job ads.

A very useful tool to work with these topics are our HR platform “Hibob”, implemented in 2021, which is a platform that creates opportunities for joint communication and sharing of knowledge. In addition, it allows access to common company documents, such as employee handbooks, manuals and more.

To be able to measure this, an employee satisfaction survey is carried out twice a year to determine what level we are at and whether the development is going in the right direction. In terms of physical and mental work environment and to ensure safe working conditions, we every second year carry out the mandatory Workplace assessment and action plans are made accordingly.

We expect and demand that our suppliers and subcontractors comply with all national laws and regulations and in general offering their employees proper working conditions, including those related to minimum wage and social security, and other transport-specific legislation on areas such as cabotage, driving and rest time, etc. This is a subject we frequently would follow up on by audits and dialogs with the employees.



4.1 Health and safety

Our drivers in particular may have to work with equipment and in situations that can be dangerous if you are not properly trained and instructed. Here too, in Northern Europe we have certain laws and announcements that regulate and set the framework for this kind of work. This means that we are obliged to ensure that our drivers have the right knowledge of these rules and procedures. In our manual and our training program, the emphasis is on getting into these areas.

We are convinced that good working conditions, inclusive balance between work- and personal live have a positive effect on the number of sick leave days and in general improve the mental wellbeing.

Our short and medium term (0-3 years) goals:

- Avoid work related injuries.
- More frequent meetings in work environment organisation.
- Better communication of “best practice”.
- 30 % decrease of sick leave days.

To achieve our goals, we have defined these main focus areas:

- Extended training in operation of special equipment.
- Proper described routines that prevent physical work injuries.
- Education in use of safety and protective equipment.
- Knowledge sharing and best practice.
- Analysis of incidents to prevent similar ones.
- Quarterly meeting in collaboration committee and working environment organisation.
- Improve working time planning.

We have a good and proper working conditions, complying with regulations and industry standards, and we also focus on ensuring that the same applies to our suppliers. Whenever cases or discrepancies arise, then action is taken to mitigate.



5. Governance

In Europe ANCOTRANS has provided transport services for more than 140 years and our aim is to continue long time ahead in the future. It also means that we are committed to running our business in a proper and respectful way, both internally and externally.

This necessitates an ongoing adaptation to society and the market, and the norms and rules that exist, including consideration for people and the environment.

Therefore, we continuously evaluate the risks and opportunities there are connected to our business, both present as well as future projects and what impact it would have on the company, the employees, the community and all other stakeholders. Minimum yearly, our value chain and risk exposure are reassessed, to focus our reporting and to have the right basis for making decisions.

We want to attract the best employees, provide the best service to our customers and have good cooperation with our suppliers, and therefore we make a virtue of acting honestly and trustworthy and offering proper conditions.

We believe that diversity among employees, including gender, contributes positively to the working environment and strengthens our performance and competitiveness. Especially knowing that we operate in an industry predominantly dominated by males. We always strive for a management team that embraces as much diversity as possible. We aim to increase the representation of female leaders and achieve a ratio of female managers equal to the general ratio of female employees across our Group by 2026 across all managerial levels.

Integrated in our HR platform is also a whistle-blower opportunity, where everybody can report concerns and breach of business ethics or rules anonymously.

Our short and medium term (0-3 years) goals:

- All employees understand and comply with ANCOTRANS Code Of Conduct (COC).
- All employees *live* our values.
- Flat structure and open communication between all levels.
- >35 % representation of females in among leaders and management.
- Our supplier code of conduct is known and accepted by >90 %* of our strategic suppliers.
- Increase due diligence regarding employee conditions in the value chain.
- Fair and written agreements with >90 % of our suppliers*.
- 100 % payments should be made before due and as agreed.
- Equal gender representation in Board of directors and in executive management.

(*100 % would be preferred, but due to dynamic switches of suppliers and one-time suppliers to ad-hoc tasks, it is not achievable)

On longer term, we also aim for a more nationality diversity in the top management, to make the international footprint closer and more visible.

This requires a constant awareness and reliable systems. Further it would include all functions in the organization, from top management to dispatcher and drivers. To reach these goals, so it could become a natural and integrated part of our daily workflow, it is important, that leaders on all levels comply with them in all means and act as role-models. All employees should be comfortable with rules and standards and find it harmless to draw attention to violation of them.

To achieve our goals, we have defined these main focus areas:

- When on-boarding new employees, an introduction to our COC and values is mandatory.
- All employees will yearly become a mandatory re-cap about COC and values through ANCOTRANS Learning Universe.
- Top management will be visible and pro-active in communication with all levels.
- Targeted efforts to recruit more female managers, internally as well as externally.
- Focus on finishing agreements and COC compliance with suppliers
- Yearly audit of top 5 suppliers and of minimum 5 random of the remaining suppliers in terms of complying with our COC and terms in agreements.
- Weekly follow-up on payments and near-due invoices.

Quality management:

Our Dutch company obtain a valid ISO 9001 certification. To offer the same level in all our markets, their quality management system has been copied, and we have come relatively far in implementing these processes and procedures in the other countries. When we are fully in place in all markets, we will decide whether the entire group should be ISO 9001 certified.

Environmental management:

To hold ourselves to the goals we have set, and to show that we are serious about becoming more sustainable and reducing our environmental footprint, we are currently looking at whether we in the medium term should commit to a recognized sustainability standard, e.g. SBTi and what value an environmental management certification for example ISO 14001 will give us.

6. Reporting

Any ANCOTRANS employee who becomes aware of any action or practice that violates or could violate this ESG Policy or the law of any applicable country, must immediately report to management. Reports should be made by first notifying the country manager, who will, in turn, notify the Group CEO. The incident will be investigated by management, and, if necessary, corrective measures will be implemented. No whistle blower, who raises a concern in good faith will suffer disciplinary action, and ANCOTRANS will not tolerate retaliation against that person.

7. Declaration of Understanding

By reading this ESG Policy employees in ANCOTRANS confirm that they understand the procedures discussed in this ESG Policy and that they will address any questions that arise to their country manager, or the Group CEO.