

# ACTING RESPONSIBLY



»THE SECRET OF  
GETTING THINGS  
DONE IS TO ACT.«

**DANTE ALIGHIERI** / *Italian poet and philosopher (born 1265 in Florence; died 1321 in Ravenna)* /



Ecological. Social. Economic.  
Sustainable with BLG LOGISTICS

# EDITORIAL

**WOLF LAMPE**  
*/ Head of Sustainability and  
New Technologies /*



Dear reader,

When we started publishing our annual sustainability reports in 2012, BLG LOGISTICS was well ahead of the times. Only now has the German Federal government adopted the EU's CSR (Corporate Social Responsibility) guideline into national law so that companies such as BLG LOGISTICS have a reporting obligation.

The objective of the legislation is to require companies to publish a full picture of the effects of their activities that goes beyond announcing their financial figures. Ecological and social aspects of business operations should be transparent. The law now requires that companies disclose information on aspects such as environment, employee, and social concerns as well as human rights, and the prevention of corruption and bribery.

Each year as from now, the Supervisory Board of BLG LOGISTICS will examine a „non-financial statement“ which will be integrated into the sustainability report. This declaration tackles the topics considered highly relevant both in terms of the CSR guideline and with regard to our business activities.

We're happy to present to you over the years an ever-more complete picture of a company that takes on responsibility toward customers, employees, shareholders, and society. And we're glad we can provide proof of all this.

Wolf Lampe  
Head of Sustainability and New Technologies

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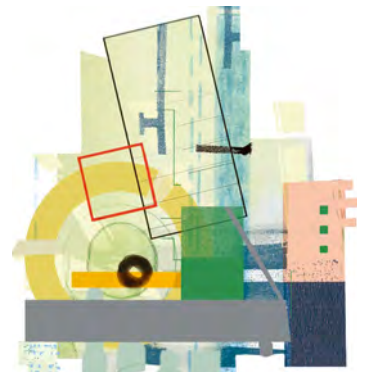
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# FOREWORD OF THE CEO



*»The core values of our company are commitment, appreciation of values, passion, responsibility, and willingness to change.«*

**FRANK DREEKE / CEO /**

## Ladies and Gentlemen,

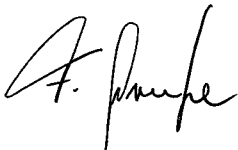
Truly future-oriented companies offer their customers the best solutions. The Managing Board of BLG LOGISTICS has always been aware of this: A number of years ago, we defined an ambitious CO<sub>2</sub> target, and with the annual publication of our sustainability report, we demonstrated once again that we act with foresight and responsibility. Sustainability is more than a buzzword for us. It's a guiding principle - both for all processes in our operational business as well as for our human resources development. So what does ecologically, economically, and socially sustainable business activity mean for us? It means giving equal priority to systematic energy management and resource saving on the one hand, and creating safe, attractive jobs on the other.

At the center of our corporate activity is securing the business future of the BLG Group. To do this, we will continue to offer our customers an attractive portfolio of customized and resource-saving logistics services. As part of this commitment, we've significantly expanded capacities in our Shipping and Forwarding area as well as further developing our central innovation management. In 2017, we launched R&D projects for human-machine collaboration as well as networked planning and control at the auto terminal.

Now we plan to be even more determined about the matters that are important to BLG LOGISTICS. One topic right at the top of our list of priorities is dealing responsibly with resources and emissions. We're well on track to achieve our corporate target, formulated in 2012, to cut CO<sub>2</sub> emissions by 20 percent by 2020. We've registered good results above all when it comes to reducing diesel consumption in road transport and saving energy at our various locations. Also included in our overall strategy is providing capacity for rail transport of new vehicles.

Yet sustainable action means even more to us. It involves being a model employer. That's why we show our employees that we value them, respond to their needs, and embrace their diversity. As part of our efforts to retain good staff members, attract new ones, and constantly improve our service offering, we qualify our employees and support young talents. Furthermore, in 2017 we defined our corporate values and leadership principles more precisely: Our core values of commitment, respect, passion, responsibility, and willingness to change are actively conveyed at all management levels - and simultaneously required of all employees. Our executive managers must exemplify these values and communicate them to all employees.

We have many reasons for optimism regarding the future. Even if times are turbulent, one thing will stay the same: We make logistics easier - and our customers more successful. I'm looking forward to it.



Frank Dreeke  
CEO

# PROFILE

BLG LOGISTICS GROUP AG & Co. KG (BLG KG), headquartered in Bremen, has its core competencies in automobile, contract, and container logistics. In these three segments, we offer logistics services along the entire supply chain. ▶ See fold-out. Our clients include the leading German automakers as well as companies in retailing and industry. BLG LOGISTICS has a strong presence in Germany plus international activities in Europe, America, Africa, and Asia.

[www.blg-logistics.com/en](http://www.blg-logistics.com/en)

Our company is run by a management company organized as a private enterprise, i.e. BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877- (BLG AG). The municipality of Bremen is the main shareholder. The Board of Management of the listed joint stock corporation manages the business of BLG KG on its own responsibility.



In the 2017 financial year, the group generated sales of EUR 1.1 billion. We provide detailed key figures, a breakdown of shareholdings, and our legal group structure in our ▶ Financial Report 2017.

## Changes in the Board of Management and in the ownership structure

As from the beginning of 2017, Michael Blach joined the Group Board of Management of our participation company EUROGATE. He is now responsible for the CONTAINER Division on the Board of BLG LOGISTICS. His successor in the AUTOMOBILE Division is Andrea Eck, who previously worked for Volkswagen AG.

Up to December 2016, the Free Hanseatic City of Bremen (municipality) held 50.4 percent of the subscribed capital in BLG AG. With effect from January 1, 2017, the shares of Bremer Landesbank to the amount of 12.6 percent were transferred to Bremer Verkehrs- und Beteiligungsgesellschaft mbH, a participation company of the municipality of Bremen. Therefore, the municipality of Bremen holds a total voting share of 63 percent. ▶ See Financial Report 2017, page 46.

## From the manufacturer to the dealer

Our AUTOMOBILE Division offers all services for finished vehicles with a logistics spectrum extending from the manufacturer to the dealer. That includes cargo handling, storage, technical services, and distribution via truck, rail, and inland vessel. BLG AutoRail is a specialized provider of rail-borne vehicle transport using Europe's most state-of-the-art and versatile equipment. The bases of our truck fleet range from Neuss to Moscow. Aside from seaport terminals in Bremerhaven, Cuxhaven, and Hamburg as well as in Gioia Tauro, Gdansk, and St. Petersburg, we operate inland terminals on the Rhine and Danube.



With a volume of 6.3 million vehicles handled, we maintained our position as Europe's leading automobile logistics specialist.

Since 2017, our activities in the segments Cargo Logistics, Wind Energy, and High & Heavy have been pooled in our new XXL Logistics business area. Here, we handle transports and projects of break bulk and XXL loads at our port terminals in Bremen and Bremerhaven. We also accomplish special orders outside our terminal. With a new building, BLG LOGISTICS expanded the technical services area at the auto terminal in Duisburg to a total of 6,500 square meters.

#### **Car parts, sneakers, frozen food**

In the CONTRACT Division, we offer all services along the supply chain for such diverse goods as car doors, rims, cookies, furniture, kitchens, bathroom fittings, or railway components. We store, deliver, pack and unpack, and also process conventional orders, online orders, and returns. That makes us one of the leading German providers of logistics services.

In 2017, we further expanded our forwarding segment by acquiring Kitzinger & Co. (GmbH & Co. KG) and its subsidiary Arno Rosenlöcher (GmbH & Co. KG). The shipping company Kitzinger focuses on marine and air cargo, and additionally provides services for temperature-controlled transports and complementary warehouse services. After approval from the antitrust authority, the purchase of 51 percent of the shares in BLG Coldstore Logistics in Bremerhaven was completed in February 2017. The joint venture, now under the name Kloosterboer BLG Coldstore GmbH, is therefore no longer fully consolidated as from this financial year. As from April, we will take over inbound logistics in Berlin for the gas turbine manufacturing facility of our longstanding customer Siemens. This new business means we have strengthened our Berlin/Brandenburg location for the coming

years. Following an invitation for bids from a major customer, our main business at our USA location went to another service provider. That significantly reduced the number of our employees at the site. As part of a company transfer, the trade employees migrated to the new service provider

#### **Container-related services**

In our CONTAINER Division, the EUROGATE joint venture has established itself as Europe's leading shipping-company-independent container terminal operator. EUROGATE GmbH & Co. KGaA, KG is a company consolidated by the equity method and run separately from BLG in all CSR-relevant areas. The details in this report relate to the fully consolidated companies of the AUTOMOBILE and CONTRACT Divisions, including BLG AG and BLG KG (Holding). Contents of the non-financial report for EUROGATE are given separately on [pages 52 to 54](#).

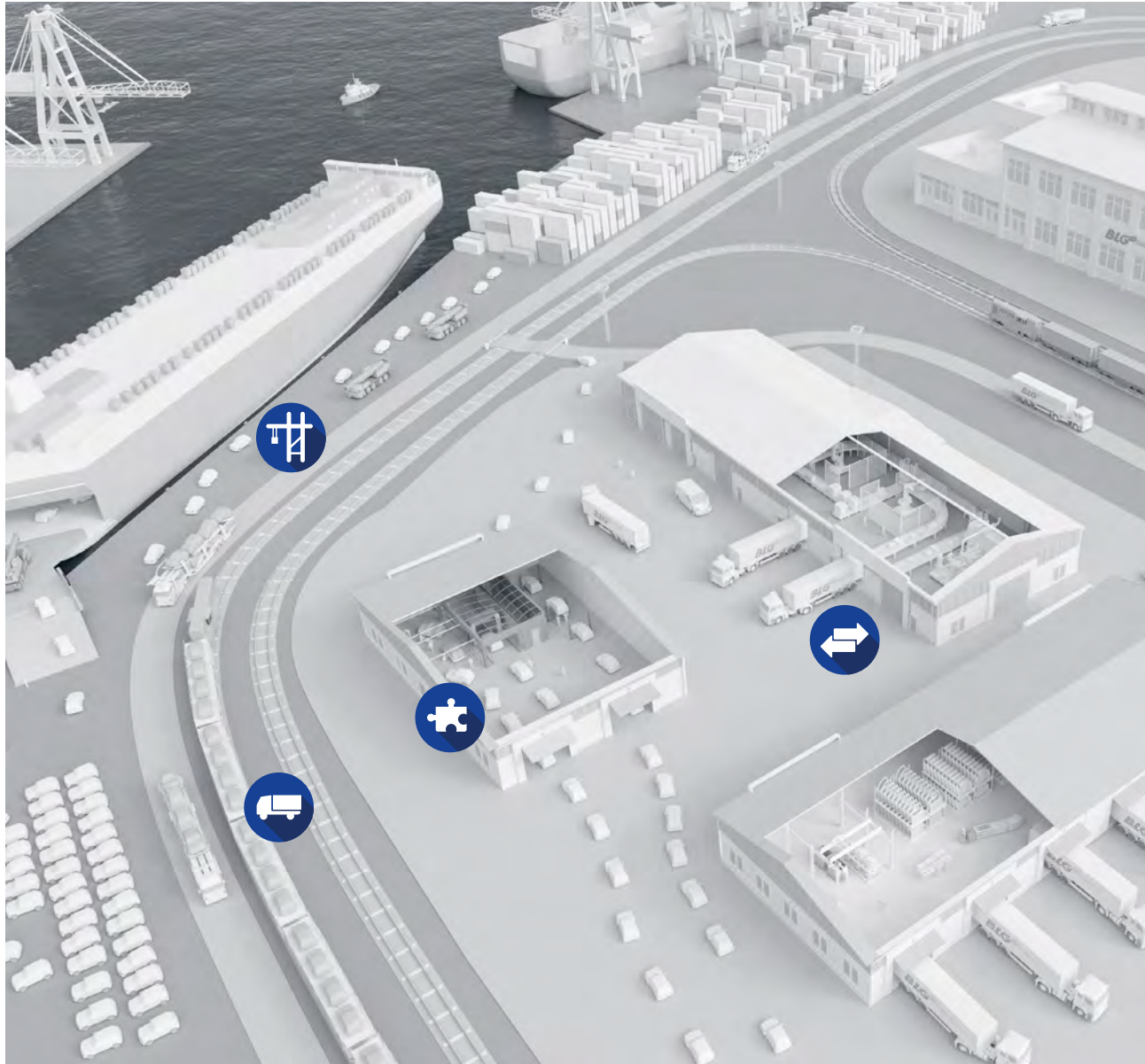
The map on [page 6](#) provides an overview of the distribution of our fully consolidated companies and of other countries with activities by the AUTOMOBILE and CONTRACT Divisions.

#### **Employees take responsibility**

Our employees assume responsibility for smooth logistics of high-quality products day in and day out. On the key date of December 31, 2017, BLG LOGISTICS had 10,113 employees in the AUTOMOBILE and CONTRACT Divisions as well as in the holding in fully and partly consolidated companies. Specifically, 8,554 employees worked at over 70 German locations and 1,559 at our international locations. Of these employees, an average of 8,107 (calculated according to § 267, No. 5, German Commercial Code) worked in the fully consolidated companies worldwide in 2017, 91.3 percent of them in Germany, and around half of those in Bremen and Bremerhaven. Further information about personnel statistics and development is provided in detail in the [SOCIAL](#) section.

# The BLG world

Services at a glance





### **PROCUREMENT LOGISTICS**

Ensuring availability of stocks via management and monitoring of procurement processes



### **PRODUCTION LOGISTICS**

Supplying final assembly through optimum preparation of parts and components.



### **DISTRIBUTION LOGISTICS**

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



### **REVERSE LOGISTICS**

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



### **TRANSPORT LOGISTICS**

Secure transport of finished vehicles and other goods via road and rail, on the water and in the air



### **CARGO HANDLING LOGISTICS**

Extensive network of seaport and inland terminals



### **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

# SUSTAINABILITY MANAGEMENT

More than 140 years after our foundation as a regional port operator, BLG LOGISTICS has long become established as an internationally active logistics service provider. This development would not have been possible if we hadn't placed sustainable operations and business at the center of our activities right from the start. It was not just about business as an end in itself, but also about the benefit to the region and its inhabitants as well as securing long-term jobs.

In times of climate change, growing competitive pressure in a globalized society, and competition to attract the best and most capable talents, the term sustainability gains a whole new meaning. Today, market success is barely possible without a holistic concept for a comprehensive sustainability strategy that includes economic as well as ecological and social factors. That's why we aim to balance business performance, social commitment, and responsibility for the environment. We can save costs by treating resources more consciously. Furthermore, we believe sustainable business operations deliver value not only for us and our customers, but also for society and the environment.

## **Responsibilities**

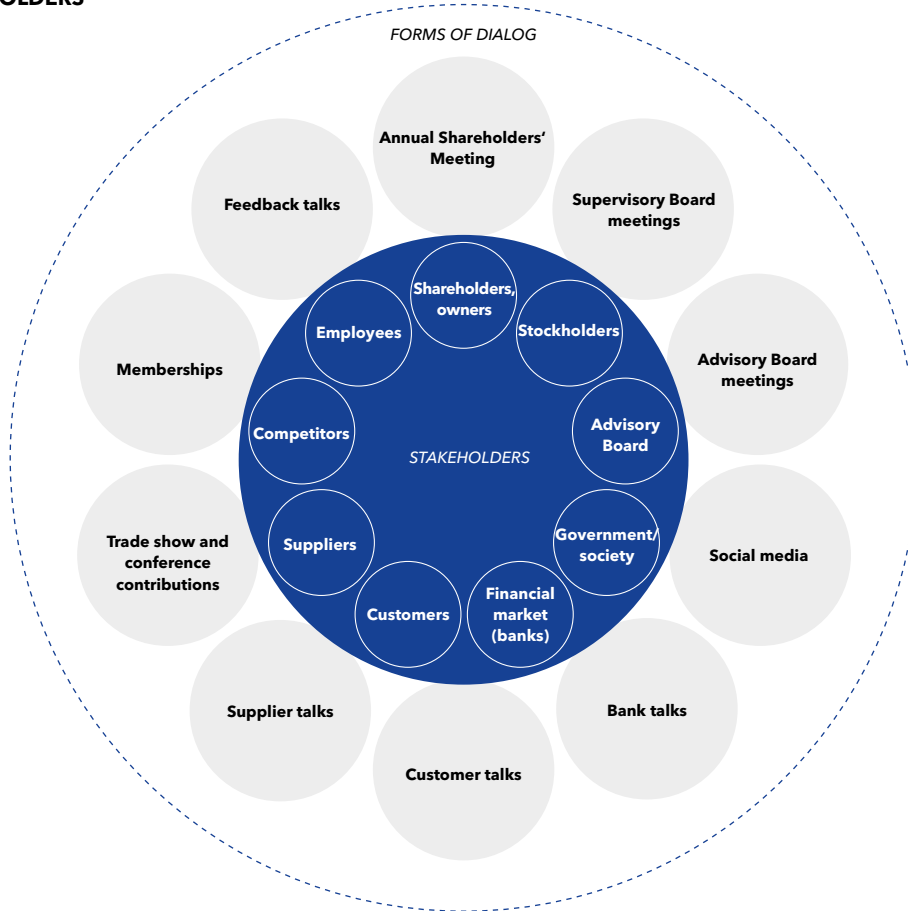
We created our Sustainability Management and New Technologies Department in 2011 to systematically promote sustainability management. Since then, it has brought together our sustainability activities in the AUTOMOBILE and CONTRACT Divisions and issues our annual Sustainability Report. It also calculates our energy and CO<sub>2</sub> balance, manages development of cross-departmental energy management, lends support in implementing the energy policy defined by the Board of Management, and provides ideas, especially when it comes to ecological sustainability. The department reports directly to the CEO.

The HR Department, represented on the Board of Management by our Labor Relations Director, assumes responsibility for matters of social sustainability. That includes above all employee interests. We are aware that holistically sustainable operations can only be achieved if all employees pull together. This is a process we promote via exemplary action by superiors as well as training and further training courses. Our management principles, which we formulated in line with the corporate strategy newly defined in 2017, form the basis for our staff management, support, and development. Our corporate values are: commitment, respect, passion, responsibility, and willingness to change. The objective of the new corporate strategy is to ensure the sustained market success of BLG LOGISTICS in the interests of securing jobs.

## **Values and mission**

We've specified the legal and ethical standards that serve as our orientation in several guidelines. In our Corporate Governance Report, we detail the main elements of our corporate governance structures. This report is simultaneously the declaration of the Board of Management according to § 289a of the German Commercial Code. It focuses on the compliance 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 how the Board of Management and Supervisory Board work as well as their composition. ▶See Financial Report 2017, from page 12.

## IN DIALOG WITH OUR STAKEHOLDERS



Our comprehensive compliance system also ensures compliance with legal regulations and ethical principles. BLG's Code of Conduct defines our standards and expectations with regard to daily dealings between staff members, executives, and customers. We attach special importance to compliance with fair and transparent tender and working conditions.

### **Stakeholder engagement**

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

We maintain a continuous exchange with the majority of them. The interests of our customers are especially important to us. Communication is very close, in particular in the branches where we directly supply to customers or even work on their sites. Several times over recent years, we engaged an external institute to discuss with our most important customers the best locations and potentials for improvement. We commissioned another such survey at the end of 2017, this time specifically for our AUTOMOBILE Division and with a special focus on sustainability. This is how we stay up to date about what our customers find important. It also provides feedback that enables us to constantly improve our sustainability management.

One of the most important stakeholder groups is our workforce. That's why two-way communication with them is vital. One way we do this is by regularly conducting employee surveys. In 2017, we held even more intensive annual employee and feedback dialogs.

We also use other channels for dialog, including memberships in associations, organizations, and initiatives (▶see box), participation in trade shows and conferences, talks with banks, social media, public events, the Annual Shareholders' Meeting, and meetings of the Supervisory and Advisory Boards. Nearly all stakeholder 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 comprises scientists specializing in sustainable logistics, process innovation in logistics and junior management training as well as representatives of business, trade associations, and media.

The graphic on ▶page 9 gives an overview of our most important stakeholder groups and the forms of dialog we have established with them.

### **Important memberships in associations, organizations, and initiatives**

- ▶ Central Association of German Seaport Operators, Hamburg
- ▶ German Logistics Association (BVL)
- ▶ German Transport Forum, Berlin
- ▶ German Freight Forwarding and Logistics Association, Berlin
- ▶ Logistics Alliance Germany, Berlin
- ▶ AKJ; Just-in-Time Working Group
- ▶ Charter of Diversity
- ▶ berufundfamilie®
- ▶ Lean & Green
- ▶ Partnership of Environmental Enterprises (PUU)

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. In January 2017, the ZDS published environment protection guidelines. Furthermore, Frank Dreeke is a member of the Managing Board of the German Logistics Association (BVL) and of the Presidium of the German Transport Forum (DVF).

# MATERIALITY ANALYSIS

The Sustainability Report of BLG LOGISTICS has become a firm feature of our annual business reporting. We published the first one five years ago. In our Annual Report 2016, we used the new sustainability report standard of the Global Reporting Initiative (GRI SRS) as a basis. This year, we're going one step further and preparing our Sustainability Report 2017 in accordance with the GRI standards: Core option. The associated GRI Content Index is available online.

[www.blg-logistics.com/sustainability](http://www.blg-logistics.com/sustainability)

In April 2017, the EU Corporate Social Responsibility (CSR) Directive (Directive 2014/95/EU) was adopted into national law. The CSR Directive Implementation Act aims to increase the transparency of ecological and social aspects in companies. Now, for the first time, BLG LOGISTICS is also legally required to issue a non-financial statement within group reporting. We have chosen to meet this obligation by selecting the option of a separate Non-Financial Report (NFR) and integrating this in our existing Sustainability Report. A CSR index on ▶page 57 provides a better overview. The index shows where the topics relevant for the NFR appear in the various sections of this report.

The BLG Sustainability Report only covers the fully consolidated companies. These belong exclusively to the AUTOMOBILE and CONTRACT Divisions. Therefore, the topics dealt with in the Sustainability Report and the contents in the Non-Financial Report focus on the AUTOMOBILE and CONTRACT Divisions (including the holding company).

Our CONTAINER Division consists of a 50-percent participation in the operative management company EUROGATE GmbH & Co. KGaA, KG, the EUROGATE Group. EUROGATE manages the areas relevant to non-financial reporting such as energy, the environment, and personnel itself. In the interests of clarity, the NFR-relevant topics for the CONTAINER Division are presented separately on ▶pages 52 to 54. Furthermore, EUROGATE publishes its own sustainability report.

[www1.eurogate.de/en/About-us/sustainability](http://www1.eurogate.de/en/About-us/sustainability)

## Defining relevant topics

The systematic analysis conducted for 2015 regarding BLG-relevant topics and spheres of action was updated and extended for this year's report. We paid particular attention to compliance with the requirements of the Non-Financial Report to be issued for the first time.

To preselect contents, we applied GRI topics and spheres of action identified as important in previous sustainability reports. We considered these contents alongside the findings from our stakeholder dialogs and expanded them by including topics from the reports of key industry players as well as logistics-relevant aspects from the standards of the Sustainability Accounting Standards Board (SASB).

Finally, our sustainability team evaluated the importance of the topics for society and the company. Topics defined as relevant were those which affect both the business of BLG LOGISTICS and society. There was also a particular focus on the aspects required by the CSR law: the environment, the interests of employees and society as well as human rights and corruption. Next, each of these topics was ranked on a scale from one (low importance) to five (very high importance) relating to their business relevance as well as impact on society.

Then we asked representatives from all relevant company departments for their views on this preliminary evaluation. They commented on the topic prioritization and corrected it where necessary. The talks with the specialist departments were also useful for risk assessment, collecting information about management approaches, and finding out the status of implementation, results, and internal monitoring. Relevant indicators were also discussed in these talks and determined for BLG LOGISTICS.

As a last step, we again compared the prioritized topics with the views of our stakeholders, which we know from various communication channels, to ensure the range of topics was complete. The result was then presented to the Board of Management and the Supervisory Board, who approved the subjects. This is shown in the materiality matrix on the right.

The matrix illustrates which topics were identified as important for the Sustainability Report 2017. Corresponding with the content structure of this report, each of the topics is assigned to one of the three focal points: ECOLOGICAL, SOCIAL, OR ECONOMIC. As the topic "Sustainable supply chain" contains aspects from all three areas, it is described in a separate section on [page 15](#).

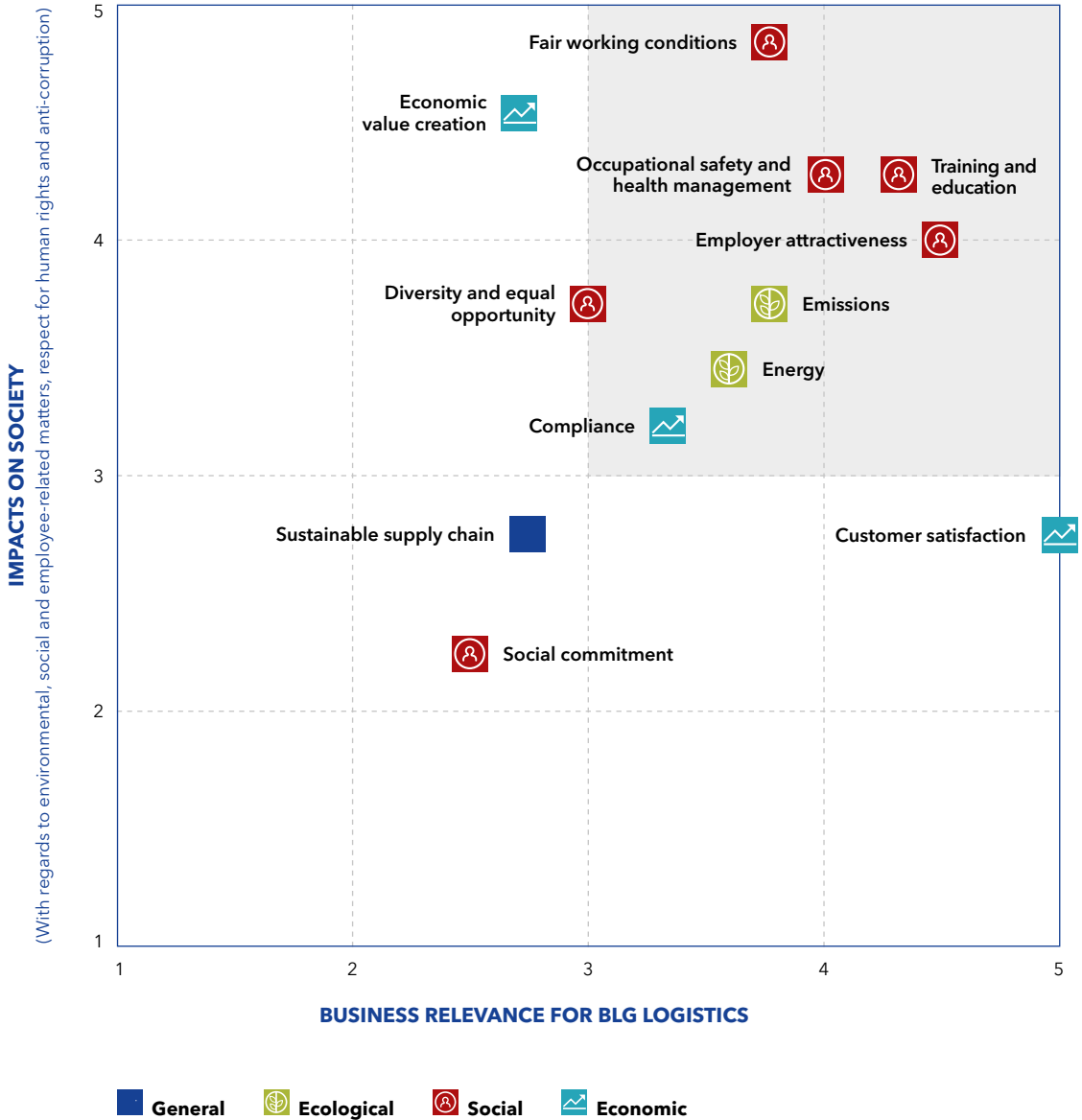
The contents in our NFR are topics considered highly relevant both to the business activities of BLG and to our impacts on society. These are shown in the materiality matrix in the top right quarter (gray background). The topics are: fair working conditions, occupational safety and health management, training and education, employer attractiveness, diversity and equal opportunities, energy and emissions, and compliance. Also considered important are economic value creation, sustainable supply chain, social commitment, and customer satisfaction. For this reason, these aspects are also included in this Sustainability Report and described in their own sections.

Below, we link every topic shown in the matrix to the relevant management approach and selected key figures according to GRI. Additionally, we explain the topics of the NFR and how they are dealt with at BLG LOGISTICS. This includes concepts, results of implementation, internal checks, and relevant key figures. The risk management section [page 14](#) examines overall risks.

The report focuses on the domestic BLG companies. They account for 91.3 percent of all employees and 95.7 percent of total revenue of the fully consolidated locations, i.e. the vast majority of our business activities. In order to be able to convey our holistically sustainable business activities transparently, we work continuously on increasing the availability of data from our foreign companies.



## MATERIALITY MATRIX



# RISK MANAGEMENT

Responsible handling of possible risks is a key element of solid corporate management for BLG LOGISTICS. At the same time, it is important to identify and exploit opportunities. Our opportunity and risk policy endeavors to increase the enterprise value without taking unreasonably great risks. The Board of Management assumes responsibility for formulating risk policy principles and for profit-oriented management of the overall risk. It regularly informs the Supervisory Board about risk-related decisions in connection with its dutiful assumption of responsibility based on company law. Early identification of potential risks takes place within the framework of continuous risk controlling as well as risk management and reporting geared to the corporate structure based on company law. We give special consideration to risks linked to strategic decisions that may affect continuity of operations. We also ensure that no risks ensue for people, environment, and society from our business activities. Ultimately, such risks would damage our reputation as a company and also become financial risks. The responsibilities in our risk management system are represented in the figure shown here. Our opportunities and risk management system is described in depth in our [Financial Report 2017](#) from page 63.

The risks are generally divided into the following risk areas: financial risks, market risks, political, legal, and social risks, strategic risks as well as performance and infrastructure risks. The three last areas in particular cover risks associated with sustainability and the CSR Directive. To increase transparency, the risk report states not only the subjective gross expected value, but also the value according to various evaluation scenarios (best - expected - worst case) and their probability. Furthermore, the report describes the measures taken by the persons responsible and their impacts on the risk.

## RESPONSIBILITIES IN CONNECTION WITH RISK MANAGEMENT ORGANIZATION



Identified risks and in particular defined measures are reported on regularly in the relevant management circles of the divisions. There is also quarterly reporting to the Board of Management and in every Supervisory Board meeting. Five meetings were held in the past year. No major risks with very likely serious negative impacts on the issues of sustainability and the CSR Directive were identified in the 2017 financial year.

# SUSTAINABILITY IN THE SUPPLY CHAIN

As a logistics provider, we are one link of many in global supply chains with a high degree of complexity. We perform services along the entire supply chain. For more about this, see the section „Profile“ ▶ pages 6 and 7. We also handle the entire supply chain management and organize integrated chains of logistics over the complete value-added process in the areas of project management, process management, technology, IT, and quality. We predominantly work with products or components provided by our clients. Therefore, we have no influence on their upstream processes.

Wherever we ourselves initiate processes, such as in our purchasing processes and the working conditions of our employees, we ensure sustainable standards. Procurement by the Purchasing Department covers more than 100 material areas. The main procurement markets are located in Germany and bordering EU countries with high standards regarding sustainability. Our general terms of contract and purchase form the basis for every order and every procurement.

[www.blg-logistics.com/en/gtcbcr](http://www.blg-logistics.com/en/gtcbcr)

Section 17 concerns our demands with regard to compliance, the environment, social responsibility, and energy efficiency. We stipulate, for instance, compliance with the legal regulations concerning dealings with employees, environment protection, and occupational safety. We also require our suppliers to make efforts to reduce negative effects on people and the environment. We expect them to comply with the principles of the UN Global Compact Initiative. This covers important aspects including observance and protection of international human rights. Our suppliers are responsible for ensuring any subcontractors also meet our requirements.

## Supplier assessment

To meet our standards with respect to social responsibility in accordance with sustainable business operations, we examine the relevant supply chains and exert an influence as far as possible. We have been systematically assessing our suppliers since 2016. Our list of criteria covers pricing, quality, delivery reliability, environment protection/sustainability, and communication. Our goal with this assessment method is to identify weaknesses and risks and to discover our suppliers' development potentials. We then use these insights to develop measures that actively improve quality or cooperation.

We select the suppliers to be assessed according to their significance and sales volume. Before the assessment, we consult with the relevant locations and discuss the results with the supplier. Then the findings influence our procurement strategies as well as the supplier management of our purchasing teams. Various consequences are possible depending on the results of the assessment. Ideally, no steps are necessary. If there is room for improvement, we agree with the supplier on how it can improve or actively develop its performance. Suppliers who are not able to meet our requirements in the long term no longer receive orders from us.

The focus here is on key procurement areas such as intralogistics, large investments, and consumables. After starting with 31 supplier assessments in the launch year, we increased the number to 73 in 2017. Our goal remains one hundred assessments per year.





# ECOLOGICAL

# ENERGY AND EMISSIONS

As a logistics company, we have a responsibility for taking measures to protect the environment and natural resources. After all, transport and logistics generate considerable shares of global greenhouse gas emissions.

Sensitization to sustainability issues has grown. We feel that in our cooperation with our customers as well. They have long ceased being satisfied with general statements in tenders. Specific data and key figures, compliance with standards and certificates on energy consumption and CO<sub>2</sub> emissions number among the contract award criteria. This is how ecological sustainability is becoming increasingly relevant in competition. Other stakeholder groups, such as the public and banks, increasingly demand that we comply with sustainability standards and invest in energy efficiency. Further pressure to take action results from modifications to the legal framework, such as the Energy Services Act or the Ecodesign Directive. Energy costs also drive our commitment to responsible action in this area.

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## **WE** stand by our self-imposed obligation: Reducing CO<sub>2</sub> emissions by 20 percent by 2020 (based on 2011)

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### **Goal**

In order to achieve our goals of responsible operations regarding the environment and resource consumption, we focus on the key areas of energy and emissions. The recording and reduction of greenhouse gas emissions and specific energy consumption are integral elements of our sustainability efforts. In 2012, the Board of Management of BLG committed itself to reducing our CO<sub>2</sub> emissions by 20 percent by 2020, starting from the base year 2011 (this also takes account of CO<sub>2</sub> equivalents). Our ecological

goals are also anchored in our energy policy adopted in February 2016. It states, among other things: "We are convinced that responsible action and societal acceptance are also becoming more and more important for logistics providers in order to be and remain economically successful. Our ability to provide efficient and resource-saving services and offer our customers high-quality, sustainable solutions represents a clear competitive edge."

[www.blg-logistics.com/sustainability](http://www.blg-logistics.com/sustainability)

### **Systematic data capture**

A transparent data capture system is essential for gaining reliable information about where exactly and in what volumes BLG LOGISTICS consumes energy and generates emissions. We further improved and automated our energy data capture system in 2017. For this purpose, we developed a data capture tool precisely tailored to our needs. It is capable of handling the complexity involved with large data volumes and different processes at our various locations. A clear structure and integrated validation mechanisms prevent errors during data input. Using tools that are standardized throughout the company means the data is immediately ready for consolidation. For the 2017 balance sheets, we were able for the first time in January 2018 to transfer to the holding the data collected at the individual locations by energy officers using an electronic reporting assistant.

We've been consolidating our energy consumption data and calculating the greenhouse gas emissions generated in our Sustainability and New Technologies Department since 2011. This is another area where we've developed a new evaluation tool. It delivers fast, individual evaluations at different consolidation levels.

### ABSOLUTE ENERGY CONSUMPTION

broken down according to energy carriers

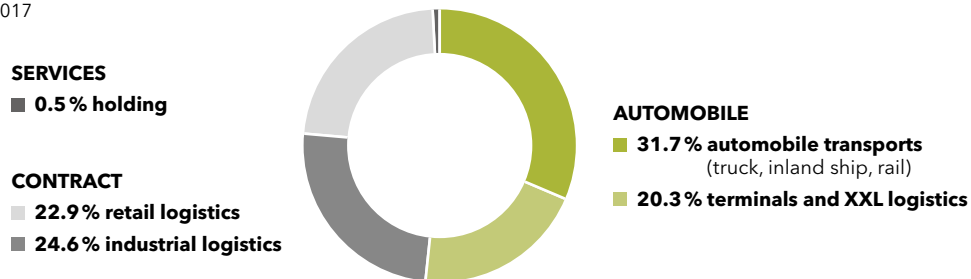
	2017 Liters	2017 kWh	2016 kWh	2015 kWh
<b>Total energy consumption</b>		<b>268,191,601</b>	<b>276,968,329</b>	<b>266,534,834</b>
Electricity		65,360,532	67,830,642	66,511,761
Natural gas		81,345,263	83,649,079	73,248,024
Heating oil	1,355,209	13,484,333	12,492,113	12,532,725
Diesel	10,669,651	105,842,936	111,228,800	112,782,575
Gasoline	245,010	2,158,538	1,767,695	1,459,749

The energy and greenhouse gas balance sheet takes into account consumers at all locations of our fully consolidated German companies. Excluded from this are plants, buildings, and vehicles whose energy consumption cannot

be controlled by BLG LOGISTICS. As we increase the level of detail in data capturing, we regularly revise our consumption data, also retrospectively.

### PERCENTAGE SHARE OF ENERGY CONSUMPTION 2017

Broken down according to divisions and business fields 2017



In 2017, the total energy consumption of BLG LOGISTICS was 268 million kilowatt-hours. Compared to the previous year, we achieved savings in the areas electricity, natural gas, and diesel. In 2017, the AUTOMOBILE Division accounted for 52 percent of total energy consumption. The largest share of energy consumption, at some 32 percent, is attributable to our automotive transport activities, followed by industrial logistics, retail logistics, and terminals.

### Energy management

Following the enforcement of the Energy Services Act (EDL-G) in April 2015, BLG LOGISTICS started its implementation and met the targets on schedule over the intervening years. Apart from certification in accordance with ISO 50001, we have meanwhile successfully completed the energy audits for an additional 26 locations in accordance with DIN EN 16247. In the AUTOMOBILE Division in 2017, we launched a review of the measures pointed out within the framework of this auditing and initiated follow-up action.

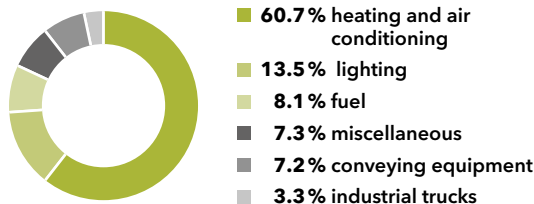
At the end of 2016, our energy management system (EnMS) in the CONTRACT Division was certified according to DIN EN ISO 50001 at 22 locations. In the reporting year, a successful planned audit took place during which the Düsseldorf location set up in 2016 was also incorporated into the certificate.

Also included in our energy management system is the issue of energy efficiency in procurement. This is another criterion alongside price, delivery reliability, and delivery period. It plays an important role especially in procurement areas that have impacts on essential energy use. We communicate this point in supplier talks, and it was anchored in our General Terms of Contract and Purchase in 2016.

[www.blg-logistics.com/en/gtcbcr](http://www.blg-logistics.com/en/gtcbcr)

### CONSUMER GROUPS BLG CONTRACT 2017

in %



Involving in-depth logging of all consumers and simultaneous recording of energy consumption patterns, EnMS ensures we quickly identify anomalies and deviations. It also enables us to establish the main consumer groups. In the industrial and retail logistics areas of our CONTRACT Division, most of the energy requirement is attributed to the on-site systems and consumers in our buildings, above all heating, air conditioning, and lighting. In 2017, we placed an increased focus on these major energy-consuming areas for analysis and energy efficiency measures.

#### Sensitization and training of staff

An important factor for improving our energy efficiency is the attitude of our employees toward this topic. That's why training sessions about energy and resources are a major part of our energy management system.

Our energy officers were trained externally with respect to the general requirements of ISO 50001 as well as internally about the specifications of the BLG system. The Quality Management Department of our CONTRACT Division is responsible for system support, while the Sustainability and New Technologies Department answers questions on energy and technical matters. It also provides support in the form of specially designed manuals. The topics of these manuals include systematic recording and evaluation of energy-related data, planning and implementation of measures, as well as technical topics such as heating/air-conditioning technology and lighting. Available on the Intranet are a set of measures on energy efficiency and our „TechnikAtlas“ - a platform for collecting examples of best practice and enabling an exchange of experience.

The energy officers at the certified locations also perform the function of disseminators. They train all employees at their locations on the energy management system.

#### Environment management system

We also take responsibility for the environment with our environment management system (EMS). This has been certified according to DIN EN ISO 14001 at all German auto terminals and transport hubs of our AUTOMOBILE Division as well as at five more locations of the CONTRACT Division ever since 2004.

[www.blg-logistics.com/certificates](http://www.blg-logistics.com/certificates)

#### Energy efficiency

The revised version of the Ecodesign Directive (2009/125/EC) on the European level was passed in 2009. It was transferred by Germany into national law in 2011 in the form of the Energy-Using Products Act (EBPG). The EBPG results in new requirements for the lighting technology previously used in many BLG locations in Germany. After the production ban on conventional light bulbs, the production of commonly used mercury-vapor lamps was also banned as from January 1, 2018. The reason is that these bulbs no longer meet the efficiency criteria, which have been successively raised. Alongside rising electricity costs, this regulation also increases pressure on us to systematically replace old lighting systems in our industrial buildings and outdoor areas with energy-saving and cost-saving products.





In 2017, we installed a test field for various **LED** hall downlights at BLG retail logistics in Bremen. We tested a total of seven promising makes, looking at general criteria. These were energy efficiency, color reproduction, and radiation angle. We also examined BLG-specific requirements such as easy and fast replaceability of the old lamps and use of the available infrastructure. We found that the modular design of some lamps created an especially large synergy effect. With the aid of these tests, we can now focus on lamps that meet our requirements and facilitate a systematic changeover.

Heating systems are the biggest energy consumers, and even low investments in their controls can have a significant effect on the energy consumption of a logistics building. We created the conditions for this with a systematic analysis of our energy consumption figures at all our ISO 50001-certified locations. For instance, in 2016 at our industrial logistics site in Böblingen, we identified a defective control element in the heating system after detection of an anomaly in the pattern of the monthly energy consumption. Using digital control technology enables finer mapping of the utilization-dependent temperature curve. The control system „knows“ the extent of the pipe network and the heating system performance. Taking inertia into account, it calculates the most energy-efficient heating phases. Thanks to the **heating control** specially calibrated for the location, we save 370,000 kilowatt-hours of gas per year (some 27 percent of the total energy consumption of the location).

At our retail logistics location in Melle, we were able to switch off the heating units in one building because of changed customer requirements. However, the annual **energy analysis** carried out as part of our energy management revealed a relatively high base consumption despite this switch-off. More in-depth analyses showed that the pipe system to the deactivated heating elements in the building was still connected to the heating circuit. We were able to use valves to cut off and bypass these

pipes. This targeted action based on the energy analysis results in savings of approx. 164,000 kilowatt-hours of gas - independently of the altered customer requirements. That corresponds to some 20 percent of the total energy requirement of the location. Furthermore, 13 of the 19 lift-truck charging stations were converted to high-frequency technology in September 2017. Among other benefits, they reduce the inrush current peaks, are highly effective, and are more battery-friendly.

**SINCE 2016**

**we've cut our energy intensity in kWh per euro of sales by 6.1 percent**

**-6.1**

At our BLG Sports & Fashion facility in Hörsel, an extensive **energy contracting program** resulted in various energy saving and modernization measures. Large-scale replacement of lighting, modification of the ventilation systems, and modernization of the automatic ironing systems for textiles (tunnel finishers) were carried out jointly with Siemens Building Technologies AG. Beyond the originally planned scope of the project, other areas were equipped with LEDs, heating pumps were replaced by energy-saving pumps, and additional directly driven fans were installed. Work on installing and setting the measuring devices and construction of a cogeneration power station were almost entirely completed in January 2017. Contracting was activated in March 2017. The cogeneration unit fed 407,800 kilowatt-hours of self-generated electricity into our system in 2017. That significantly reduced the electricity volume we purchased from the energy utility. Due to these actions, we were able to cut our supplies of electricity from the energy utility from 2015 to 2017 by some 1.63 million kWh. This is equivalent to some 30 percent of the electricity consumed by the location.

**Electromobility** remains an important issue for us – not only because of increased customer orders for conversion and processing of electric cars in our technology center and for electric car transports. After the launch with our first electric pool vehicle in 2012, we now use seven e-vehicles, and three more were ordered at the end of 2017. Three charging stations are in operation. The charging station in front of our Bremen headquarters is part of the public charging infrastructure. E-vehicle users can charge their batteries there free of charge with 100-percent green electricity. Electric trucks are also an issue for industry. During the reporting year, a Master thesis examined the competitiveness of battery trucks using one example each from our retail, industrial, and automobile logistics segments. The criteria evaluated were technical feasibility, energy consumption, and greenhouse gas emissions as well as economic viability. The study shows that, compared to a conventional diesel truck, an e-truck easily wins in terms of energy efficiency and emissions (especially when it uses renewable energy sources). However, everyday use of e-trucks is not yet economically viable.

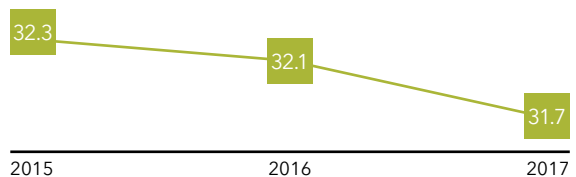
BLG LOGISTICS uses its own diesel trucks in both Divisions. They are included in our energy and greenhouse gas balance sheets. Apart from our own fleet, we also use subcontractors, especially in the forwarding and automobile transport areas (see also the interview on ▶ pages 46 and 47).

To reduce **diesel consumption** for our own automobile transports in the AUTOMOBILE Division, we are continuing to modernize our fleet. At the end of 2017, BLG AutoTransport owned 203 trucks in Germany. A total of 82 new vehicles was purchased in 2015 and 2016, and in 2017 another 37 were added. This means 80 percent of our fleet now complies with the EURO 6 standard. Replacement will continue in 2018.

Driver training is also one of the continuous measures we take to reduce fuel consumption. Consumption and other driving data are recorded via the „Fleetboard“ telematics system. On the basis of this data, reports are prepared and grades given for driving style - taking into account vehicle operating conditions. The consumption data is displayed at the locations. Aside from the mandatory modular training, including eco-training for the driver's license, we organize regular driver training by BLG instructors as well as targeted follow-up training in the event of a poor assessment. The training courses are also offered to subcontractors.

#### SPECIFIC DIESEL CONSUMPTION OF OWN AUTOMOBILE TRANSPORT FLEET

Liters/100 kilometers



Through modernization of the fleet and regular driver training, BLG automobile transports once again reduced its average diesel consumption in the reporting year. At 31.7 liters per 100 kilometers, the figure is 0.4 liters below that of the previous year.

These and many other measures contribute to reducing our energy intensity. From 2016 to 2017, our energy intensity was reduced by 6.1 percent to 0.317 kilowatt-hours per euro of sales.

**Greenhouse gas emissions**

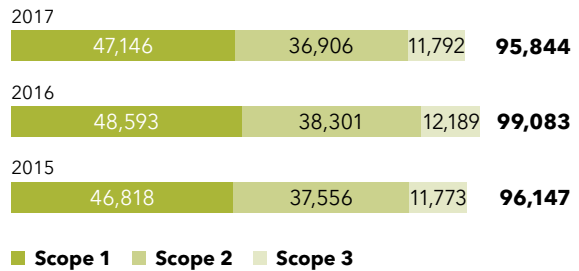
Generally, increased energy efficiency means lower greenhouse gas emissions. At BLG LOGISTICS, we've been calculating our CO<sub>2</sub> equivalents (CO<sub>2</sub>e) since 2011. This includes not only carbon dioxide, but also other gases with a high greenhouse gas potential, such as methane and nitrous oxide.

In this report, we state direct and indirect greenhouse gas emissions separately for the first time. To do this, we use the principles of the Greenhouse-Gas Protocol (GHG Protocol). We distinguish between Scope 1 (direct emissions from the combustion of natural gas, heating oil, diesel, and gasoline), Scope 2 (indirect emissions from electricity generation), and Scope 3 (further indirect emissions that result from the production and transport of energy energy carriers).

For the CO<sub>2</sub>e calculation of gasoline and diesel vehicles, we use well-to-wheels emission factors (WTW) from the DIN EN 16258 standard introduced in 2013. This includes all CO<sub>2</sub>e emissions from the provision of the energy carriers used by the vehicle through to the operating phase. Also taken into account is the proportion of biodiesel or ethanol. For calculation of the emissions from other energy carriers including the upstream chains, we apply CO<sub>2</sub>e emission factors from the global emissions model of integrated systems (GEMIS) of the International Institute for Sustainability Analysis and Strategies (IINAS). The emission factor used for electricity is valid throughout Germany. We regularly adjust the emission factors in compliance with the adjustments in GEMIS, also retrospectively.

**ABSOLUTE GREENHOUSE GAS EMISSIONS**

Broken down according to direct and indirect emissions (tCO<sub>2</sub>e)

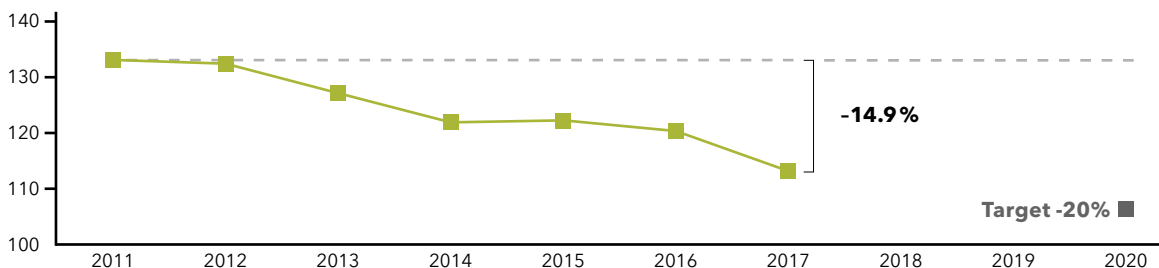


In 2017, our absolute greenhouse gas emissions decreased just like our absolute energy consumption. To be able to indicate the development of greenhouse gas emissions with regard to our business activities, we calculate the greenhouse gas intensity every year. Due to our extremely varied processes and business operations, and to enable reference to the base year 2011, we calculate the relative CO<sub>2</sub>e emissions on the basis of sales. We take account of all emissions from Scopes 1 to 3.

We are well on target to reduce our specific greenhouse gas emissions by 20 percent by 2020. Up to 2017, we achieved a reduction of 14.9 percent compared to the base year of 2011.

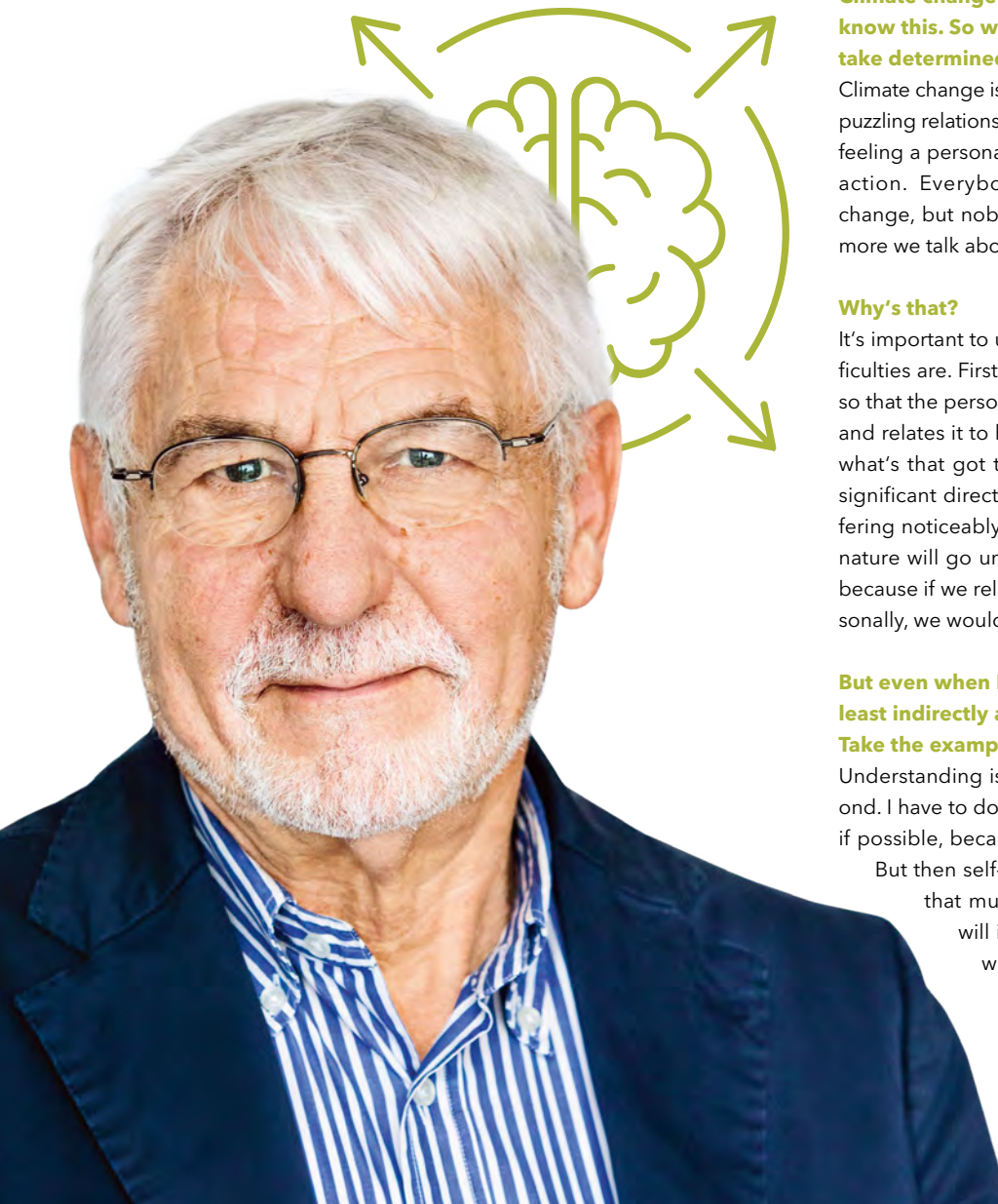
**RELEATIVE GREENHOU GAS EMISSIONS**

From 2011 to 2017 and target 2020 (gCO<sub>2</sub>e/€ sales)



# THINKING INTO THE FUTURE

**INTERVIEW: PROF. GERHARD ROTH**  
BRAIN RESEARCHER AND HEAD OF THE  
ROTH INSTITUTE IN BREMEN



**Climate change is largely manmade. We all know this. So why do we find it so difficult to take determined action?**

Climate change is a classic example of a seemingly puzzling relationship between gaining information, feeling a personal impact, and taking consequent action. Everybody wants to prevent climate change, but nobody does anything about it. The more we talk about it, the less we do.

**Why's that?**

It's important to understand where the typical difficulties are. First, it's about conveying a message so that the person at the other end understands it and relates it to himself. Sea levels are rising, but what's that got to do with me? If I don't have a significant direct personal interest or I'm not suffering noticeably myself, all appeals to my better nature will go unheard. That's a natural reaction, because if we related everything to ourselves personally, we would go crazy.

**But even when I've understood that I'll be at least indirectly affected, I don't do anything. Take the example of flying.**

Understanding is the first step. Action is the second. I have to do something. I know I shouldn't fly if possible, because it damages the atmosphere.

But then self-deception kicks in: I don't fly all that much, and anyway what difference will it make if I stop? Everybody else will keep on flying. We start making excuses for our own failure to act. And we're very inventive here. I only change my behavior when I can see an immedi-



ate benefit. I'd accept electricity lines in my backyard if I knew I would earn money from them now or in the near future. Our reward system doesn't consider the future.

**So we don't develop much from infancy to adulthood?**

Well yes, rationally we know we have to think in the long term, but our subconscious wants a quick reward.

**The German government has abandoned its climate goals for 2020 because it's already clear they won't be reached. What would have to happen to force serious change?**

We would have to suffer more. We'd have to get really scared. But the sea level on our coastline isn't rising noticeably. Things are happening in China because people in Beijing or Shanghai can barely see through the smog. But our air is clear.

So there's no reason to worry. We'd have to experience the problems, either through serious suffering or through a benefit that's immediately obvious. For instance, if I change to public transport, it needs to pay off within a year. I'm not going to leave my car in the garage for the good of mankind.

**Does this only work through suffering, or also through incentives?**

Unfortunately, negative impressions have twice as much impact as positive ones. Suffering is the more important motivator. It's a positive thing when a disaster doesn't happen, but it isn't perceivable.

**But governments could create a system of penalties and rewards that would change behavior. For example, they could make individual driving more expensive and simultaneously offer attractive public transport, right up to free travel into city centers.**

Well, politicians don't do that because they know people wouldn't accept it. I have to walk to the bus stop even when it's raining. Taking the car is faster and more convenient. The same rule applies: The reward I get for changing my behavior has to be roughly double the reward I get from my own brain for continuing to act as before. This has been proven empirically. The brain rewards carrying on as before and sticking to habits by releasing natural feel-good substances. On the other hand, change means uncertainty, nervousness, disruption of routines.

**That sounds very pessimistic. What levers are there that would cause behavior change despite this?**

Change can be achieved through suffering or rewards. But it's also important to practice a change of behavior. That starts with small steps. They don't hurt and they break down my fear of change.

For this we need role models, examples, and easy, practical solutions. That applies to families as well as companies. Lots of trips can be made by bike instead of car. To motivate their employees, companies could give them job tickets or provide company bikes. It's always about reducing the difficulty and complexity of decisions as well as starting with small steps.



# SOCIAL



# FAIR WORKING CONDITIONS

The great performance and commitment of our employees are crucial factors in our success. We provide people in our region and the other locations with a large number of attractive traineeships and secure jobs, and ensure fair pay. Players in politics and society, and especially our main shareholder the municipality of Bremen, expect nothing less. As one of the largest employers in the Bremen/Bremerhaven region, we're aware of our special responsibility.

## Employment arrangement and extent

The great majority of our employees hold permanent jobs (86 percent). Compared to the previous year, this proportion has decreased by some 4 percent. Most of the limited-term employment arrangements result from the often short periods of our customer contracts. At BLG LOGISTICS, 95 percent of our employees work full-time. Part-time jobs were occupied mainly by women (81 percent).

## EMPLOYMENT ARRANGEMENT AND EXTENT

Basis: Germany 8,554 employees (status as at Dec. 31, 2017)

Employment contract	total in %	of which male in %	of which female in %
Permanent	86.0	78.5	21.5
Temporary	14.0	78.5	21.5
Employment type			
Full-time (100%)	95.0	78.0	22.0
Part-time (<100%)	5.0	19.0	81.0

## Collective pay agreement

Fair and socially just pay is a key factor in making BLG LOGISTICS an attractive employer and boosting employee

loyalty to the company. We pay our employees on the basis of the collective agreements usual in our industry, or in individual cases at comparable rates.

## TARGET

100 percent  
collective  
agreement  
coverage at  
our locations

# 100

In the reporting year, we succeeded in achieving a 98.7 percent collective agreement coverage at our existing locations. Wherever we take over new businesses, for instance the Kitzinger group in the reporting year, we tackle the job of integrating these workforces into our company as quickly as possible. We achieved this target at the locations of the FORTRA GROUP, in the new logistics center in Düsseldorf, and in Leipzig by the end of 2017.

## Practiced codetermination

We maintain a constant dialog with our employees. An intensive codetermination culture has developed at BLG LOGISTICS over decades. It is exercised at individual company level by the respective works councils and at group level by the employee representatives on the Supervisory Board. This vibrant exchange has generated important input for the development of our company. Practiced codetermination is of special importance whenever the focus is on workplace design, occupational safety and health as well as the compatibility of career and family. Alongside some newly agreed collective pay scales and pay increases, various company agreements were reached at various locations.





### Personnel service providers

Due to the wide fluctuations in the order situation that are typical for the logistics sector, we cannot avoid hiring temporary agency workers. Naturally, the statutory minimum wage also applies to them. In Bremen and Bremerhaven, due to our traditional links with the port, our first choice of workers to balance out order fluctuations are those from the Central Association of German Seaport Operators (Gesamthafenbetriebsvereins, GHBV). These employees are subject to the framework pay agreements agreed with the ver.di labor union for German seaport companies. The establishment of such seaport operators (GHB) was a major achievement that transformed unsteady work in ports into reliable jobs subject to collective agreements and monitored by works councils.

After the decision of the GHB to pull out of the distribution segment in Bremen, BLG LOGISTICS, as one of the individual port operators active in Bremen, offered jobs in our operational companies in Bremen to 331 of the approx. 450 employees threatened by redundancy. On the basis of solutions in previous years, we concluded agreements with the works councils and talked to employees individually to explain to them the employment conditions and contracts. 274 GHB employees accepted the offer and were taken on by BLG LOGISTICS.

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## **WE** aim for a high proportion of own employees while ensuring flexibility for our customers

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In order to be able to balance out order fluctuations or very short-term contracts, we were forced to bring in contract employees from further personnel service providers. When hiring temporary staff, BLG LOGISTICS as a matter of principle does not use companies based outside Germany.

By means of contractual agreements and random checks, we make every effort to ensure private personnel service providers comply with collective pay agreements, the statutory minimum wage, occupational safety, and payment of all hours worked.

At our German locations in 2015 and 2016, we transferred a total of 720 employees from GHBV into the BLG permanent workforce. In 2017, we added another 274 people, plus some 400 temporary workers from other personnel service providers, including 128 in Wackersdorf alone. As from December 31, 2017, we employed 66.4 percent own staff, 8 percent GHBV employees, and 25.6 percent employees from other personnel service providers. This meant the proportion of own BLG employees increased by some 3 percent on the previous year.

### Equal opportunity

BLG LOGISTICS is committed to the principle „equal pay for equal work“. We make no distinctions between our three employee groups permanent employees, GHBV, and temporary workers when it comes to contractually specified work assignment flexibility (e.g. deployment at short notice for overtime, weekend work, and other assignments).

With effect from April 1, 2017, the new Temporary Employment Act (AÜG) came into force. It specifies equal pay after an employment period of nine months, transfer to permanent employment after a period of 18 months, and defines high standards for monitoring these time periods. To ensure compliance with statutory requirements, a working group was set up that supports the operational areas in implementing legal regulations.

Further details of anti-discrimination and equal opportunity policies are contained in the following sections. We also require our suppliers to comply with standards of fair working conditions. This is anchored in our General Terms of Contract and Purchase.

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

# TRAINING AND EDUCATION

Logistics relies on human activity. Our employees are key to our success and constitute one of the most significant stakeholder groups of BLG LOGISTICS. Demographic change is also a big issue for BLG LOGISTICS. The effects of an aging population include longer working lives and a shrinking number of young people on the employment market. That's why one of our central objectives is attracting and retaining employees.

Our HR Department is responsible for all aspects concerning our employees, including our various qualification programs. If they have questions, problems, or complaints, our employees can always contact their local HR Department and the Human Resources Manager on site. Further support is available from our compliance system and works councils.

## Traineeships

The high qualification and motivation of our workforce is a crucial requirement for the quality of our services. To make sure we have sufficient specialists at our disposal for our diverse range of services in the future, we carry out training ourselves. In 2017, our German locations took on 80 new trainees in twelve different training occupations: warehousing logistics specialist, warehousing specialist, office management staff, management staff for freight forwarding and logistics services, industrial management assistant, IT specialist for system integration or application development, construction mechanic, mechatronics specialist, automotive mechatronics technician, professional driver, and automotive painter. In a dual study program, participants can also obtain a Bachelor degree in forwarding, transport, and logistics.

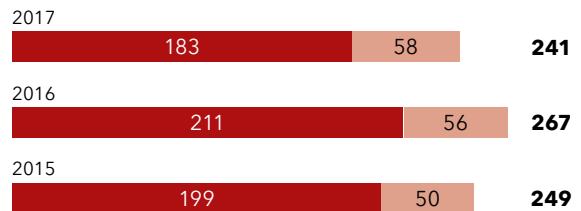
[www.blg-logistics.com/careers](http://www.blg-logistics.com/careers)

After 2016, when the number of trainees at BLG LOGISTICS reached a new high point with a total of 267, the number of trainees dropped slightly in the reporting year to 241. The reduction was mainly in the area of warehouse

logistics. That's because it has become extremely difficult to find suitable applicants for this professional field. We responded to this by offering a trainee program for warehousing specialists for the first time in 2017. As part of the company's guarantee to take on all trainees with appropriate personal aptitude, we made all suitable graduates a job offer this year, too.

## TRAINEES

Numbers BLG LOGISTICS (incl. GHBV)



■ Commercial ■ Technical/trades

## From work to traineeship

In close cooperation with the employment agency in Bremen, we revived the „from work to traineeship“ program. It gives youngsters without a professional qualification the chance to prove their suitability during an internship at BLG LOGISTICS. If they are successful, they can go straight into an initial qualification program or a traineeship. In the first test run with a total of four young men, we were able to gain a participant for an initial program leading to the qualification of warehousing specialist.

## Further training

In a working world that is changing dramatically, the qualifications once acquired no longer suffice for a complete working life. That's why we regularly invest in staff development measures. In talks with our employees, we develop offers to expand their competencies in line with



their individual requirements and inclinations as well as the qualification demands of our company. In the reporting year, we organized and carried out 185 seminars and courses on key subjects such as leadership, social, and method competencies as well as developing specialist and technical skills. That's equivalent to a 65 percent increase on the previous year. The time spent on these activities totaled 2,670 employee-hours, which was significantly more than in 2016 (1,602). So in 2017, we invested more in personnel development activities than ever before.

### Manager development

There was a particular focus in the reporting year on boosting leadership competencies at all levels. As part of our strategy process, we've developed a uniform leadership philosophy we are now implementing in our „Take the Lead“ manager training course. We plan to train all our management staff (210 groups of 14 participants) in the four modules „Leading Teams“, „Leading Individuals“, „Leading Yourself“, and „Leadership Workshops“ by 2020.

Additionally, all BLG employees on functional levels 2 to 4 will attend central courses on subjects such as dealing with addiction problems, conducting talks, and absence management. The focal points in our CONTRACT Division are leadership competence, intercultural competence in daily work, and labor law. We are currently examining whether the training courses currently taking place at the Chamber of Commerce in Bremen can be adopted in a nationwide BLG standard.

In order to develop future managers, we invited 19 employees to assessment centers in the reporting year. Based on their results, we offered them suitable development opportunities. 2017 marked the tenth edition of our two-year Junior Management Program (JMP) with a total of ten participants, half of them women. Through our JMP, we train executives for the special demands of our com-

pany in a targeted manner. Meanwhile, a total of 151 employees have absolved the program, and 38 of them have achieved a position on functional level 3 or higher. 66 percent of the participants still work in our company.

**WE** want to  
give **100 percent** of  
our employees regular  
assessments

**100**

### Evaluation of potentials and assessment system

At our locations in Bremen and the auto terminal in Bremerhaven, we introduced a new potentials evaluation and assessment system in cooperation with the works councils. This system will successively be expanded to cover all our locations. It is designed to ensure that in future all employees will be invited annually to talks with their superiors where they will receive feedback on their performance according to fixed criteria. This will include defining training opportunities, if necessary. Furthermore, an evaluation of potentials will be compiled for each employee every year. On the basis of this, individual development plans will be drawn up for suitable employees. During the first year of our new system, we analyzed the potentials of more than 800 employees. Introduction of the evaluation system requires the consent of the relevant works council in each case.

### Intermediate assistance programs

To cover gaps in retirement pension provisions, BLG LOGISTICS offers a social insurance program. This is an employee-financed system which supports employees with bonuses that depend on results. A total of 2,230 employees participate in this insurance plan (previous year: 2,037). When an employee retires, he or she meets with the HR Department to find an individual solution.

# EMPLOYER ATTRACTIVENESS

Our employees are one of the most important factors in the development of our company. Only with a motivated workforce that identifies with BLG LOGISTICS can we continue to offer our customers compelling services in the future. So being an attractive employer is a high priority. That's why we show current and potential employees how we value them. We give them clear framework conditions through structured leadership, plus individual and flexible working time models so they can reconcile working and family life. Furthermore, we offer personal development opportunities, a wide range of promotion possibilities, and transparent career paths. One measure of our attractiveness as an employer is the fluctuation rate of our employees. This can indicate a certain degree of uncertainty and dissatisfaction. Fluctuation is also a significant cost factor due to high expenses for attracting new employees and settling them in to the job.

## **Strong employer brand**

As a logistics service provider, we need qualified personnel in all areas. That means both university graduates such as MBAs, engineers, and IT specialists, and skilled employees with commercial or trade qualifications, e.g. drivers and warehousing specialists. To further boost our profile as an attractive employer and successfully compete for specialist personnel, we offer among other opportunities a wide range of varied traineeships and a dual Bachelor course (see section "Training and education" on ▶ pages 30 and 31). In 2015, we set ourselves the goal of positioning BLG LOGISTICS as an attractive employer brand and boosting the level of awareness of our company. We made good progress on this front in the reporting year. That meant we

were able to disband the „Employer brand“ working group and transfer the measures it had drawn up into regular processes. Now this area is controlled centrally by the HR Department of the holding company. We take part in a large number of training and job trade shows, promote our nationwide offer of traineeships and jobs on our website and on social media, and launched our own Facebook career page in mid-2017: [www.facebook.com/BLGKarriere](https://www.facebook.com/BLGKarriere). To make the application process as easy and effective as possible, we use our „sure application process“ introduced in 2016, as well as easy-access job portals. After every job interview, we invite applicants to rate us on employer rating platforms.

Once again in 2017, we ranked first in the logistics sector in the annual „Career opportunities“ evaluation of FOCUS-MONEY magazine. Over the reporting year, the magazine also awarded us top marks for the career opportunities we offer university graduates, engineers, and IT specialists.

## **Compatibility of career and family**

To increase our employer attractiveness even more, we meet our employees' needs with support for their work-life balance. As long as this is possible from an organizational viewpoint, we grant requests for part-time work. Usually, we are able to approve 85 percent of applications for part-time jobs. We support parents with offers such as flexitime models and trust-based working hours for non-tariff employees.

BLG Holding was first certified with the berufundfamilie® („job and family“) audit in 2007. We were successfully



recertified in 2017. The other certified companies include BLG AutoTerminal Bremerhaven, BLG AutoTec, and BLG Handelslogistik. The focus of our arrangements is on individual, flexible working hour solutions so that our employees can cope with exceptional challenges such as caring for children as well as the elderly and sick. In 2017, we defined new shift models and options for reducing working hours in the agreements of various companies. These provisions go beyond the legal framework. For example, a company agreement was reached at AutoTerminal Bremerhaven for a new working time model for drivers. Following a thorough test phase, the new six-hour shift model on five working days makes it easier to balance career and family. That makes the job attractive for a wider group of people. The test phase was highly successful, both for employees and our company. We plan to hire approx. 100 employees for the new part-time model.

### Employee satisfaction

Our „Great Place to Work®“ employee survey gives our workforce a regular chance to evaluate strengths and weaknesses of BLG LOGISTICS. We derive actions from the answers, which we then implement. In the reporting year, we prepared a new survey to be launched at the beginning of 2019. The last time we conducted the survey among employees of BLG LOGISTICS and Gesamthafenbetriebsverein (GHBV) at all our German and some foreign locations was in 2014/2015. Based on the findings, we formulated 561 measures that focused on communication and information as well as appreciation and recognition of performance. We fully implemented the measures in 2015 and 2016. Now feedback talks, manager training courses,

transparent career paths, and systematic promotion are included in our staff development tools. In 2017, we applied the new instruments widely and anchored them in company agreements.

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**OUR** current fluctuation quota is  
**2.98 percent**

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### Fluctuation

At BLG LOGISTICS, we recognize that one powerful indicator of employer attractiveness is the fluctuation quota. We calculate this figure from the number of employees leaving of their own accord in relation to the average number of employees throughout the business year. The data from our personnel accounting and information system delivers the basis for this.

In 2017, 223 employees left BLG LOGISTICS at their own request. This means the fluctuation quota increased slightly from 2.50 percent in 2016 to 2.98 percent in the reporting year. In the previous year, we already recorded an increase of 0.66 percent. Here, the development at BLG LOGISTICS follows the general trend on the German employment market. Analyses show that the current situation on the German employment market has led to a steady growth in fluctuation over recent years. Experts consider a fluctuation quota due to employees leaving of their own accord of up to five percent to be healthy.

# OCCUPATIONAL SAFETY AND HEALTH MANAGEMENT

Protecting the safety and health of our employees is a top priority for us. Well-being and health are key factors for our joint success. As a service provider, we depend on the high-quality and efficient work of our employees. To support this, we've developed a company health management system with an extensive range of activities. It includes targeted prevention, ergonomic workplace design, comprehensive occupational safety, and stress reduction.

On the Board of Management, our Labor Director is responsible for this area. Direct contacts for employees are the central company health department, company physicians, the social counseling service, and the representatives of persons with disabilities. The Central Holding Safety and Environment Protection Department supports health management in terms of occupational safety. This department provides our occupational safety officers who regularly conduct inspections of workplaces and work processes to check preventive safety measures, and organize training courses. The central department is regularly inspected by the work safety assessment organization Gesellschaft für Qualität im Arbeitsschutz (GQA). Once again in 2017, it was certified with the GQA seal of quality. The seal affirms that the department meets all requirements for providing qualified and comprehensive advice regarding occupational safety.

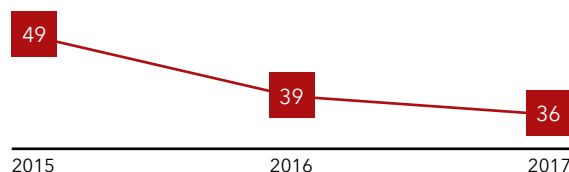
## Occupational safety

In logistics, physically strenuous work is common. In the port and in warehouses, work proceeds at a fast pace. Special safety precautions are necessary at the interfaces between humans and machines. This is where a regular analysis of working conditions, staff instruction as well as appropriate medical advice help to make the work environment and workflows safe.

For five years now, BLG LOGISTICS has been using the „My Ticket“ software to record and systematically evaluate occupational accidents (including accidents during commutes). In 2017, the reportable accidents (absence from work of more than three days) across all BLG companies in Germany declined in comparison to the previous year for the fourth time in succession. The figure for 2017 was 328 reportable accidents. Additionally, there were 47 reportable accidents during commutes. The accident rate (without accidents during commutes) based on 1,000 full-time employees dropped from 39 in the previous year to 36 in the reporting year. This continued positive development is attributable to implementation of insights from the study of past accidents as well as many preventive measures. There were no cases of death during the year under review.

## REPORTABLE ACCIDENTS

Number per 1,000 employees



For data protection reasons, accident statistics are not broken down according to gender. Our accident figures include not only our own employees, but also those of Gesamthafenbetriebsvereins (GHBV). 88 of the reportable accidents in the year under review affected GHBV employees. It is not possible to record data about staff from other personnel service providers because BLG LOGISTICS does not receive full data from these companies. We plan to examine the accident statistics at our foreign companies in 2018.



What helps reduce work accidents even further is above all the no-compromise implementation of the prevention principle. This is an area where our employees can do a great deal themselves. Ilyas Ryari, an employee in Retail Logistics, received the „Golden Hand“ prevention prize in November 2017. Our BGHW insurance organization awarded the prize for his systematic and simple concept to reduce ladder accidents.

### Health promotion

To preserve the health of our employees, we are committed to their well-being. Once again in 2017, we held health days in Bremen and Bremerhaven as well as at other locations to inform and sensitize employees about health risks. Focal points in the reporting year were preventing back pain and promoting healthy eating. We organized campaigns and training sessions concerning a healthy lifestyle and addiction disorders for our trainees.

Healthy living is also the aim of our „Fit & Fun“ program, which subsidizes regular visits to the gym. In 2017, 1,304 employees took part, which was 58 more than in the previous year. We regularly take part in the „Bike to Work“ campaign and support running events around Germany. In 2016, we launched a company agreement designed to tackle abnormal behavior in connection with substance abuse. In this context in 2017, we trained 159 executives to sensitize them on how to deal with any employees affected. Furthermore, we offer our employees comprehensive social counseling, which they can make use of if they have work-related or private problems.

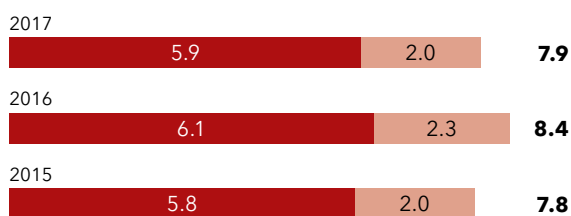
### Company integration management

After the successful introduction of our company integration management (BEM) system, we conducted absenteeism talks again in 2017 and initiated BEM procedures. Our integration management supports employees in returning to work after sick periods of longer than six weeks within the last twelve months. Together we develop assistance measures such as gradual reintegration or medical and occupational rehabilitation programs. During the absenteeism talks, we attempt to clarify whether the workplace has impacts on the disease and what can be done to restore and sustain the capacity to work. With these instru-

ments, we aim to promote the long-term health of our employees, thereby reducing absenteeism due to sickness. Increasingly, we are integrating our health management instruments in company agreements. With this, and with our systematic training of superior officers, we go beyond statutory requirements.

### WORK INCAPACITY RATE

Absentee hours due to sickness/target working hours in %



■ With continued pay ■ Without continued pay

The work incapacity rate at BLG LOGISTICS in 2017 decreased by 0.5 percent to 7.9 percent in the previous year. The work incapacity rate with continued pay fell by 0.2 percent to 5.9 percent. These reductions indicate the positive effect of the systematic implementation of our health management. The calculations are based on data from the BLG locations of our time management system. Seven companies still had a rate of over 5.9 percent in 2017. Here, we are planning further intensive training activities for executives, plus many talks and other measures in 2018.

# DIVERSITY AND EQUAL OPPORTUNITIES

Diversity and equal opportunities play a large role at BLG LOGISTICS. We see diversity as a challenge, but also as an opportunity for our development in a globalized world. Currently, we employ people from more than 60 nations with different cultural backgrounds and experience. We respect and support this diversity because we see it as a basis for closeness to society and our customers as well as a source of new ideas. By recognizing and promoting the varied potentials of our employees, we create economic advantages for our company.

## AGE STRUCTURE AND GENDER DISTRIBUTION ACCORDING TO EMPLOYEE CATEGORY

Basis: Germany 8,554 employees (status as at Dec. 31, 2017)

	Share in age groups in %	of which male in %	of which female in %
<b>White-collar employees</b>			
< 30 years	23	55	45
30 to 50 years	51	57	43
> 50 years	26	65	35
<b>Blue-collar workers</b>			
< 30 years	13	82	18
30 to 50 years	52	82	18
> 50 years	35	78	22

### Diversity management

We see diversity as an important success factor and an enrichment of our corporate, leadership, project, and codetermination culture. To reflect this, we've developed a diversity concept that covers the entire workforce. Our diversity management is based on our Code of Conduct, the Charter of Diversity, and other supplementary agreements such as a company agreement on careers paths.

Furthermore, the diversity concept is anchored in our corporate values and leadership principles, which we revised and updated in 2017. The principles of these regulations are implemented in recruitment decisions as well as qualification programs at BLG. Nine executives and Human Resources Managers attended our „Intercultural Competence in Daily Work“ seminar to hone their awareness in this area. Within the company, Human Resources is responsible for the strategic determination of our diversity management, its conceptual further development, and for advising and supporting the Board of Management. Additionally, the HR Department is the first point of contact for all our employees when it comes to diversity issues. The results achieved here are documented for the Board of Management and Supervisory Board at least once per year.

### Charter of Diversity

In 2016, BLG signed the Charter of Diversity within the framework of a project carried out by the business association Unternehmensverbands Bremische Häfen (UBH). Companies all over Germany commit themselves to diversity at work through this charter. It is our goal to create a working environment free of prejudice. All our employees should feel valued irrespective of gender, nationality, ethnic origin, religion or personal outlook, disability, age, sexual orientation, and identity.

[www.charta-der-vielfalt.de/en/diversity-charter](http://www.charta-der-vielfalt.de/en/diversity-charter)

In 2017, we took part the project ChancenVielfalt Bremische Häfen (Diversity in Bremen's Ports) in cooperation with the UBH and the Maritimes Kompetenzzentrum (ma-co), with funding by the European Social Fund. Together with our partners, we organized training courses for more than 400 employees, which instructed our executive staff in subjects such as intercultural competence at work.





### Focus on diversity

Surveys of our employees as well as feedback from employer platforms indicate that our employees value the equality of opportunity in our company. We've developed a large number of projects designed to meet as many wishes and needs as possible. Among other things, we organize language courses for employees with a poorer command of German to boost their chances of gaining a permanent job. We support the integration of young refugees on the employment market by offering them internships, initial qualifications, and traineeships. Meanwhile, we have eight young refugees working for us. In 2016, we developed a non-discriminatory application procedure. Applicants have given it a positive rating, and we will continue to use it. Furthermore, with our „Training through work“ program, we give young people a chance who have so far not found a place on a training course. To help young parents enter employment, we offer part-time trainee programs that enable them to combine training and childcare.

In December 2017, we received the Bremen diversity award „Der Bunte Schlüssel: Vielfalt gestalten!“ in recognition of our strategy and holistic concept for diversity promotion.

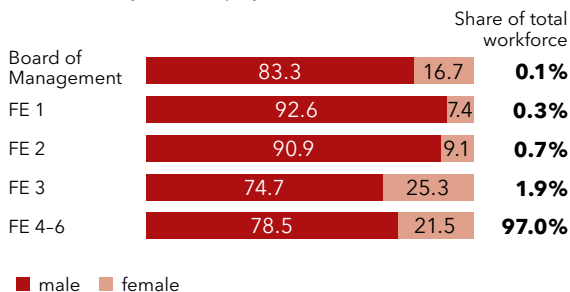
### Women in management

The port and logistics sector in Germany is still male-dominated. It is one of our central goals to further increase the proportion of women in our workforce, especially in management positions. Currently, we are delighted to have Andrea Eck as our first woman on the Board of Management.

The proportion of women in our workforce is growing slowly but steadily. At the end of 2017, it reached 21.5 percent in our German companies.

### PROPORTION OF WOMEN (FUNCTION LEVELS)

Basis: Germany 8,554 employees (as of December 31, 2017) in %



Looking at the period from 2012 to 2017, the number of women on management levels 1 to 3 has more than doubled. This increase shows we're on the right path with our instruments. They include a program to support up-and-coming managers, which strives for a gender balance, and individual planning for management positions.

## TARGET

A proportion of at least 20 percent of women on management levels 1 to 3 by 2020

# 20

One instrument designed to achieve our goal of at least 20 percent women on management levels 1 and 2 is our "Women in management" program launched in 2017 as part of our equal opportunities qualification drive. For the first round, we selected 16 women in November 2017 based on analyses of their performance and potential. Modular seminars are designed to qualify them for taking on higher responsibilities from the beginning of 2019. The focus of the program is on strengthening the potentials and motivation of female managers through support and mentoring from experienced managers.

# CREATIVE EXCHANGES

**INTERVIEW: PEGGY WENZEL**  
QUALITY MANAGER AT BLG LOGISTICS



Last year, 14 employees of Airbus, BLG LOGISTICS, and Daimler in Bremen participated in a three-month exchange program named CROSS (Competence Rotation Over Several Sectors). The objectives of the pilot project were to boost cooperation skills and willingness to change. Apart from the three-month practical phase in partner companies, the project comprised qualification days and workshops organized by Jacobs University in Bremen. One of the participants was Peggy Wenzel, a Quality Manager at BLG LOGISTICS.

**You worked for three months in the Mercedes-Benz plant in Bremen. What did you find most exciting about the project?**

Well, just being thrown in at the deep end. BLG LOGISTICS is already a large group, but Daimler, especially the Mercedes plant in Bremen, is quite a lot bigger. It was a challenge to find my feet in this huge environment, to understand the organizational structure and procedures, and to find the right contacts. I also had to negotiate a completely different corporate culture. Changing from a service provider to an industrial company was another fascinating aspect.

**You left your comfort zone for unknown territory. What was your motivation?**

I took part in some workshops and an introduction seminar at Jacobs University, which supported the whole project on the academic side. The plant manager of Mercedes-Benz Bremen, the Head of HR of BLG LOGISTICS, and the Head of HR at Airbus Bremen also took part in the launch. I could see from this high-caliber group just how important the project was for the companies involved. That really motivated me.





### What did you do at Mercedes-Benz?

My job was in the final assembly of various types of vehicle. Inside the production shop, I worked in a focus team tasked with developing ideas for optimizing assembly workflows. At the same time, I was assigned to a logistics project dedicated to improving picking processes so that goods arrive on the production line in a way that ensures employees can access them as fast as possible for their specific work stages.

### Did the Daimler employees have any reservations about somebody from another company getting involved in their work?

No, I was surprised how very open they were. Whenever I had any questions, I was always able to ask or call somebody, and they were ready to help straight away. I was fully integrated, just like in my own workplace. At any rate, I didn't feel like an outsider - I was a colleague.

### What ideas for your work at BLG LOGISTICS did you get from your time at Daimler?

Two other BLG colleagues were in other departments at Daimler at the same time. Together, we took away quite a few ideas, for example about technical exchanges and better internal communication. Mostly, it's about a clear allocation of responsibilities and work areas and fast access to this information, for instance in our Intranet.

### What makes Daimler different or better in this respect?

As a producer, Daimler approaches problem solving very methodically. It uses a broad statistical basis with effective data recording and analysis. Employees can access various databases that automatically log the individual production steps, for instance for quality-relevant parts. This is an area where I clearly saw digital change in action. The system provided pre-defined query masks for super-fast evaluation. But the focus team itself could also define what data it needed from what source and in what form. That's how we always had fast access to reliable data we could use for our work.



### Can this be transferred to a service provider like BLG LOGISTICS?

The measurability and transparency in the production process vastly facilitate concrete troubleshooting. As a quality manager, I was really impressed. The approach could certainly be interesting for a service provider like BLG LOGISTICS.

### What did you take away from the project?

It definitely made me willing to dive into completely new areas and projects and to develop creative solutions with other people. It gave me a real experience of agility: I learned how to just get on with it, try new paths, and open up for new ideas. I've always been a pretty open and dynamic person. The project strengthened these qualities in me and got even more out of me. It was a great experience to have the courage to do something new. And what's stayed with me is the network of contacts with colleagues from all the companies involved.

### The overall objective of the CROSS project is to boost willingness to change in an increasingly digitalized world. Is this kind of project suitable for that?

Absolutely. I experienced that personally. CROSS challenged me at exactly these points: openness and the willingness to take on new unfamiliar things. I can recommend it to anybody who has the chance to take part in this kind of project. It's so inspiring, and really expands your horizon.

# SOCIAL COMMITMENT

What we understand by social commitment is much more than being a fair and reliable employer. As a global logistics company with strong roots in the region, we also believe it's important to engage in social, cultural, and educational projects near our locations, as well as to support international aid organizations. Over our 140-year-plus corporate history, it's become part of our self-image that we address important social issues and actively follow them. To establish transparency regarding our commitment, every form of sponsoring has to be approved by the highest decision-making body, the Board of Management.

## Active on site

Already, participants from ten years of our young manager training program have shown their commitment to social projects. In the reporting year, our trainee managers were once again involved in many good causes. Among other things, they supported the annual sports event for sportsmen and women with disabilities in Bremerhaven. They also organized a Christmas tombola to raise money for their project in a Bremen „SOS-Kinderdorf“ children's home. In line with tradition, the Board of Management doubled the amount raised.

As part of their training, our trainees at the auto terminal in Bremerhaven refinished an old Unimog multi-purpose vehicle for the local branch of the DLRG lifeboat service. It will be used in disaster prevention around Germany / 1 /.

We addressed young people directly with two Christmas campaigns. During a tour of the port for children from Bremerhaven, the participants gained exclusive insights into port operations / 2 /. As part of the city of Bremen Advent Calendar event, we donated toys to a Bremen kindergarten as well as money so they could buy a new play kitchen / 3 /.

What's more, for the third time in succession, we invited all primary-school fourth-graders in Bremerhaven to a trip to the Climate House. There, they were able to learn through play about climate, weather, and climate change. And once again in 2017, we supported the charitable activities of our customer IKEA in Erfurt. That resulted in a total of EUR 25,000 donated to social projects. In Bremerhaven, our employees, supported by health insurance company AOK and a local gym, took up the oars on rowing machines to raise money for the „Verein zur Förderung behinderter Kinder und Jugendlicher“, a charity for disabled children and young adults.

## Aid in crisis regions

As a global player, we also support good causes outside Germany. One example is our support for the UN World Food Programme, WFP. Since 2013, we've been supplying the WFP with port capacity analyses in current or potential crisis regions free of charge. In 2017, two port experts from BLG LOGISTICS studied the framework conditions for the handling of aid supplies in areas defined by the WFP. This time, we examined the mouths of the Ganges as well as the Euphrates and Tigris rivers.

In Bangladesh, we assessed two seaports and six inland ports. The focus was on the level of organization in the ports. Due to its geographical location, Bangladesh is frequently battered by natural disasters such as cyclones, flooding, drought, or earthquakes. / 4 /.

Our work in Iraq centered on identifying an alternative supply route to the refugee camps in the north of the country. So far, aid has mainly been delivered to Iraq overland via Turkey. We were able to identify a marine route via the Persian Gulf, using the terminals in Basra and Umm Qasr as an increasingly attractive alternative / 5 /.



**1 / NEW FROM OLD**  
Bremerhaven's trainees refinish an old Unimog for the DLRG.

**2 / SPECIAL PORT TOUR**  
Exclusive insights into port operations just before Christmas for children from Bremerhaven.

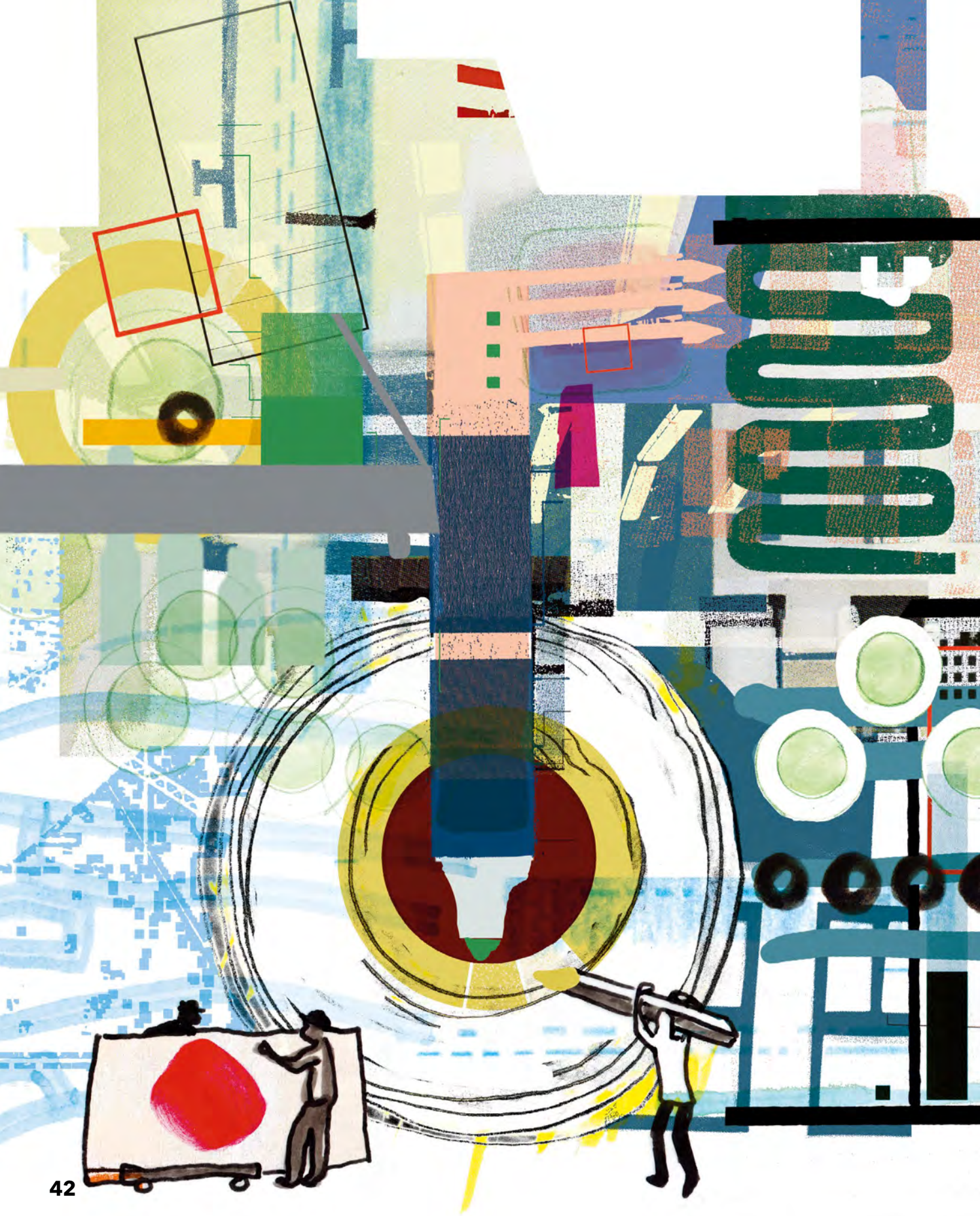


**4 / IN BANGLADESH FOR THE WORLD FOOD PROGRAMME**  
Unloading in Baghabari requires a lot of heavy physical work.

**3 / SPARKLING EYES**  
As part of an Advent Calendar event, we donated toys and money to a Bremen kindergarten.



**5 / IN IRAQ FOR THE WORLD FOOD PROGRAMME**  
Analysis of the container terminal in Umm Qasr.



# ECONOMIC



# COMPLIANCE

Business success and socially responsible actions go together. By complying with laws and regulations, as well as our ethical principles, we're a reliable and fair partner for our employees, customers, business partners, and shareholders.

Reflecting this, we introduced a compliance management system in 2014. Since then, we've continually developed it. We believe it is a key contributor to our sustained success.

[www.blg-logistics.com/en/compliance](http://www.blg-logistics.com/en/compliance)

## Systematically fair

The core elements of our compliance system are our Code of Conduct and Anticorruption Guideline, as well as our Compliance Guideline, which came into effect at the beginning of 2017. The Compliance Guideline also specifies rules for cooperation between our central departments and operational units.

These sets of rules apply for all German companies in which BLG LOGISTICS directly or indirectly holds a share of more than 50 percent or is responsible for management. Companies that are not subject to German law must apply these guidelines in accordance with their national laws.

Our corporate activities are based on our values and standards. With our compliance system, we make it clear we don't tolerate corruption in any form. We prohibit every kind of discrimination. Occupational safety and health protection are top priorities for us. We use resources responsibly and engage in fair competition. We treat the personal data of our employees and customers in strict confidence. Our Code of Conduct and Anticorruption Guideline are binding for all internal and external employees as well as for consultants of BLG LOGISTICS. They give our employees concrete rules of behavior designed to protect them

from impropriety when dealing with customers as well as to prevent damage to the company. The guidelines provide orientation and security in daily work, and show our staff whether their conduct is correct or violates compliance rules.

When we introduced the system, all BLG LOGISTICS employees received the Code of Conduct by mail. New employees find it in their welcoming folder, and temporary workers are told about it in their preliminary instruction talk. Furthermore, the Code is available in our Intranet, alongside the Anticorruption Guideline and the Compliance Guideline. The Intranet also contains information on our compliance system, Code of Conduct, and contact persons. The guidelines are available at our foreign locations in the local languages.

## Our principles:

*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 even that seem to do so.*



At the top of our compliance system is the CEO as our Chief Compliance Officer. A Compliance Officer appointed by the Board of Management has the job of working out and further developing our compliance strategy in coordination with the Board of Management. The Compliance Officer also regularly reports on all relevant compliance issues. As a neutral contact, he answers any questions from employees about the Code of Conduct. He is also the person they should submit suspicions of legal infringements to. An externally designated ombudsman additionally gives our employees and third parties the opportunity to indicate compliance violations anonymously.

### Prevention

The Board of Management and executives of BLG LOGISTICS act as role models in the implementation of and adherence to the Code of Conduct and the Anticorruption Guideline. They are responsible for ensuring that all employees are familiar with and strictly comply with the regulations. The employees have a duty to provide information about serious abuses or suspicions of illegal activity. A core component of corruption prevention is sensitizing our staff and discussing corruption risks openly. For their own protection and the protection of the company, the dual-control principle must be applied in all legally relevant business processes. Every action and every decision must be transparent, professional, and compliant with objective criteria.

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## **WE do not tolerate any corruption, and actively train our employees in corruption prevention**

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We minimize the risk of corruption by holding regular training courses and increasing our employees' sensitivity to compliance issues. Since its introduction in 2015, the Board of Management and all employees on functional levels 1 to 3 have undergone extensive basic training relating to all elements of our compliance system. Basic training is also arranged once per year for new management

staff. Participation is mandatory for all employees invited to attend. We also train our trainee management staff and purchasing teams.

In 2017, five training courses took place with a total of 73 employees. There were new training sessions for the Board of Management and special training courses for especially at-risk areas: specifically, employees in our Forwarding area and sales staff in preparation for trade show visits.

Starting in 2018, we plan repeat training courses for functional levels 1 to 3. Our goal is to carry out refresher courses for at least 95 percent of all employees on these levels within three years. Special training courses are organized as required.

Everybody must know that corruption is not a trivial offense, but a criminal act. Violating the law can have severe consequences for the company. This is why we include crimes such as acceptance of benefits, embezzlement, fraud, and anticompetitive agreements among possible risk factors. Acting as an internal monitoring system, our internal audits regularly check for compliance violations. Furthermore, since business year 2017, the Compliance Officer presents an internal report to the Supervisory Board once per year.

### Compliance in the supply chain

Our General Terms of Contract and Purchasing also address the issue of compliance. We require our suppliers and service providers to observe the basic principle of the United Nations Global Compact. That 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.

[www.blg-logistics.com/en/gtcbcr](http://www.blg-logistics.com/en/gtcbcr)

# DESIGNING INNOVATIVE, CUSTOMER-CENTERED OVERLAND TRANSPORT OPERATIONS

## INTERVIEW: LARS KÜCK

HEAD OF OVERLAND TRANSPORTS  
IN THE BLG FORWARDING DIVISION

### How important is overland transport in the company?

Ever since we gained a new key account in 2007, overland transports have gradually reached a significant level. They're a major contributor to sales. We expect our Bremen branch to handle between 65,000 and 70,000 complete loads in 2018. In May 2017, we took over Kitzinger & Co. with retrospective effect from January 1. This company has a network of branches all over Germany. That adds another 20,000 to 25,000 complete loads on top.

### How would you describe the market position of BLG LOGISTICS in the forwarding area?

We're well placed among medium-sized forwarding companies, and that's where we see ourselves, even though we're a large group. It's important to us that our customers always have a direct contact and aren't constantly put through to new people when they call us. We embody the „one face to the customer“ principle. Both our size and our quality set us apart from the average operators on this market.

### Does BLG LOGISTICS have its own fleet, or do you work with subcontractors?

We work with a completely asset-light model in forwarding. Our fixed agreements with subcontractors give us access to some 280 trucks and more than 600 trailers we can use depending on requirements. And we use platforms to invite bids for further orders.

### BLG LOGISTICS has defined clear sustainability goals. How do you make sure your subcontractors comply with standards of fuel consumption, CO<sub>2</sub> emissions, or drivers' pay?

That's all specified in the contracts. For instance, our fixed subcontractors have to confirm in writing that they comply with the minimum wage law. And we carry out random checks to see that they do. Even when we place individual orders, these requirements are anchored in our contractual terms. It's not just about money, it's about a good working environment. A lot of companies have already fully automated communication with their drivers. They're constantly sending mails back and forward. But we believe personal communication with



our drivers is important, and we prefer to talk to them by phone. This isn't just so we can listen to their problems. It makes us an interface between the drivers and our customers. We can give feedback about things like problems with handling at the ramp.

### How far are you with the transition to Euro-6 vehicles?

More than 95 percent of the trucks we use are Euro-6 standard. Our subcontractors have already started upgrading to Euro-6c. One of our key accounts uses its own program under the name environment performance system, or EPS. This puts us on the spot to also demonstrate sustain-

ability. At the beginning of this year, we were one of the first carriers to start testing a new type of fuel, care-diesel. It's based on fish waste, among other things. The fuel is almost CO<sub>2</sub>-free, smells like water, and burns very cleanly. Trucks from some manufacturers can only use it in Euro-6c models..

**Who bears the costs for e.g. an engine change?  
Do you support your subcontractors here?**

Well, ultimately this is reflected in what we pay. We have to pay our partners reasonable rates so that they can invest in new, greener technologies. It's a matter of give and take. As long as customers are prepared to pay for higher standards, it works.

**What do your customers expect of BLG in terms of sustainability?**

Especially our major customers expect us to constantly improve. That's why we want to think not only about fuel, but also about improving loads. How do you transport less empty space? What effect will it have if we use trailers in our fleet that are three meters high instead of 2.6 meters? It would mean we need fewer trucks and generate less CO<sub>2</sub>. We've pledged to our customers that we'll switch to this size for some of our fleet. This is another area where we help our subcontractors with investment.

**What potentials do you see in electromobility and platooning?**

Well, obviously we're thinking about this because we want to offer our customers the most sustainable transport options. We have a range of alternatives on offer apart from electromobility. With gas, you can significantly cut emissions, but there's a limit to that. One German forwarding company has already ordered the first electric truck from Tesla. The question is, does it really have a range of 800 kilometers? When can we really use fuel cells without losing too much space? I think platooning and semi-autonomous driving are really interesting prospects.

They can help make the profession of truck driver more attractive.

That results in social and economic benefits.



# VALUE CREATION FOR THE ECONOMY

Since 2007, the World Bank has been issuing its Logistics Performance Index (LPI) every two years or so. It evaluates logistics performance globally. In this global ranking, Germany occupied first place in 2010, 2014, and 2016, making our country the logistics world champion. Our industry is key to the economy because high-efficiency logistics is an essential part of daily international operations. We profit from generally increasing demand, additionally boosted by today's growing e-commerce business as well as returns handling in business-to-consumer dealings.

## Financial control

In the reporting year, BLG LOGISTICS reorganized its group control system. As part of the development of our mission and vision as well as a more focused strategic approach, we designed our control system to be as clear and transparent as possible. The key figures of the BLG Group which are relevant for control are earnings before taxes (EBT), sales, and the resulting EBT margin. This sustainability report only gives an overview of the most important figures relating to our earnings.

		2017	2016
EBT	million EUR	33.5	30.8
Sales	million EUR	1,087.8	1,045.6
EBT margin	in %	3.1	2.9

In business year 2017, the BLG Group developed strongly once again. Taking into account current economic development as well as the difficult and volatile political and economic conditions in many regions around the world, we consider our business results to be satisfactory. The BLG Group continued on its successful trajectory in the business year. Compared to the previous year, group sales increased again. At some EUR 1.1 million, sales were slightly higher than expected. Profit development com-

pared to the previous year is also positive. In 2017, the EBT of the BLG Group was higher than the figure for the previous year. Our continued success is backed up by efficient processes, internal restructuring, and strict cost management. Also important here are our sustainable expenditure and investment policies as well as process optimization. The financial management of the BLG Group is detailed in depth in our [Financial Report 2017](#).

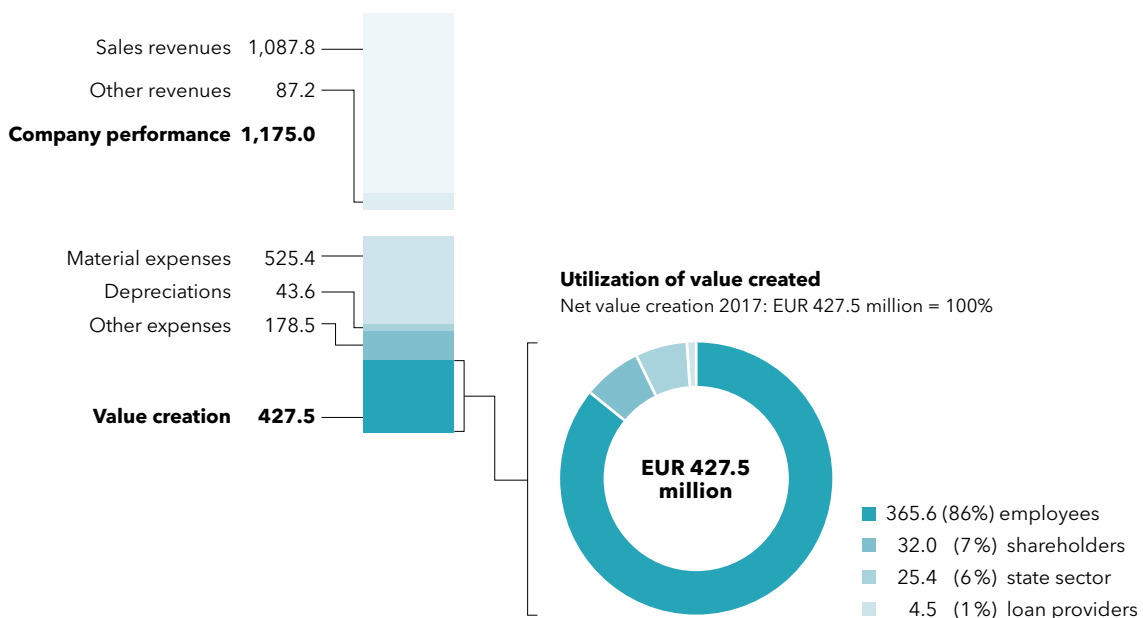
## Value creation calculation

The information about economic value creation and distribution reveals how the organization generated and distributed its assets for its 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 company performance minus expenses and depreciation (excluding personnel costs). In the reporting year, the sum was EUR 427.5 million. The largest part of the value added, at EUR 365.6 million, or a share of 86 percent, was used to pay costs for the employees of BLG LOGISTICS. This includes not only wages and salaries, but also other expenses such as statutory social security and pension contributions. The percentage is unchanged compared to the previous year.

**VALUE-CREATION CALCULATION BLG GROUP 2017**

million EUR



The net value created is calculated from the company performance minus all expenses and depreciations.

The largest part, at EUR 365.6 million and a share of 86%, was accounted for by our employees.

The value created is used not only for personnel expenses, but also to pay interest to capital investors. The large majority of these distributions and dividends went to the main shareholders of the BLG Group, the Free Hanseatic City of Bremen (municipality). Further distributions of profits went to shareholders of fully consolidated joint ventures and the shareholders of BLG AG as well as to interest

payments for bank loans. The remainder was plowed back into the equity capital of BLG LOGISTICS and used to finance expansion investments. Payments to the public purse consisted mainly of taxes and ground rent.

# CUSTOMER SATISFACTION

For any company, everything hinges on customer satisfaction. Quality, efficiency, and innovation form the basis for first-class services and high competitiveness. Longstanding, successful business relationships result from permanent improvements in performance, and long-term contracts make planning more secure. They also make it easier to invest in energy-efficiency measures as well as to reduce temporary employment contracts. Together with our customers, we develop innovative and clear-cut solutions for our mutual benefit.

## Quality assurance

We offer our customers an extensive and varied range of services in contractually assured quality. Internally, there is a constant focus on quality assurance and damage minimization. Our central quality management departments in the AUTOMOBILE and CONTRACT Divisions control the structure, further development, and certification of our quality management systems.

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## **WE** continually examine our quality assurance

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In 2017, we tackled the new requirements set by the International Organisation for Standardisation (ISO) for quality management systems, and gained the much higher ISO 9001:2015 certification. The revised ISO 9001 standard places a stronger focus on extensive and systematic process management as well as risk management for operational processes. Furthermore, it requires a systematic qualification system. That includes documenting the knowledge required for performing processes and making it available to all employees. In this context, our AUTOMOBILE Division developed WIKI AUTOMOBILE. This service provides compact knowledge arranged in just under 50 subject fields.

Links on the platform of the central quality and environmental management system of the AUTOMOBILE Division lead directly to the WIKI entries. Most German and foreign BLG LOGISTICS locations hold ISO 9001 certification. In the AUTOMOBILE Division, all German locations and branches in five other countries are certified.

Wherever we provide industrial logistics services directly next to our customers' production processes or interact very closely with them - such as in retail logistics - we hold regular operational meetings and coordinate activities at management level. This gives us feedback about how our performance and quality are perceived. Auto terminals regularly undergo quality audits by our customers. In transport logistics for finished vehicles, we ask the dealers on site about delivery quality. We also use a questionnaire to systematically evaluate customer satisfaction. Our goal on a scale of one (= very good) to six (= insufficient) is a grade of 2.5. As a rule, our performance is rated higher than that. We investigate any negative assessments together with the individual dealer. Furthermore, BLG LOGISTICS has repeatedly engaged an external institute to carry out customer surveys - most recently at the end of 2017..

## Increased efficiency

Getting a little better every day, avoiding waste, plus permanently optimizing processes and capacity utilization as well as productivity. These elements are increasingly part of our daily work. Since 2015, we've been systematically organizing our processes according to lean management criteria. The focus of this approach is less on technical process automation, and more on a lean organization. It is especially effective in the automotive and automotive supplier industry. At BLG LOGISTICS, the systematic lean approach has led to a new error culture and improved communication structures. By introducing lean working groups in all our contract logistics branches, we are intensifying our efforts to improve the availability, customiza-

tion, quality, and pricing of our services. Simultaneously, we focus on the profitability of our operations. Today, we apply a lean maturity assessment method developed to make our progress and successes transparent and measurable.

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## **WE** increase our customers' efficiency with tailor-made logistics solutions

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In our CONTRACT Division, our logistics configurator helps us develop the complete logistics chain or the perfect, custom solution for each customer. Whether distribution, production, returns, or transport logistics; with the configurator we can provide potential customers with exactly the information about us they require. This boosts not only our own efficiency, but also that of our customers. It also saves time and resources even before an order is placed.

### **Innovation management**

Digital transformation is changing the way we work and also offers new, innovative solutions in logistics. BLG LOGISTICS is actively helping drive the fourth industrial revolution by implementing new approaches, ideas, and technologies. To pool our internal technical expertise and innovative know-how, we put together an interdisciplinary, cross-company innovation team in 2016. Among other tasks, it coordinates the identification of relevant topics and generation of ideas on all aspects of digitalization and Industry 4.0. In cooperation with the specialist departments, these inputs can lead to operational implementations, new long-term research projects, or trials of promising ideas in our „100-day projects“. Over a 100-day proof-of-concept phase, a new solution is tested in a real-life working situation to find out whether it is suitable for reg-

ular application. One solution that passed this practical test in 2017 is the „Freight Quality Tracking“ project. It enables us to provide our customers with almost real-time information about the condition and location of their goods during marine and overland transport. In another project, we are cooperating with a customer to develop an app for paperless overland transport. At the end of 2017, we launched practical trials of passive exoskeletons already available on the market to identify how they can be used in our company. One of three research projects started in 2017 tackles this subject.

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## **TOGETHER** with our customers, we develop innovative processes, and in cooperation with scientific institutes, we carry out lighthouse projects

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Our research and development projects Isabella, IRiS, and KALI, with a total budget of EUR 7.5 million, are supported by the Ministry of Transport and Digital Infrastructure (BMVI) as part of a program to promote innovative port technologies, named IHATEC for short. The Isabella project is dedicated to developing IT tools for planning and controlling the auto terminal. The simulation of scenarios and their visualization on a multitouch table could help planning teams to optimally allocate resources in the future. IRiS is creating a prototype for automated container unloading. The KALI project team is working on the complex task of relieving the strain on employees in contract logistics using active exoskeletons with their own power supply.

Increasing digitalization enables us to bring solutions to the market faster, implement ideas more flexibly, and offer new services.

# EUROGATE

## CONTENTS OF THE NON-FINANCIAL REPORT

The key non-financial performance indicators for EUROGATE concern the fields of environment and employee issues. In the following, we provide a general assessment of the significance of sustainability for EUROGATE.

### **Significance of sustainability**

For EUROGATE, sustainability is above all about securing the future of the group. Therefore, on the basis of stable business development, EUROGATE considers economic efficiency, environmental protection, and social responsibility as equally important in its business activities and internal processes. Adherence to laws and internal guidelines is an imperative basis for daily activities. By ensuring efficient port operations, the EUROGATE companies ensure their customers benefit from reliable goods transport. This is vital because the container terminals are the hubs of international trade. Simultaneously, EUROGATE supports the local economy and provides jobs. Business activities impact on humans and the environment, for example in the form of changes in working conditions or resource consumption.

### **About this report**

This report deals with the main companies. It does not report on the companies in which the EUROGATE Group holds minority shares outside of Germany, because these are not considered relevant.

Due to the different approaches of the GRI-G4 guidelines and the CSR Directive Implementation Act (CSR-RUG) regarding the materiality requirements, we do not use frameworks in our Non-Financial Report 2017.

### **Materiality determination process**

Already available documents such as the materiality analysis of the Sustainability Report or the Risk Inventory formed the basis for the materiality determination. The topics resulting from these documents were discussed in depth from a Group perspective with the relevant departments in various workshops. From this, we derived the main topics for the Non-Financial Report. These are highly relevant to gaining an understanding of the business development and situation of the Group. At the same time, the business activities of the Group have a significant effect on the aspects specified in the CSR-RUG. Our Strategy Department, supported by the Energy Management Department, coordinates this process and also involves the legal representatives of EUROGATE in the decision-making processes.

The process identifies energy consumption (environment issues) and occupational safety (employee welfare issues) as the two main non-financial aspects.

### **Environmental issues - energy consumption**

Our business activities consume large volumes of energy. Energy consumption is a key control parameter in resource management and has a direct effect on costs and therefore profits. Most of our energy consumption results from the use of diesel fuel, e.g. for operating the straddle carriers we use for container transport at the terminal. Other major consumers are gantry cranes, buildings, and lighting. Here, we also use electricity and gas as power sources.

Furthermore, energy consumption is a key environmental issue because it uses natural resources and generates emissions. Apart from the cost aspect, the important social aim of limiting climate change is another motivating force behind the activities of EUROGATE.



The energy management system certified according to DIN EN ISO 50001 plays a core role in the due diligence processes. Regular workshops are held in the Group to analyze energy consumption. Both energy consumption and the completed as well as planned projects of all responsible parties are brought together and presented to the managing directors of the individual companies in an annual Management Review. This review contains an assessment of the improvement in energy utilization compared to targets. Furthermore, energy consumption has been newly included in the risk management process as a risk aspect examined on an inventory page. As an early-warning system, energy consumption analyses must be carried out regularly for each company and each main consumer.

Various large and smaller measures aim to achieve improvements by tackling the major energy consumers. Examples of projects in this area are the changeover to diesel drives in the straddle carriers, or energy recovery in gantry cranes. Currently there are efforts and projects that focus on utilizing energy-saving potentials of straddle carriers. They include training employees in fuel-saving driving and in-depth capture and analysis of consumption data. Especially important here is reducing fossil fuel consumption. EUROGATE constantly examines options for using more energy-efficient technologies. As a result, the lighting on a large number of straddle carriers, gantry cranes, and working areas was replaced by new systems.

Furthermore, EUROGATE generates its own renewable energies from two wind turbines, four photovoltaic systems, and two wood chip power plants. Also in the mix of highly efficient energy generation are three cogeneration plants.

The main indicator for EUROGATE is the percentage energy consumption per container. We regularly check our energy consumption. The following table shows the status.

Goal	To reduce energy consumption per container moved by 20 percent (compared to 2008) by 2020
Status 2016	Reduction of 16.0 percent per container moved
Status 2017	Reduction of 15.7 percent per container moved
Explanation	The planned extra reduction was not achieved. The main reason for this is the increase in handling volume at the Bremerhaven location. The increased energy consumption resulted from a decrease in productivity and associated impacts on all areas.

Status February 2018

### Employee welfare issues - occupational safety

A top priority at all Group locations is protecting all company and external employees from work injuries or diseases as well as maintaining their health. Most work is performed with heavy equipment at the terminal (straddle carriers, gantry cranes) and is open to the weather. Occupational safety is the primary employee-related issue.

It concerns not just health and welfare, but also has a major impact on performance. Especially goods handling in our seaports requires a high degree of safety awareness.

The individual companies and their Managing Directors are responsible for occupational safety management and health protection. They draw up and continually update guidelines and instructions for occupational safety based on their specific workflows and the safety, health, and environment protection principles that apply for all German locations. As part of their duty of care, executives must evaluate dangers and check adherence to guidelines and instructions in their area of responsibility. Each location has

a company doctor and a work safety expert. Safety Officers are appointed. Furthermore, work safety has been newly included in the risk management process as a risk aspect examined on an inventory page.

Various technical and organizational measures have been taken to reduce risks and accidents. The continuous measures include regular training and instruction about safety standards and guidelines for accident prevention as well as monitoring whether these regulations are observed. Standards require that employees follow work protection and safety rules such as mandatory wearing of protective clothing at the terminals. Our officers regularly inspect workplaces to evaluate any dangers there and to devise ways to minimize the risks. Any injuries and accidents that occur are categorized and evaluated.

We also organize safety days at the locations. These day-long events provide workshops and training centered on safety. Executive managers also take part because they perform a special function as role models. In Bremerhaven, notices about accidents are already displayed in the workshops. We plan to install them at other locations as well.

Key figures for EUROGATE are the number of work accidents (accidents at work and during commutes) and the number of fatal accidents. We regularly review the number of accidents as an indicator of work safety. The following table shows the status.

Goal	To minimize the number of work accidents and fatalities.
Status 2016	Work accidents: 277, deaths due to accidents: 0
Status 2017	Work accidents: 296, deaths due to accidents: 0
Explanation	The goal of reducing work accidents was not achieved. The reason for this was a failure at individual companies to take due care in various work situations. We are planning more intensive training in this area.

Status February 2018

### Further aspects

For the EUROGATE Group, the issue of combating corruption and bribery is not considered significant in terms of risks and impacts on business activities. A compliance management system consisting of a Compliance Manual, a Code of Conduct, and an Anticorruption Guideline is in place to adequately deal with the risks of corruption and bribery. All employees are regularly trained to increase their awareness of possible corrupt behavior. They are able to identify suspicious behavior and report it. The goal is to prevent or resolve cases of corruption and bribery and - if necessary - to report them to official investigation authorities. No significant cases were identified in business year 2017. For the EUROGATE Group, social issues and human rights are considered insignificant or of little relevance in terms of risks and impacts on business activities.

A risk assessment was carried out for all significant topics according to the CSR Directive Implementation Act. The assessment examined whether our business activities result in significant risks according to aspects which need to be reported according to § 315b of the Commercial Code in conjunction with § 289c, Paragraph 2, of the Commercial Code. This examination took account of the probability of occurrence and the extent of negative impacts on the various aspects. No risks requiring reporting were identified.

# GLOSSARY

## **Break bulk**

Goods which are not loaded into containers due to their particular nature. Examples of this are machines, plants, and steel and forestry products.

## **CO<sub>2</sub> equivalents**

Uniform measure of the greenhouse effect of various greenhouse gases. The reference measure is CO<sub>2</sub>. DIN 16258:2013-03 takes the following gases into account: carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFC), perfluorocarbons (PFC), and sulfur hexafluoride (SF<sub>6</sub>). These six gases are also listed in Annex A of the Kyoto Protocol, which extends the United Nations Framework Convention on Climate Change. The GEMIS (Global Emissions Model for Integrated Systems) takes account of: carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), tetrafluoromethane, and hexafluoroethane

## **Compliance**

Sum of all the steps taken to ensure compliance with all legal obligations, regulations, and guidelines that are relevant to a company, as well as compliance with corporate governance. Compliance is also intended to achieve a match between corporate activities and social values.

## **Corporate governance**

The rights and obligations of the various parties involved in the company, in particular the shareholders, the Board of Management, and the 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. It is also suitable for measuring profitability in international comparisons.

## **EBT margin**

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

## **Equity method / At equity**

Method of taking into account associated companies which are not included as fully consolidated companies in the group financial statement with all assets and liabilities. The investment book value is increased or reduced to take account of changes in the share of equity capital in the company. These changes are included in the profit and loss account of the parent company.

## **Exoskeleton (active/passive)**

An exoskeleton is an external support structure for an organism. Passive exoskeletons are structures worn on the body which use spring force to relieve strain on body parts that have to do especially heavy work. Active exoskeletons are wearable machines that e.g. use servo motors to boost the wearer's muscle power.

## **Gesamthafenbetriebsverein (GHBV)**

Central Association of German Seaport Operators - personnel service provider for Bremen port operators.

## **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.

## **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 develop 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**

Global standard for accounting of and reporting on greenhouse gas emissions.

**Joint venture**

A legally and organizationally independent company that is jointly founded or acquired by at least two independent partners.

**Consolidation**

Pooling and uniform evaluation of data.

**Lean management**

Process optimization approach designed to minimize waste and harmonize processes.

**Logistics Performance Index (LPI)**

A dataset published by the World Bank divided into six categories: customs (efficiency of customs and border management), infrastructure, ease of arranging shipments, quality of logistics services, tracking and tracing, and timeliness. The ratings of the various categories are summed up using weighted averages to produce an overall result that provides a ranking of countries.

**Non-financial reporting/statement**

Information on significant non-financial aspects of corporate activities as required by the CSR Directive Implementation Act (CSR-RUG).

**Scope**

Here: Category which classes emissions according to their nature and relation to the value creation chain.

**Sustainability Accounting Standards Board (SASB)**

Non-profit organization registered in the USA. It develops industry-specific sustainability standards for various industrial segments in different sectors.

**Plow back**

This means that a company does not spend its profits or pay them out in dividends, but retains them in the organization.

**Full consolidation**

A process of taking subsidiaries into account which are included with all assets and liabilities in the group financial statement.

**Well-to-wheel**

An analysis method in the area of motor vehicles which considers the entire process chain from extraction and provision of an energy carrier to its conversion into movement.

# CSR INDEX

As a joint parent company, BREMER LAGERHAUS-GESELLSCHAFT –Aktiengesellschaft von 1877–, Bremen and BLG LOGISTICS GROUP AG & Co. KG, Bremen issue a voluntary group financial statement 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 2017 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 according to the materiality principle (according to § 315c, German Commercial Code).

Components of the NFR	Relevant contents	Page number
Business model	Brief description of the business model of BLG LOGISTICS	6/7
Sustainability management	Responsibilities (inclusion of the Board of Management)	8 bis 10
Materiality analysis	Selection of relevant contents of the report	11 bis 13
Risk management	Statement of the main risks relevant to CSR	14
Environmental matters	Energy and emissions	18 bis 23
Employee matters	Fair working conditions	28/29
	Training and education	30/31
	Employer attractiveness	32/33
	Occupational safety and health management	34/35
Diversity and equal opportunity	Diversity and equal opportunity	36/37
	Compliance	44/45
Anti-corruption and bribery matters	Compliance	44/45
Social matters	The materiality analysis did not identify any issues that are significant in the sense of the CSR Directive Implementation Act. Therefore, social issues are not part of the NFR.	-
Anti-corruption and bribery matters	The materiality analysis did not identify any issues that are significant in the sense of the CSR Directive Implementation Act. Therefore, human rights are not part of the NFR. Nevertheless, the extended sustainability reporting does include consideration of the subjects „sustainable delivery chain“, „fair working conditions“, and „diversity and equal opportunities“.	- (15 + 28/29 + 36/37, not part of the NFR)

The Group Non-Financial Report deals with the contents defined as essential by the CSR Directive Implementation Act for the fully consolidated BLG companies. Responsible for the CONTAINER Division is the joint venture EUROGATE. It 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 52 to 54.

# REPORTING IN 2017

 [www.blg-logistics.com/annual-report](http://www.blg-logistics.com/annual-report)



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/ Sustainability Report /



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