KLUMPP MÜLLER

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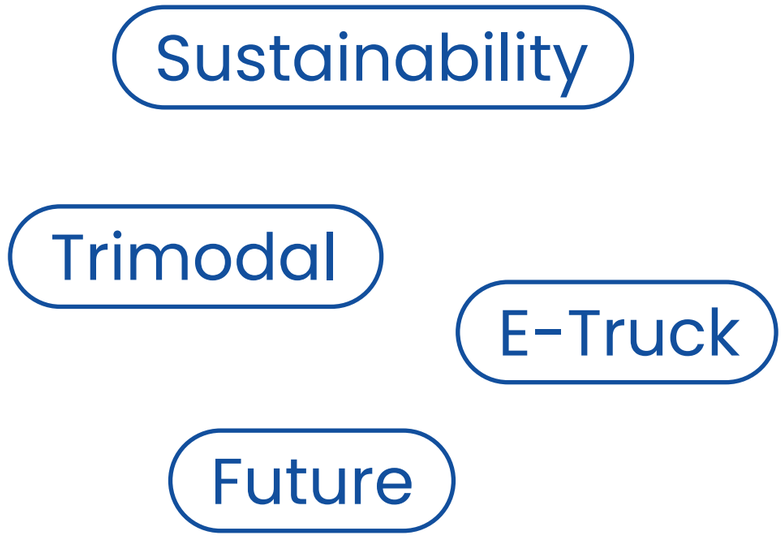
# Klumpp + Müller Sustainability Statement

2023




# Our first step towards sustainability reporting

We aim to positively contribute through our business activities to an intact environment, an economy that also considers social aspects, and corporate governance based on responsible and ethically driven actions. In short: We have embraced the ESG criteria (Environmental, Social, Governance) for Klumpp + Müller and intend to transparently and comprehensibly embed them into our corporate governance, strategy, and business model in the future.

As a medium-sized family business in the logistics sector, Klumpp + Müller GmbH & Co. KG, with its 171 employees and net sales revenue of €27.42 million, is not obligated to publish a sustainability report.

Many of our customers and partners are already, or will be in the coming years, required to disclose ESG data in accordance with the CSRD. As part of their value chains, they approach us, for instance, with inquiries regarding greenhouse gas emissions, recyclable packaging, and emission-free transport options.

We are happy to respond to these inquiries. Beyond that, we have decided to report on our sustainability achievements in 2024 under the official framework of the European Union, the Voluntary Sustainability Reporting Standard (VSME), even though we are not required to submit a sustainability report under the Corporate Sustainability Reporting Directive (CSRD).

As part of our journey toward the first full report according to VSME, we have assessed our company's ESG status for 2023 – including the gaps in our data, which we will now gradually close.

Overall, it is important for us to start, as transformation and transparency are essential. Klumpp + Müller (founded in 1953) derives a special responsibility from its identity as a family business – both for its employees and the economic well-being of the region, also with a view to future generations.

In 2012, the company was transferred to the „Lotte and Dieter Klumpp Foundation." The foundation's purpose reflects how the intergenerational contract continues to be upheld: ensuring long-term social commitment and the charitable use of assets for the future.

To provide our customers, employees, and the society in which we are „at home" with insight into our ongoing sustainability efforts, we are publishing our Sustainability Statement for 2023.

We invite you, as readers, to accompany Klumpp + Müller at this stage.

# Statement of the Management

The logistics industry is at the center of global challenges, particularly in the context of ESG criteria and the urgent need to address climate change. Given its significant ecological footprint and its central role in the global economy, logistics bears not only great responsibility but also enormous potential to drive positive change.

As part of the logistics industry, we have a unique opportunity because we belong to those organizations that hold significant leverage to reduce emissions and environmental pollution: the decarbonization of our core business through the use of electric trucks powered by energy from our own photovoltaic systems. This is combined with the expansion of Klumpp + Müller's traditionally practiced trimodal logistics, which intelligently synchronizes freight transport by water, rail, and road.

We are therefore addressing the following questions: What steps are necessary to make this vision a reality? What data do we need to know, measure, and improve? What measures must be taken to set the course for this? And is „zero emission" truly achievable? We have not yet determined all the answers to these questions. However, in this statement, we summarize what we have already achieved in 2023 to address them.

**Dirk Patzelt**

Information

*Logisticians understand „zero emission" as a vision for emission-free logistics across the entire supply chain. This concept aims to eliminate all greenhouse gas emissions and environmental impacts throughout the logistics process.*

# Trimodal Logistics – The Key Paths Towards Sustainability

Since Klumpp + Müller, as a logistics service provider, is based in the port of Kehl, the trimodality (combining inland shipping, rail, and road freight transport) of our company is also an important factor in terms of sustainability.

| Modes of transport | | greenhouse gases [1] | nitrogen oxides | particles [4] |
|---|---|---|---|---|
| **Total trucks** [2] | g / tkm | **121** | **0,198** | **0,010** |
| └ of which trucks 3.5–7.5 t | | 569 | 1,775 | 0,068 |
| └ of which trucks 7,5-12 t | | 398 | 1,115 | 0,041 |
| └ of which trucks >12 t | | 253 | 0,604 | 0,022 |
| └ of which heavy-duty trucks & semitrailers | | 103 | 0,139 | 0,008 |
| **Freight railways** [3] | | **16** | **0,032** | **0,001** |
| └ of which diesel traction | | 28 | 0,242 | 0,007 |
| └ of which electric traction | | 15 | 0,018 | 0,001 |
| **inland vessels** | | **36** | **0,415** | **0,011** |

*g/tkm = grams per ton-kilometer, including emissions from the provision and conversion of energy carriers into electricity, diesel, liquefied natural gas, and natural gas*

*[1] $CO_2$, $CH_4$, and $N_2O$ are reported in $CO_2$ equivalents according to AR5 (5th Assessment Report of the IPCC)*
*[2] Trucks starting at 3.5 t GVW, semitrailers, heavy-duty trucks*
*[3] The emission factors for rail listed in the table are based on data regarding the average electricity mix in Germany. Emission factors based on company-specific or sector-specific electricity sources may therefore differ from the values shown in the table.*
*[4] Excluding abrasion from tires, road surfaces, brakes, and overhead lines*

*Table 1: Comparison of average emissions from individual modes of transport in freight traffic in Germany in 2022*

*Source: https://www.umweltbundesamt.de/themen/verkehr/emissionsdaten#verkehrsmittelvergleich_g%C3%BCterverkehr_tabelle*

By combining road, rail, and river transport modes, Klumpp + Müller can achieve significantly lower carbon footprints compared to transport exclusively by road.

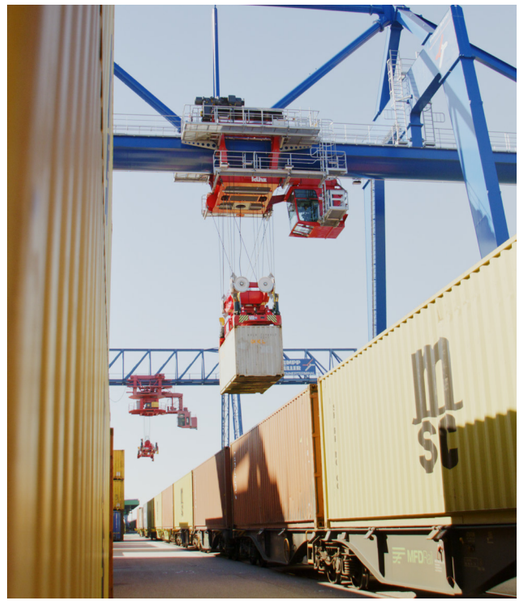
In 2022, we already intensified our focus on this approach. This was followed in 2023 by the construction of a second crane at our in-house container terminal in the port of Kehl. In combination with a new bulk goods filling station, approximately 15,000 tons of goods can now be shifted from road to alternative modes of transport.

Thanks to its trimodal orientation, Klumpp + Müller's business model enables container transport by road, rail, and waterway. Additionally, our services include the handling of full trains. National road freight transport and the handling of inland vessels and rail wagons in the port are key success factors that contribute to our sustainability efforts.

The ability to provide trimodal logistics allows us to evolve from a regional logistics service provider to a Europe-wide player, facilitating container transport to and from ports in Amsterdam, Rotterdam, and Antwerp. This enables goods to be shifted to alternative modes of transport such as inland vessels or railways, reducing road traffic and the associated emissions, noise, and tire abrasion, while also contributing to improved road safety.

**Sustainability Requires Intelligent Cooperation**

Klumpp + Müller not only aims to advance its own sustainability efforts but also sees itself as a significant lever for the sustainability ambitions of its customers. For this reason, we develop efficient logistics concepts together with them, focusing on optimizing their processes. As a contract logistics provider, we continuously expand this offering. In 2023, this was achieved through the expansion of digitalization initiatives and the construction of a new shuttle warehouse, where 2,400 storage spaces across 900 m² of warehouse space are managed by robots.



# Climate Protection in the Focus of Logistics

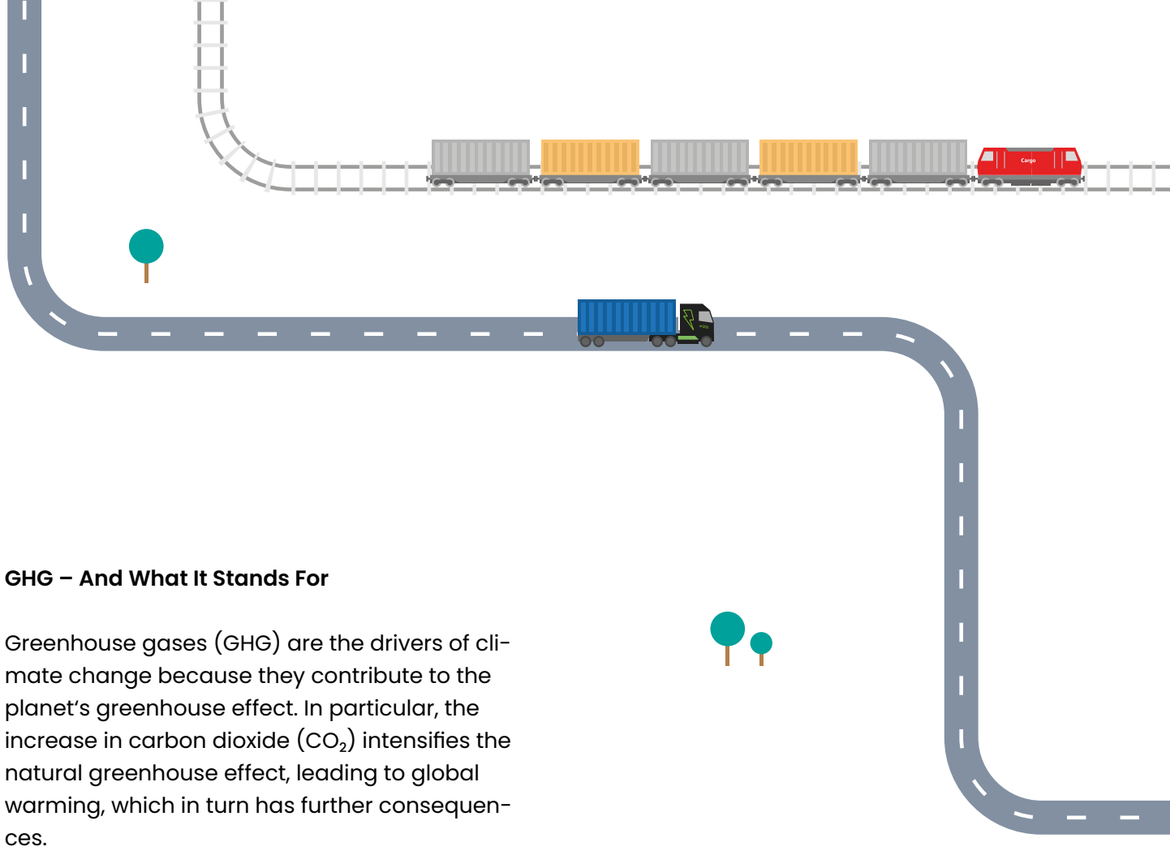



**Figure 1:**
**Greenhouse Gas Emissions by Sectors of the Climate Protection Act (KSG) 2023**

*Source: Federal Environment Agency*
*https://www.umweltbundesamt.de/themen/verkehr/klimaschutz-im-verkehr#rolle*

### GHG Emissions of Logistics in Germany

22% of the greenhouse gases generated in Germany in 2023 were caused by road transport.

### GHG – And What It Stands For

Greenhouse gases (GHG) are the drivers of climate change because they contribute to the planet's greenhouse effect. In particular, the increase in carbon dioxide ($CO_2$) intensifies the natural greenhouse effect, leading to global warming, which in turn has further consequences.

Logistics services are, according to Statista [1], zone of the major greenhouse gas emitters: After energy production, logistics is the second-largest emitter of greenhouse gases. At the same time, logistics is the core economic activity for Klumpp + Müller.

[1] *Source: https://de.statista.com/statistik/daten/studie/167957/umfrage/verteilung-der-co-emissionen-weltweit-nach-bereich/*

> ⓘ Information
>
> *The greenhouse gas balance, also known as the Corporate Carbon Footprint (CCF), indicates how many greenhouse gases a company emits and in which areas the most emissions occur. It serves as the foundation for:*
>
> *1. Identifying emission sources*
>
> *2. Developing reduction strategies*
>
> *3. Measuring progress in emission reduction*
>
> *The accounting process allows companies to monitor their emissions and take targeted actions to reduce them. It is an important tool for improving a company's climate strategy.*

# GHG Emissions Klumpp + Müller 2023

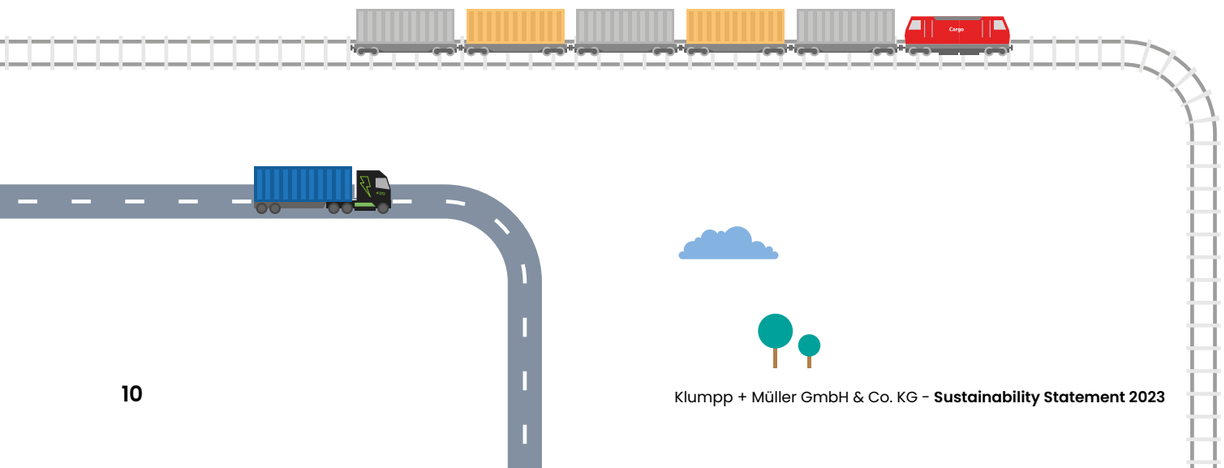
For the year 2023, a greenhouse gas balance was calculated for the first time based on the reporting framework of the Carbon Disclosure Project (CDP) by an external partner. In addition to Scope 1 and 2, certain Scope 3 emission sources were also considered for 2023.

As an additional reference, the GHG balance according to CDP for the year 2022 was also calculated. Due to the lack of valid Scope 3 data, the analysis for 2022 was limited to Scope 1 and 2, and thus, when comparing both years, only Scope 1 and 2 emissions were compared.

All company sites under the operational control of Klumpp + Müller were considered, meaning all mobile facilities as well as facilities at the following locations:

- Weststraße 24, 77694 Kehl
- Hafenstraße 44, 77694 Kehl
- Hafenstraße 37, 77694 Kehl
- Mainzer Str. 188, 67547 Worms

Emissions from the facilities of ETK Euro Terminal Kehl GmbH and the port authority are not included in this balance, as these companies are not consolidated with the GmbH, and the facilities are not under the operational control of the company.





**Greenhouse Gas Balance 2023**

| | Base Year 2022 | 2023 |
|---|---|---|
| **Scope 1 - Total** | **2.243,12** | 2.413,52 |
| **Scope 2 - Total** | **153,64** | **105,74** |
| Site-based Scope-2 GHG Gross Emissions ($tCO_2e$) | 153,64 | 105,74 |
| Market-based Scope-2 GHG Gross Emissions ($tCO_2e$) | 153,64 | 105,74 |
| **Scope 3 - Total** | | **1.309,85** |
| 3.1 Purchased Goods and Services | | 55,20 |
| 3.2 Capital Goods | | n/a |
| 3.3 Activities Related to Fuels and Energy (not included in Scope 1 or Scope 2) | | 922,21 |
| 3.4 Upstream Transport and Distribution | | n/a |
| 3.5 Waste Generated in Operations | | 188,88 |
| 3.6 Business Travel | | n/a |
| 3.7 Commuting Employees | | 143,57 |
| 3.8 Upstream Leased Assets | | Not relevant for the company |
| 3.9 Downstream Transport | | n/a |
| 3.10 Processing of Sold Products | | No products sold |
| 3.11 Use of Sold Products | | No products sold |
| 3.12 Treatment of Products at End-of-Life | | No products sold |
| 3.13 Downstream Leased Assets | | Not relevant for the company |
| 3.14 Franchise | | Not relevant for the company |
| 3.15 Investments | | Not relevant for the company |
| **Total Emissions** | **2.396,76** [1] | **3.829,12** [2] |
| Revenue (T€) | 28.997 | 27.400 |
| Emission Intensity Scopes 1 & 2 ($tCO_2e$/T€) | 0,083 | 0,092 |

*Table 2: Greenhouse Gas Emission Balance*

[1] *Scope 1 + 2*

[2] *Scope 1 + 2 + 3*

For Scope 2 emissions, which are caused by indirect emissions (energy consumption), the site-based and market-based balances result in identical values, as Klumpp + Müller purchases electricity from the German energy mix and does not use instruments such as green electricity certificates.

For the 2023 GHG balance, certain indirect Scope 3 emissions along the value chain were considered as examples; the consideration of Scope 3 emissions for 2022 and their comparison with 2023 was omitted due to incomplete data.
The following categories were considered:

3.1 – Purchased Goods and Services

3.3 – Activities Related to Fuels and Energy (not included in Scope 1 or Scope 2)

3.5 – Waste Generated in Operations

3.7 – Commuting Employees

The category 3.9 – Downstream Transport was also considered significant, but the data was not included, as it is currently not available in reliable quality.

The Corporate Carbon Footprint (CCF) for Klumpp + Müller GmbH & Co KG was 3.829,12 $tCO_2e$ in 2023.

The Corporate Carbon Footprint (CCF) for Klumpp + Müller GmbH & Co KG was 2.396,76 $tCO_2e$ in 2022.

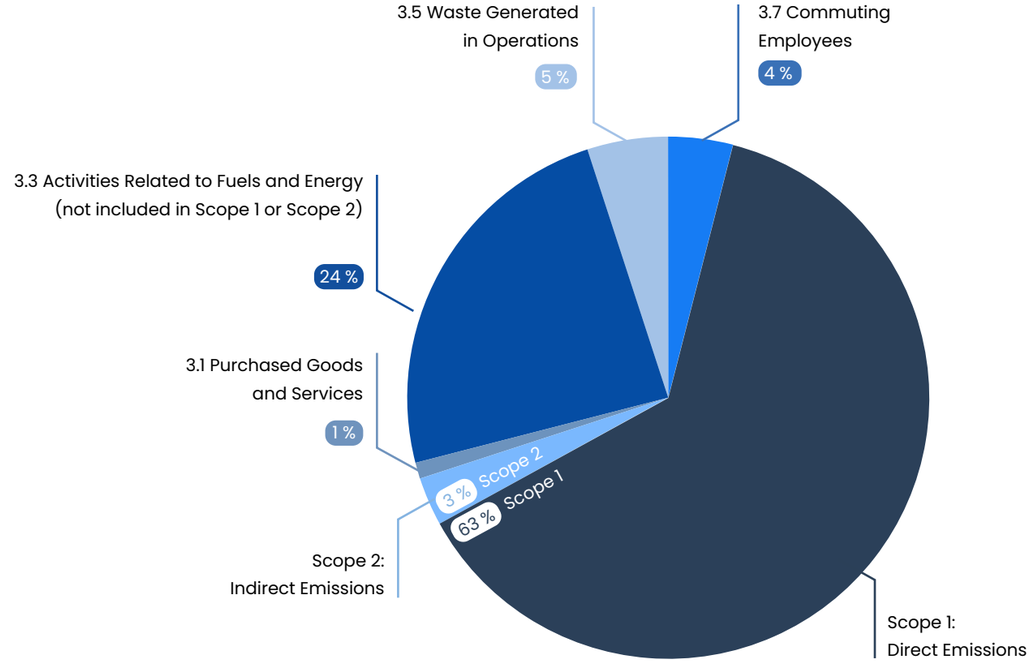



*Figure 2:*
*Distribution of Scope 1, Scope 2, and (where recorded) Scope 3 Emissions for Klumpp + Müller in 2023*

**Comparative Interpretation of the Greenhouse Gas Balances for 2022 and 2023**

At first glance, our GHG balance for 2023 appears worse than the base year 2022 (see Figure 3). We have identified the reasons for this and present them as follows:

- In 2023, we brought back routes previously outsourced to subcontractors, which resulted in an increase in diesel emissions (rise in Scope 1 emissions). These emissions also occurred in 2022 but were classified as unreported and compared Scope 3 emissions, as they were executed by subcontractors in 2022.
- The purchase of four electric trucks expanded the Klumpp + Müller fleet. Despite the increased electricity consumption, the total Scope 2 emissions were reduced through self-generated electricity from the newly installed PV system.
- In particular, the general cargo operation makes logistics highly susceptible to a worse $CO_2$ footprint because not every truck can be optimally loaded on every trip, either by utilizing the entire cargo space or by fully utilizing the permissible maximum weight.

**Conclusion**

The framework for considering and comparing Scope 3 emissions must be examined very carefully and interpreted correctly.

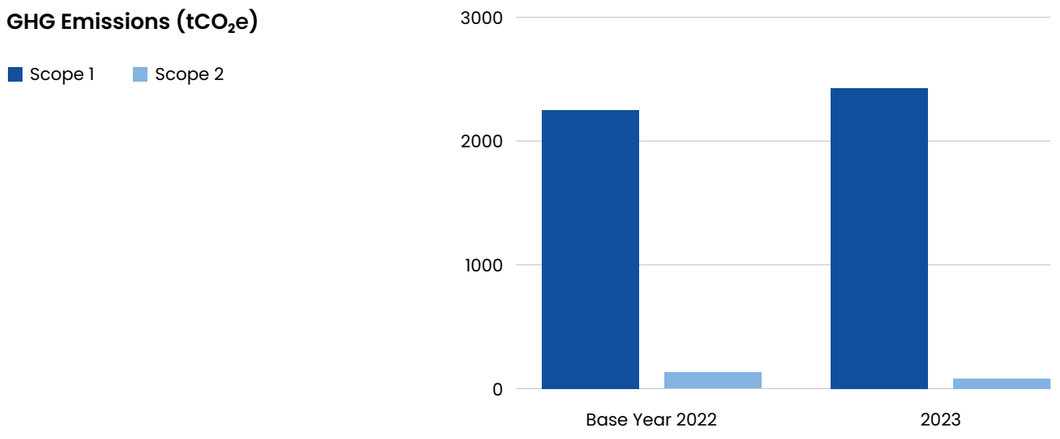



*Figure 3:*
*Scope 1 and Scope 2 Emissions as well as Total Emissions for Klumpp + Müller 2022 and 2023 in Comparison.*

# The future lies in low-emission logistics


Already in 2022, Klumpp + Müller made the decision that the growth of our truck fleet would ideally occur through electric vehicles. Therefore, in 2023, the first two electric 16-ton trucks and four electric cars were purchased.

The transformation of the fleet is part of our self-supply of energy. Klumpp + Müller has had a photovoltaic system since 2014. Along with the increase in electric vehicles, photovoltaic capacity for self-generated power has been further expanded:

**2022: 850 $kW_p$ and 4 car charging stations**

**2023: 1.600 $kW_p$ and 4 car charging stations**

Making the logistics industry more sustainable is a major challenge. We accept it. We know the route and the challenges along the way. For the future, we are committed to making the greatest possible contribution to this goal.

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