

Marcura®

THE GLOBAL COMPACT
WE SUPPORT

Marcura's Commitment to The UN Global Compact

UNGC Communication on Progress Report 2020/21:

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Dear Reader,

The Marcura Group is pleased to share its UNGC Communication on Progress Report for 2020-2021. As in previous years, we continue the direction set in 2012 by our flagship company, DA-Desk, in upholding the UNGC's Principles by embedding them in the fabric of our Group.

We continue our annual practice of enabling UNGC Teams led by volunteers across the globe who meet regularly to find ways to convert the Principles into everyday practices within the Group. Named after the pillars underlying the Principles, Marcura's UNGC Teams form a vital part of our sense of civic duty as a global corporate citizen.

Since 2020, we have decided to target some significant initiatives which will have a long-term impact on our organization, our markets, as well as the communities we work in by building responsible business practices which fulfil our commitment to the UNGC.

In line with our commitment to adhere to environmental, social and governance (ESG) best practices, we have taken a very conscious decision to improve the gender diversity across our global offices. We believe that this aspect of ESG requires special attention this year, particularly given that the ongoing global pandemic has hit women in the workforce especially hard.

In this regard, we have set ourselves ambitious targets, being fully aware that the outcomes may take some time to materialize. We are delighted to report that the initiative has taken off to a feisty start and there is a collective energy across many in the Group who are keenly looking to identify specific actions that will help us to make Marcura a more gender-diverse and inclusive organization. I am proud to announce that within the span of a year, the ratio of female staff in the Group swelled from 19% to 26%, well surpassing our target.

In parallel, we have also implemented policies that advance gender equality, including supporting new remote roles and implementing family-friendly policies including a parental leave policy based on global best practices.

In 2019 we identified ways to reduce our carbon footprint. We set ambitious yet tangible targets to reduce international business travel by working closely with our customers to explore alternative ways to engage. We conducted customer-wide surveys on the topic of reduced travel and soon discovered that many of our customers felt the same way about the environment as we do.

While the pandemic forced most companies to cut down on travel-related activities, it simply served to accelerate the initiative we have already been pursuing: to enable staff to work remotely as a normal way of doing business and not just as a contingency measure. In 2020, the entire Group moved to a being a "remote first" organization – which means that working remotely is the primary option for all Marcurians.

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We are fortunate to have the tools in place to support remote working and we believe it can help improve productivity, commitment, and retention of staff. With the aid of technologies such as Microsoft® Yammer and Teams and, through our remote excellence strategy, our productive collaborations continue to thrive. Not only has this shift enabled us to attract and retain the best talent from across the world, but we have recognized several benefits of working remotely. We will push ourselves to be more creative and think how we can do more, work more efficiently, and be better with less – even as we continue to look after each other and our families.

This initiative has had a tremendous impact on the reduction of the Group's carbon emissions due to daily commute and air travel, material consumption, and congestion in the large cities we operate in. Supported by our remote excellence (RX) strategy, this also brings a huge benefit for our staff in terms of flexibility and work-life balance. Win-win all around.

Over the last few years, Marcura has been a leader in the drive towards digitalization by helping our customers make better and more sustainable decisions, especially in the elimination of the tons of paper-based documentation passing back and forth between vendors, shipping agents and operators, which had been common practice in the shipping industry. This effort has generated direct cost savings, but much more importantly, it has become a foundation for many larger digital initiatives in the industry.

We take pride in our success in leveraging data and technology to continue pushing the boundaries, capitalizing on automation opportunities, and continuously providing new efficiencies and value-added services, all for the benefit of our customers. We are a data-focused organization with an exceptionally high regard to how we manage and handle data in compliance with global data privacy and protection laws.

Complex sanctions regulations and export control restrictions add to the business challenges faced by our customers. Thus, we continue to be vigilant in managing our Sanctions Compliance Program (SCP). We also developed the Marcura Enhanced Governance System (MEGS) to serve as our dedicated master data and due diligence platform, built on the principles of governance, risk management (through data analytics and operational excellence), and compliance (GRC). MEGS is designed to help support and enhance our customers' compliance with regulations related to sanctions, bribery & corruption, money laundering & terrorism financing, and other financial crimes.

The past year or so has seen an unprecedented set of global events that will certainly change the way business is conducted. Marcura has proven that it is a resilient organization that is able to work in an entirely distributed fashion. Our IT infrastructure is robust, our business continuity plans have been tested, and our automated processes and virtual collaboration tools help us engage and support our customers and each other, wherever and whenever. However, there will inevitably be implications across our industry, and we look forward to being able to work with our customers and business partners to navigate through this phase adroitly and find the "new normal" –one which we hope is more beneficial to society and the environment.

On behalf of the Board, I am pleased to submit to the UNGC the 2020-2021 Communication on Progress Report for The Marcura Group.



Jens Lorens Poulsen

Group CEO

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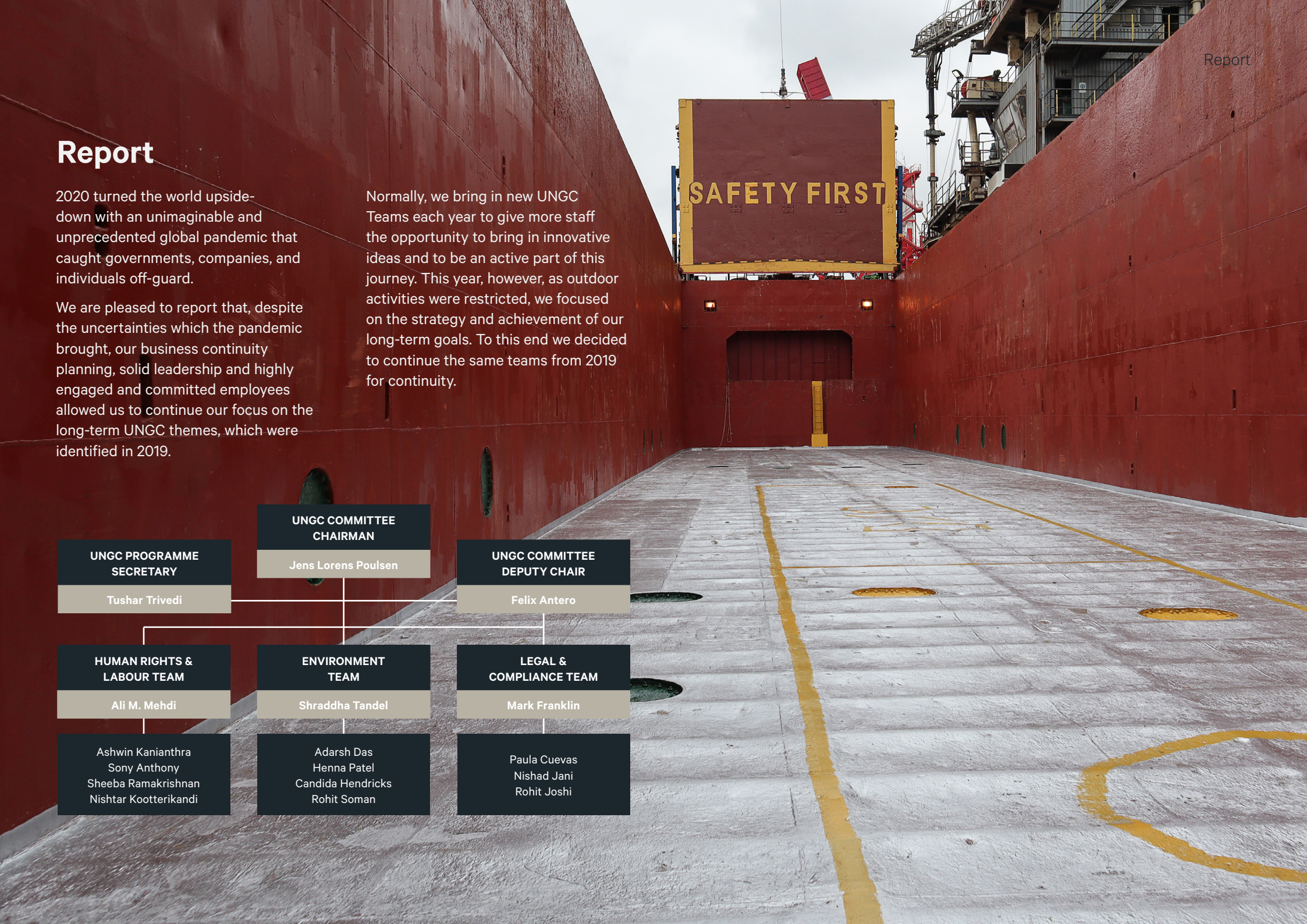
Report

2020 turned the world upside-down with an unimaginable and unprecedented global pandemic that caught governments, companies, and individuals off-guard.

We are pleased to report that, despite the uncertainties which the pandemic brought, our business continuity planning, solid leadership and highly engaged and committed employees allowed us to continue our focus on the long-term UNGC themes, which were identified in 2019.

Normally, we bring in new UNGC Teams each year to give more staff the opportunity to bring in innovative ideas and to be an active part of this journey. This year, however, as outdoor activities were restricted, we focused on the strategy and achievement of our long-term goals. To this end we decided to continue the same teams from 2019 for continuity.



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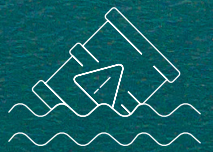
Environment

The Group recognizes the impact that businesses have on the environment and are committed to finding ways to reduce the impact our work has on the environment. We support innovative developments for the shipping industry that reduce paper waste by creating platforms for the digital exchange of information. We also encourage the development and diffusion of additional environmentally friendly technologies.

We continue our focus on our chosen high-impact themes of reduction in carbon emissions and fighting marine pollution which have a sustainable long-term impact on the environment. These themes are embedded into the policy decision-making at the Board, which has bolstered the commitment from the entire organization. We will continue to do regular activities to reinforce the awareness among our colleagues and business partners.



Marine Pollution

- We will continue our commitment to fighting marine pollution and our work to spread the message not just internally but also through raising awareness with our customers and business partners who share our passion, and thereby build industry-wide momentum.
- We are currently working on certain pioneering solutions which allow vessels to cut down on fuel consumption during the voyage and the waiting times at ports. This will be a powerful tool in the hands of voyage planners and ship captains which will have a direct impact on marine pollution and at the same time delivering substantial cost savings for vessel operators.

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Environment

Carbon Emissions

- The theme of reduction in carbon emissions has progressed significantly this year. While global lockdowns have led to significantly reduced business and holiday travels, we, have used this opportunity to create systems and processes which have permanently changed the way we work.
- In 2020, we conducted an organization-wide staff survey that revealed a strong preference for flexible work models which reduce unnecessary commute and are enabled by a strong technological solution to safeguard productivity and efficiency.
- In the second half of 2020, we started our transition from an office-based organization to a remote-first organization, backed by a range of RX projects and initiatives which focus on the success of the remote work model through training, technology, counselling, and leadership.
- Remote work has directly led to drastic reduction of our carbon footprint as our staff do not need to travel to the office, saving fuel and minimizing congestion. Additionally, many employees who previously had relocated to work out of our global offices as expats have now returned to their home country, city or town, thus reuniting entire families.
- In this transition phase, we have always upheld the importance of working with our customers and partners, who are equally committed to reducing carbon emissions. Our customers and partners have supported the reduced number of personal visits and have adapted to the routine discussions being conducted over phone or video conferences. Our remote collaboration with customers and business partners has been quite successful and we also believe that our approach to travel has changed significantly for the better over the long-term.

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Environment

- We have focused on automating and updating our processes and tools to communicate with our valued customers through our portals and virtual channels for all routine and ongoing matters. Most customers have acknowledged that the approach works well for them.
- All our initiatives meant that, as the world went into forced lockdowns, the entire Group continued to be operational and performing at SLA-100 without any technical hitches.
- We are proud to say that we have taken significant steps forward in curtailing our own carbon emissions and the future will be to help our customers and stakeholders to identify further opportunities.



Digitalization of Processes and Elimination of Paper Waste

- Over the last few years, our flagship company, DA-Desk, has joined hands with its business stakeholders, such as vessel operators and port agents, to use technology to digitalize the relevant disbursement accounting processes and supporting documentation. We have collectively implemented this digitalization while meeting local statutory requirements.
- This initiative has dramatically cut the preparation and handling of paperwork, shipment of documentation across borders multiple times and helped to eliminate expensive storage cost being incurred over several years. We estimate annual combined savings from this process to the tune of USD 1.8M.
- We have nearly eliminated movement of hard copy documents. This has also improved the service turnaround time by eliminating movements through couriers and customs procedures in many cases. Additionally, this allowed us to operate at 100% service level even with lockdowns and restrictions across the globe.
- To help our customers make more sustainable decisions, PortLog provides our customers with valuable insights and access to benchmark data, helping our customers to reduce cost in port, optimise arrival time and time spent in port, improve predictability, and fix better business.



Other Initiatives

- To streamline our document-driven processes and continue our digital transformation journey across the entire organization, where possible, we have replaced manual paper-based methods with DocuSign. DocuSign replaces printing, faxing, scanning, mailing and storage of paper documents with a more environmentally friendly electronic document-signing process.
- In addition, the Board has adopted a “digital board” portal through which they can distribute Board-related documents, increase security, promote collaboration, and more efficiently organize meetings and manage post-meeting activities and discussions.
- Through employee involvement, commitment, and training, we will continue to find and adopt ways to protect the environment in our daily business activities.

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Human Rights

We have identified that a key theme for our organization is to improve the gender diversity in our Group. At the end of Sept. 2019, only 19.5% of our staff were female. This is a theme that we will have to pursue continuously by 0.5% over the baseline of end of Sept 2019, by Dec 2022. The baseline numbers are a total for the Group 19.5% / Dubai 20.5% / Mumbai 17% / Rest of the world 31%.

- We have considered how do we change our work environment to attract and retain more women in our work force. This starts with the engagement of the Group's dedicated Human Capital Department (GHCD) n the hiring process to help deal with any involuntary biases in the hiring process. Moreover, we have implemented new policies to help empower female employees through helping them balance work and life responsibilities are various stages of their career.
- The management team and especially our global GHCD Team have investigated the necessary steps to make our Group a gender-neutral workplace, where all colleagues feel comfortable and have equal opportunities. The Team has been extremely mindful of factors such as how vacancies are advertised, how interviews are conducted, making sure there is open dialogue with and access to GHCD and senior management, and having a reporting system to address any issues that may hamper their progress in the organization.
- The global shipping industry is heavily male-dominated. We had set ourselves a target of having at least 20% of female colleagues across the organization by December 2022. However, we are proud to report that as of April 2021, women constituted 26% of the total workforce. In one key region, Philippines, our female staff constituted 54% of all staff.
- A solid remote work model has strongly helped us attract more female colleagues who may otherwise have been forced out of the workplace due to the inconvenience of travel or geographical immobility or due to pregnancy. We strongly believe that the remote first model will have a positive impact on our female talent acquisition, and the first analytics indicate that in the period covering April 2020 to May 2021, the percentage of new female recruits has increased from 30% to 42% of total.
- We do realise that this is an ongoing effort, we need to keep improving our gender parity ratio, and it is equally, if not more, important to focus on the retention of our female colleagues.



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Human Rights



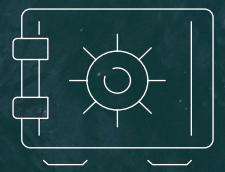
Remote Work

- From the first weeks of the global pandemic, we took steps to keep our people and their families safe. We closed our worldwide offices before such a move was mandated by local governments to reduce crowding and promote social distancing.
- We recognize that working from home has many upsides, but it also entails additional costs for employees – for instance, having an ergonomic work area, high-quality internet, electricity, etc. To counter this, we implemented a remote work allowance as an across-the-board benefit. We believe this will help ensure that the remote-first policy is sustainable over the long term, and we will periodically assess the home-based work environment of existing and new staff.
- For a safe, efficient, and effective remote working experience, we encourage employees to keep active. For instance, we promote "walk-and-talk" online meetings via Teams or Zoom to support wellness efforts. Moreover, we set limits and do not expect employees to be available on emails every hour of the day. We also encourage employees to create spaces for casual conversation and support each other as remote team members. This helps colleagues better enjoy workdays together and enhance professional relationships. We use Yammer to engage with employees and nurture their side hobbies and talents, be it in art, literature, music, etc.
- We have provided regular training and specialist consultation with doctors and psychologists to support our staff in the transition from office to remote work. We will continue to do so.
- For Marcura, remote work is the future of work rather than a contingency plan. This helps all staff embrace it more openly and to plan for the long term. We will continue to invest in technology, training, and counselling to help our staff through this transition.



Other Initiatives

- Marcura is now officially certified under ISO 45001:2018 for its Occupational Health and Safety Management System (OHSMS).
- We uphold the Marcura Code of Conduct across the organization, which clearly emphasizes respect for colleagues, customers, suppliers, and other members of society in general. Our Code is widely publicized and forms part of the induction process for new employees, consultants and suppliers. We recently introduced the Code of conduct via an e-learning platform.
- We have zero tolerance towards behaviour or actions which violate our Code.



E-wallet

- Our UK-based company, MarTrust, an authorized payment institution, has recently introduced an e-wallet solution and pre-paid cards to help address a long-standing need of thousands of seafarers across the world to manage their salary disbursement.
- The solution gives the seafarers full flexibility to manage their own funds directly and freely convert to the currency of their choice at competitive rates. This is a truly global solution for the people who are the backbone of the shipping industry.

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Anti-Corruption

Anti-corruption is embedded in our business processes.

The Marcura Group firmly embodies the core thinking of anti-corruption. We are involved in the management of port spend by vessel operators for hundreds of thousands of port calls across the world involving thousands of agents. The foundation of our service is to validate each and every line item in the disbursement account against the tariffs, historical benchmarks, and other supporting documentation. This ensures that only legitimate costs are incurred and claimed, thereby eliminating the possibility of corrupt payments. We believe that our service has had a positive impact in fighting corruption in the shipping business.

Marcura is an active member of leading organisations like the Maritime Anti-Corruption Network (MACN) and BIMCO, which stand for regulation of practices and setting examples in collective action against corruption. Marcura offers services which have brought transparency about tariffs and cost of operations in various ports around the world with a high degree of granularity. This offers the market a level playing field, enabling professional decision-making and the elimination of undue facilitation or other costs.

To help streamline and improve visibility of our due diligence processes, and to mitigate the risk of facilitating financial crime, we have developed Marcura Entity Governance System (MEGS). MEGS is our dedicated master data and know-your-counterparty (KYC) platform, built on the pillars of governance, risk management (through data analytics and operational excellence), and compliance (GRC).

MEGS is particularly helpful in driving our end-to-end KYC processes efficiently and effectively through:

- reducing time spent on due diligence;
- reducing duplication of work;
- delivering and maintaining the accuracy, security, and transparency of data;
- providing a single version of the truth; and
- providing a secure repository for document submission, storage, and updates in one location.

An integral part of our KYC process is the enhancement, cleansing, verification, and screening of data prior to entry into MEGS. This task is performed by the Group's Maritime Compliance-as-a-Service (MCaaS) Team and Master Data Management (MDM) Team, which, together with our Anti-Financial Crime (AFC) Compliance Team, provide the solid backing for the Group's GRC posture. Any "red flags" are escalated to the Group's dedicated Specialized Compliance Escalation Resolution Team (SCERT).

As part of the Group's commitment to mitigating exposure to financial crime and corruption, we:

- perform KYC checks before doing business with a customer or supplier of services to the Group, or activating an agent or vendor to our customers using third party and in-house screening tools;
- use the Automated Screening Manager (ASM) system as well as our internal cargo screening and vessel screening tools to perform continuous and ongoing daily screening of all the relevant entities (including vessels) in our databases; and
- perform regular audits to assess the effectiveness of our current processes, identify deficiencies and inconsistencies, and close any gaps.

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Anti-Corruption



Code of Conduct

We have an ongoing program of reiterating the messages embedded within our Code of Conduct which covers a range of issues from anti-corruption and bribery to respect for others. The messages are reiterated from time to time and are a part of the mandatory e-learning program and the induction process for new Marcurians.



Quality and Process Excellence

All significant business and operational processes are compliant with the relevant ISO standards. We are currently certified for the following ISO standards:

- ISO 9001:2015 – Quality Management System (QMS)
- ISO 14001:2015 – Environment Management System (EMS)
- ISO 45001:2018 – Occupational Health and Safety Management System (OHSMS)
- ISO/IEC 27001:2013 – Information Security Management System (ISMS)

To ensure compliance with these standards, we have our Internal Audit Team that conducts regular reviews and audits of our systems. External audits are conducted by a highly reputed certification body.



Data Protection Compliance

In complying with global data protection best practices, including the GDPR, the Group has taken steps and initiated various measures to comply with its obligations, including but not limited to:

- becoming ISO 27001 certified;
- appointing an external Data Protection Officer;
- appointing a full-time Data Governance Team headed by a Senior Data Governor and supported by a Deputy Governor and Data Stewards;
- forming a Task Force to better prepare the business units of the Group for both substantive and procedural data protection compliance;
- registering voluntarily with the UK's Information Commissioner's Office (ICO), the country's independent NDPA set up to uphold information rights in the public and the protection of data privacy for individuals;
- completing Data Protection Impact Assessments to identify, assess and minimise or mitigate privacy risks related to its data processing activities;
- preparing a specific set of policies and procedures to deal with data requests and data breaches;
- preparing Data Processing Agreements and conducting third-party assessments;
- conducting training on privacy, confidentiality, and security;
- extending the cyber insurance policy to provide coverage with respect to the Group's obligations under the laws relating to the regulation and enforcement of data protection and data privacy not just in Europe but also any country where the Group operates;
- migrating to a new hosting provider, one of the world's best and most secure; and
- installing regular internal audits to ensure compliance.

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We are interested in knowing what you think about our 2020/21 Communication on Progress Report.

We value your feedback, which will be used for analysis and further improvements. Please send your feedback to our contacts below or email info@marcura.com.

For more information about The Marcura Group, visit marcura.com.

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