



Lineage Perspectives: 2021 Outlook

**Our CEO, Greg Lehmkuhl, outlines
the key themes for 2021**

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As the global leader of the cold chain, Lineage Logistics moves approximately 30% of temperature-controlled food in the U.S. and nearly 10% worldwide. This means we have visibility into all corners of the food supply chain — from retailers and producers to the food on your plate.

Now, due to the COVID-19 pandemic, the food supply chain is experiencing its much warranted and extended 15 minutes of fame. The world is focused on what we're eating, how we're eating, who has access to food, who doesn't, and how those items move from farm to fork — which is where we come in.

Consequently, we see three important themes in the food logistics industry emerging in 2021:





Greater collaboration between the public, private (such as Lineage) and NGO sectors to combat food insecurity in the U.S. and around the world

Food insecurity is by far the most pressing issue we are facing as a global human race today. The COVID-19 pandemic has led — and will continue to lead — to significant layoffs across multiple industries, resulting in a loss of income for millions of households, making it harder for people to feed their families.

According to the U.S. jobs report, COVID-19 caused the United States to shed nearly 30 million positions as of June 2020,¹ while the International Labour Organization estimated the loss of working hours equivalent to 400 million full-time jobs globally.² We also saw the pandemic push those who were close to being food insecure across the line. This reality exposed the importance of cross-sector collaboration to help reduce food waste, maintain strong food supply chains and more efficiently distribute food to those in need.

This is an issue my Lineage family and I take seriously. Going into 2021, Lineage is a proud Visionary Partner of Feeding America, an ally of the WW Healthy Living Coalition and a member of Fortune's esteemed "Change the World" list — and we're just getting started. At our core, we're passionate

about supporting the communities in which we live and work through food donations, supply chain expertise and time spent volunteering.



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Beyond Lineage, we see incredible collaborations between sectors continuing to combat these issues. Ab InBev, for example, kicked off a partnership with TechnoServe, an international development nonprofit that connects small-scale farmers with private sector partners, linking them to information, capital and market access.

I am eager to see how new partnerships evolve and innovate the means by which we connect people to food in the new year.

¹<https://www.wsj.com/articles/how-many-u-s-workers-have-lost-jobs-during-coronavirus-pandemic-there-are-several-ways-to-count-11591176601>

²<https://news.un.org/en/story/2020/06/1067432>



Continued and accelerated shift in innovation within the supply chain to change how and where consumers get their food

Bain & Company found that amid the pandemic, adoption of grocery e-commerce accelerated by two to five years in the U.S. and Western Europe.³ It is expected that online grocery's surge will continue beyond the COVID-19 pandemic, as consumers who previously frequented their local grocery store have become comfortable with shopping online. According to the report, Bain expects up to 1.4 times increased capacity requirements by 2023 compared with pre-pandemic levels, and up to 1.5 times the maximum expected increase in online grocery penetration in 2025 compared to a pre-COVID-19 forecast. No doubt, consumers have come to appreciate how new contactless purchasing patterns keep them, and their families, safe and healthy.

On top of that, the world recognized the importance of the global food chain — and the potential impacts of shortages (hello, paper goods!). Our “real world” experiences highlighted the criticality of continued innovation and investment in the food supply chain, with which Lineage continues to push boundaries.

At Lineage, we are closely following this shift and doubling down. To start, Lineage continues to invest in a strategically located footprint in rapid-growth population centers to support customers who are leaning into online grocery sales. Coupled with innovative

logistics capabilities, we are adding horsepower to that footprint with the rollout of our industry-leading supply chain visibility technology, Lineage Link®. The fully integrated platform is transforming supply chain interactions through access to real-time intelligence, providing customers with full visibility across their cold chains.



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We also see the world's largest grocery chains rapidly innovating to keep their shelves stocked and consumers safe through initiatives like curbside pickup, contactless payments, pickup grocery lockers and expanded delivery capabilities.

No doubt, players in the food supply chain arena are stepping up their game — and 2021 is sure to change the playing field.

³<https://www.bain.com/insights/the-next-five-years-in-online-grocery-snap-chart/>



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Truly purpose-driven companies will thrive — both in terms of people and profits

The challenges and chaos of 2020 have prompted companies to be environmentally conscious, socially aware and purpose driven. Lineage's purpose to transform the food supply chain to eliminate waste and help feed the world undoubtedly informed everything we did this year.

In 2021, employees will truly become one of an organization's biggest assets. As Fortune's Alan Murray and Bruce Simpson wrote, "In an economy where human capital drives business value, an employee-first approach has become essential." How employers responded during the pandemic will be a critical factor in attracting and retaining talent in the future. A recent McKinsey research found that frontline employees who "feel purpose" at work are up to four times as engaged as those at organizations where purpose is not activated or aligned to that of individual employees, and twice as likely to stay in the job. We simply cannot ignore that.

How companies stepped up to protect employees, live their purpose and support the communities around them during the pandemic will be a decision driver on whether potential candidates apply or pass on employment opportunities.

The challenges of 2020 also added a new phrase to our vocabulary: "essential worker." As the pandemic set in, employees throughout the food supply chain — from the producers and farm workers to the truck drivers and warehouse workers, right through to grocery store staff and delivery drivers — kept the world fed at a critical time.

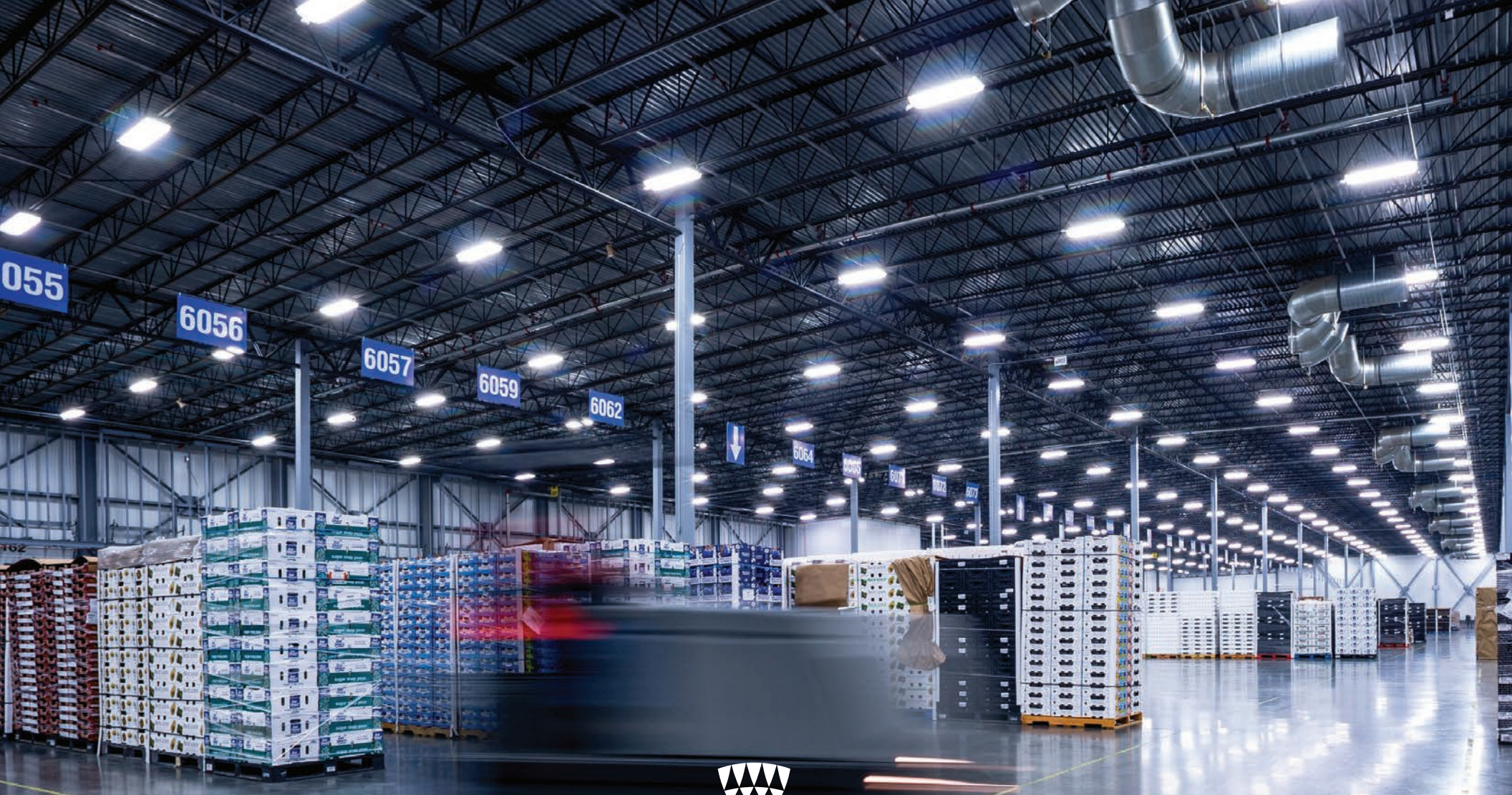
The risk is real. Researchers at Harvard University's T.H. Chan School of Public Health found that essential workers in supermarkets are at a much higher risk of coronavirus infection than the general population, with those in customer-facing roles being five times more likely to be infected.⁴ According to the report, one in five grocery store employees tested in Boston were found to be infected, 75% of whom were asymptomatic.



In 2021 and beyond, frontline workers in the food supply chain will continue to be deemed essential workers, and our **authentic appreciation** and **focus on their safety** must remain a focus.

As we begin what is likely to be an even deadlier phase of the pandemic, the country's 50 million frontline essential workers are among the most vulnerable. In 2021 and beyond, frontline workers in the food supply chain will continue to be deemed essential workers, and our authentic appreciation and focus on their safety must remain a focus. It is the duty of all employers of essential workers — including Lineage — to do all we can to protect them, and their families, and to consistently provide proof points of this commitment. Walking the talk will be expected in 2021.

⁴<https://www.personneltoday.com/hr/supermarket-workers-risk-covid-19-infection-boston-harvard/>



Watch this space in 2021

While these themes may also be considered challenges, we see them as opportunities to continue to live out our purpose to transform the food supply chain to eliminate waste and help feed the people in every corner of the globe. Never has this purpose been so important to guiding our decisions and reminding us why we show up to work every day.



Partner with Lineage to transform
your food supply chain.

lineagelogistics.com